Preface

The project directors and lead authors, Lee and Mason, have long been interested in the role of age in economic growth and development, contributing papers on the role of age distribution in saving, economic growth and development, externalities to childbearing, fiscal consequences of immigration, and stochastic forecasts of government budgets. In the early 1990s Lee developed a framework for constructing intergenerational transfer accounts and applied it to the United States. This was followed by an application to Taiwan by Mason working with Tung and Lai.

In 2003 we decided to develop our methods more fully and to see if we could interest other researchers in working with us to construct accounts for additional industrial and Third World economies. This project was conceived as a relatively modest effort involving seven economies, including the original two. Its potential value seemed far-reaching for many reasons. Many countries, rich and poor, are experiencing rapid changes in age structure. Although fertility decline initially leads to beneficial increases in economic support ratios, this phase is inevitably followed by population aging and painful declines in support ratios. These changes strain the existing structures governing intergenerational flows with potentially critical implications for economic growth, generational equity, the sustainability of public programs, and other macroeconomic issues. Many important studies have provided insights about these issues. The theoretical foundations had been developed through pathbreaking work by Samuelson, Diamond, Tobin, Arthur and McNicoll, and many others. Extensions and elaborations by Willis and Lee are the more direct antecedents of this research effort.

Moreover, national statistical agencies, international organizations, and university-based research institutions have collected and organized a vast amount of statistical data on which to draw. Population censuses document changes in population age structure. The United Nations System of National Accounts provides both a conceptual framework and the macroeconomic data that serve as the starting point for any effort to describe national economies. Household survey data on wages, labor force, consumption, transfers, household composition, and other variables provide the information necessary to estimate economic flows across

ages. In some instances these data have been harmonized and collected into readily available statistical data bases maintained by the United Nations Population Division, the United Nations Statistical Division, the World Bank, the International Monetary Fund, and the Organisation for Economic Co-operation and Development. We have relied on these sources of information, but we have also found it essential to rely directly on national statistical agencies and survey organizations for the detailed information necessary to carry out this work.

After work started on the initial seven economies, researchers in a number of other countries became interested, and the project grew rapidly. At the same time, some of the original members obtained funding to bring in important additional economies. Currently the accounts are being constructed by research teams in more than 30 countries on six continents.

The accounts have been constructed in a decentralized fashion by research teams drawn from universities, research institutes, national statistical offices, and other government agencies in each country. This approach has important advantages. First, each of the research teams has extensive knowledge of the local institutions, policies, culture, statistical systems, and so forth. This knowledge is essential both to constructing reliable accounts and to interpreting distinctive features of each country's generational economy. Second, the decentralized structure has greatly enhanced the human resources devoted to this effort. Although funding agencies acknowledged below have provided critical support for the project, much of the work has been done by researchers who have generously contributed their time. Third, the decentralized approach provides an ideal way to disseminate the results and to gather critical feedback in the countries studied.

Coordination is essential for a decentralized approach, and we have relied on a regional structure to facilitate implementation of the project. Regional groups have raised funds, convened meetings, encouraged collaboration among countries, and facilitated the project in many other ways. The Africa project is based at the African Economic Research Consortium and is led by Olu Ajakaiye, Doyin Soyibo, and Germano Mwabu. The Asia project is based at the Nihon University Population Research Institute (Tokyo) under the direction of Naohiro Ogawa and with important contributions by Hirofumi Ando and Rikiya Matsukura. The European project is led by Thomas Lindh of the Institute for Future Studies (Stockholm) and Alexia Fuernkranz-Prskawetz of the Vienna Institute of Demography. The Latin American project is based at the Centro Latinoamericano de Demografía (CELADE)/United Nations Comisión Económica para América Latina (CEPAL) in Santiago and is led by Dirk Jaspers, Paulo Saad, and Tim Miller. Core infrastructure for

the global project is maintained at the University of California – Berkeley, and the East-West Center, Honolulu.

Although the organization is decentralized, from the start great efforts have been made to ensure that methods and measures have been uniform across the many economies, so that results are fully comparable. In the few cases in which country teams have used a different method for some aspect of the accounts, those economies are not included in comparative analyses for that aspect. Methods were refined and applied through a series of meetings and training workshops that varied in length from two days to four weeks. Seven meetings of the entire research network have been held: two at the East-West Center, four at the Center for the Economics and Demography of Aging, University of California – Berkeley, and one at both Nihon University Population Research Institute (Tokyo) and Sungkyunkwan University (Seoul). Three training workshops have been held at the East-West Center. Regional meetings have been held in Mombasa, Kenya, and Cape Town, South Africa, under the auspices of the African Economic Research Consortium. Meetings for the Latin American region have been held at CELADE (Santiago) and the Universidad de Costa Rica (San Pedro). European meetings have been held at the Institute for Future Studies (Stockholm) and the Max Planck Institute for Demographic Research (Rostock). In addition, there have been national seminars organized by research teams in Brazil, Chile, Costa Rica, Mexico, and Uruguay in Latin America and in China, India, Indonesia, the Philippines, and Thailand in Asia. Attending those seminars were representatives of academia, statistical organizations, and other government agencies.

All National Transfer Account estimates have been subject to a rigorous review process that involved multiple reviewers. Each of the NTA components was reviewed by a subject-matter specialist. In addition, the complete set of accounts for each economy was subject to a second review. Estimates were checked for internal consistency. Results were compared with related research in previous studies and to statistical databases published by international agencies.

A complete set of accounts cannot be constructed for every economy at this time because of gaps in the available statistical data. Researchers in some countries are relatively new to the project and are continuing to work on the construction of accounts. The NTA website (www.nta-accounts.org) provides new estimates that were not available for this book.

Countries vary in the reliability and comprehensiveness of their statistical information. All of the countries have nationally representative household surveys of income and expenditure, and some countries have multiple household surveys. In the great majority of cases, however, information

about the institutionalized population is limited, although the costs of long-term care are reflected in the accounts. The US accounts do include the institutionalized population.

All governments in the study have National Income and Product Accounts, but countries vary in the completeness of their accounts and the extent to which they conform to the UN System of National Accounts. Estimates of depreciation, mixed income, or saving are not reported in one or more countries. In some cases, economic aggregates have been estimated by researchers using information available from international organizations or based on unpublished information provided by national statistical offices. Documentation and statistical issues are identified in country chapters and in information available on the NTA website.

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