

Private Asset-based Transfers

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Motivation

- Sensitivity analysis: asset-based reallocations are represented by the age of head, which is sensitive to how headship is defined
- What if saving occurs by other members rather than the head?
- Asset-based transfers are not an alternative way to measure NTA, but we can decompose NTA by looking at asset-based transactions at the individual level (by the age of all the members)

Outline

- Overview of private asset-based transfers
- Illustration with a case study of Thailand
- Is there major difference between the age profile of saving, based on self-reported head and economic head?
- Conclusions

Acknowledgement

- The main concept of this presentation is drawn substantially from:

Mason et al. (2009). “Asset-based Reallocations: Concepts and Estimates for Selected Countries”, presentation for the 6th NTA Workshop at University of California at Berkeley, January 9-10, 2009.

Private asset-based reallocations

There is an important connection between intra-household transfers and asset-based reallocations

1. When household consumption exceeds household disposable income, individuals with shortage of disposable income may receive transfers funded out of asset income or dis-saving from a household head
2. After making transfers to members with deficit, surplus members may provide their excess income to the head to save

Private asset-based reallocations at the individual level

- Conventional NTA: asset-based reallocations are assigned to a household head
- NTA decomposed by asset-based transfers: by measuring transfers funded by asset-based reallocations (tracing indirect role of other members), asset-based reallocations at the individual level can be measured

Estimation Method: Conventional NTA

- Members with deficit receive transfers from members who have disposable income more than their consumption
- If household deficit is greater than household surplus, a household head funds the shortfall

How does a household head fund the shortfall? No detail explanation in the conventional NTA

Estimation Method: NTA decomposed by asset-based transfers

- This method sheds light to answer how deficit can be funded out of asset-based reallocations
 - Members whose deficit remains after receiving transfers from surplus members receive inflows of asset income from a head
 - If there remains deficit, those members receive inflows of dis-saving from a head
- This method also measures intra-household transfers saving at the individual level

Reminder: aggregate inflows and aggregate outflows for each component of asset-based transfers are equal

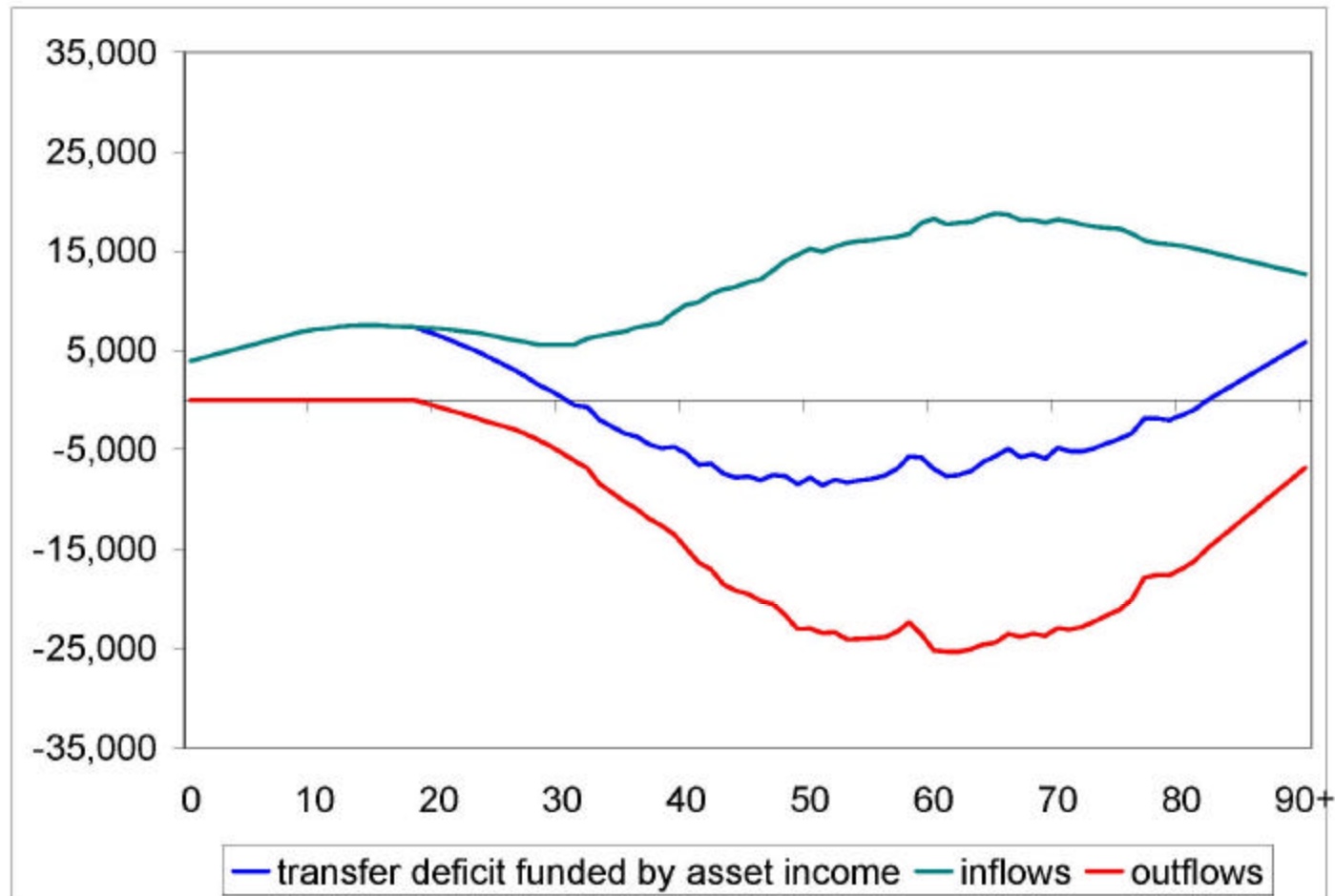
Connection between asset-based transfers and NTA

- Private asset income
 - $\text{NTA asset income} + \text{deficit funded by private asset income}$
- Private saving
 - $\text{NTA private saving} - \text{intra-household transfers saving} - \text{deficit funded by private dis-saving}$
- Intra-household transfers
 - $\text{NTA intra-household transfers} - \text{deficit funded by asset income} - \text{deficit funded by dis-saving} - \text{intra-household transfers saving}$

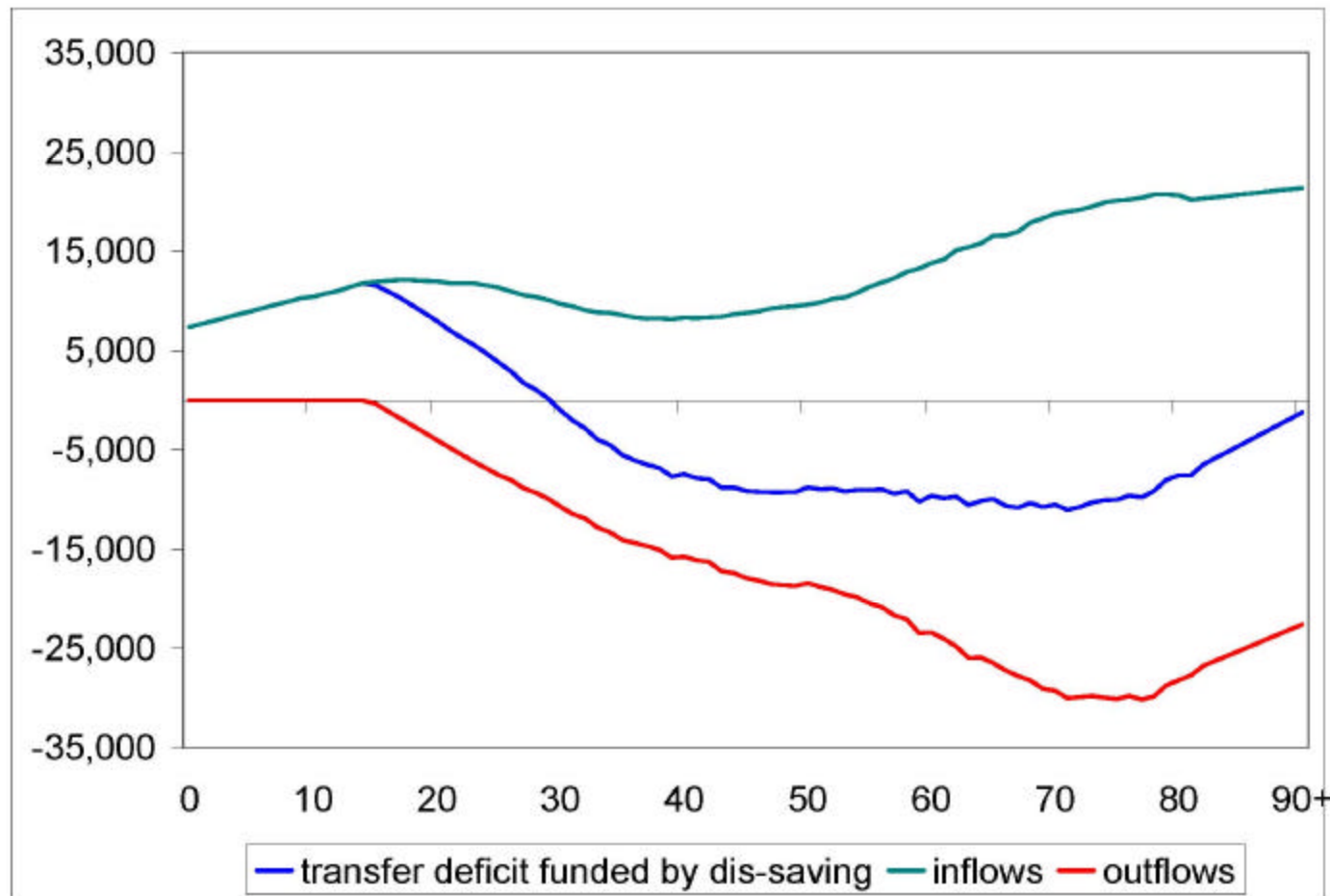
An illustration of NTA decomposed by asset-based transfers

- Thailand 2004
- Headship: self-reported head

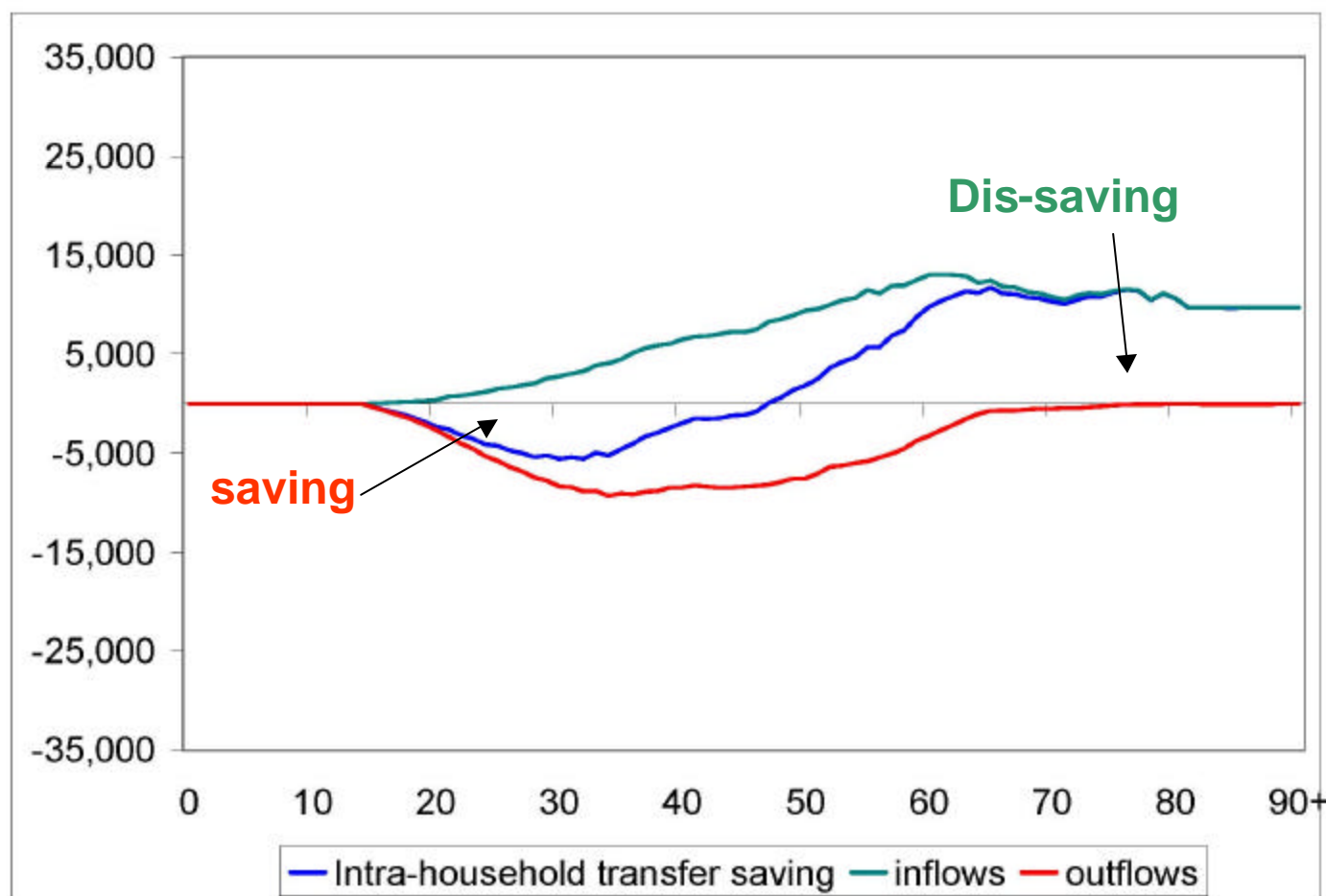
Per capita deficit funded by asset income, Thailand, 2004, baht



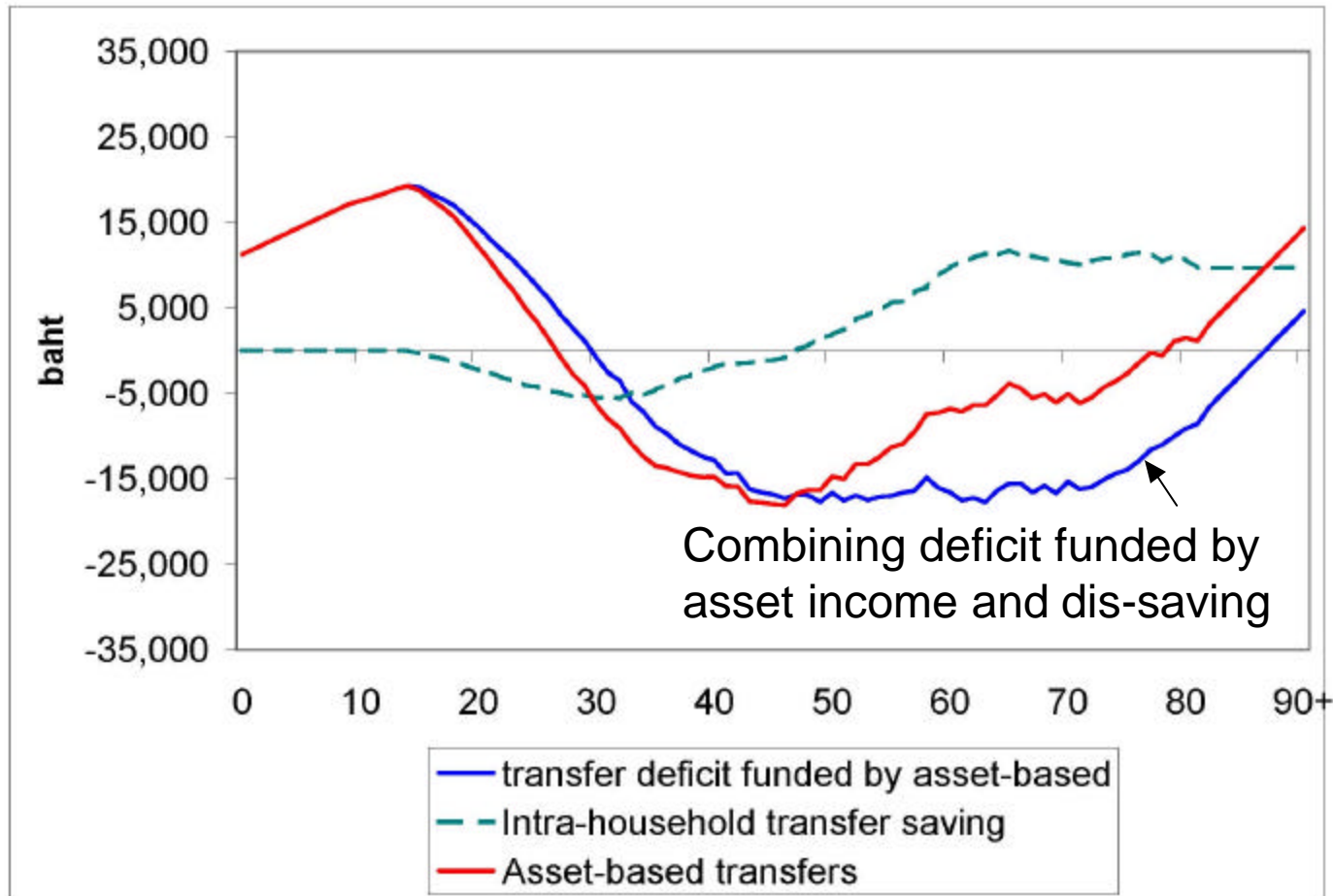
Per capita deficit funded by dis-saving, Thailand, 2004, baht



Per capita intra-household transfers saving, Thailand, 2004, baht



Asset-based transfers, per capita values, Thailand, 2004



Comparison with Japan

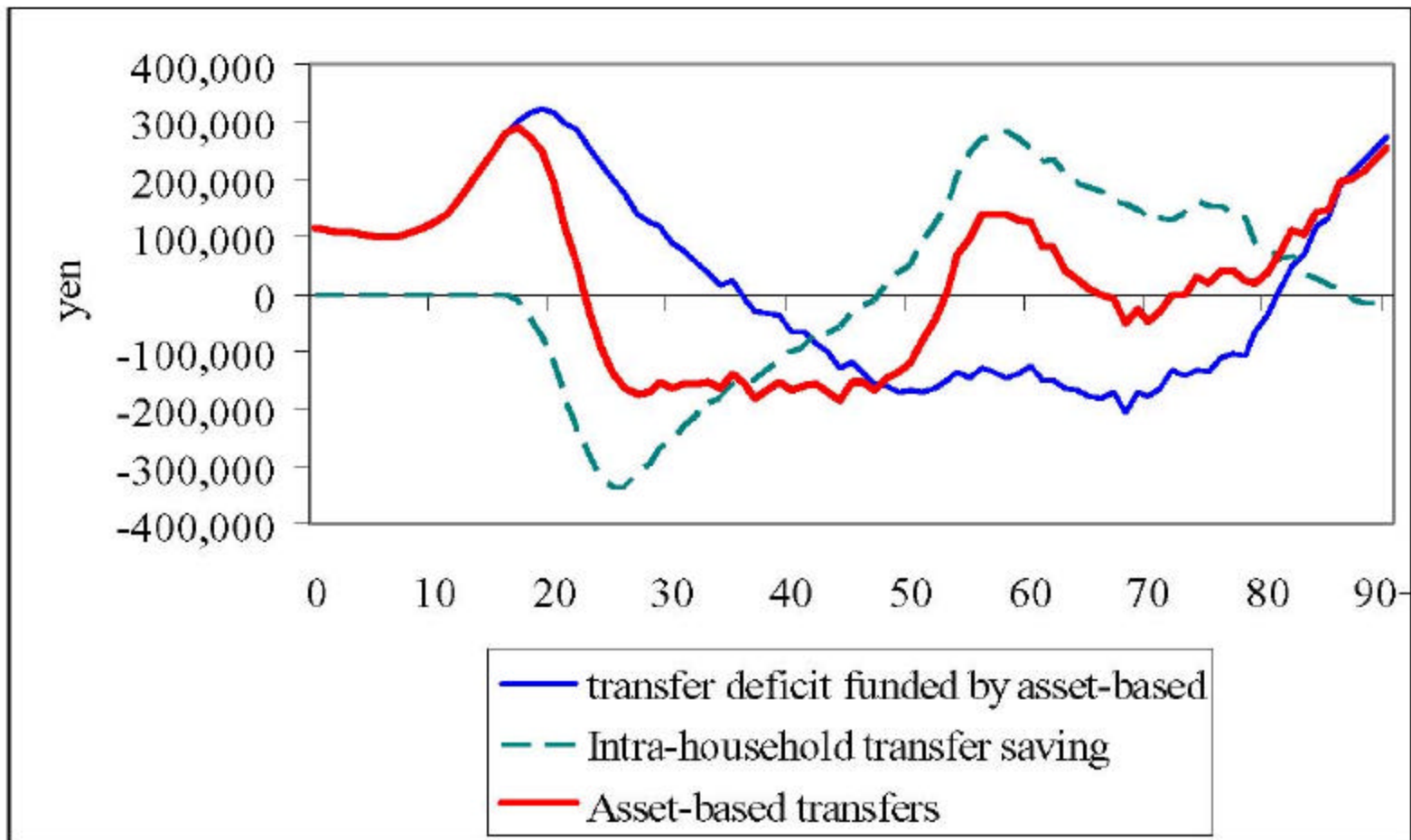
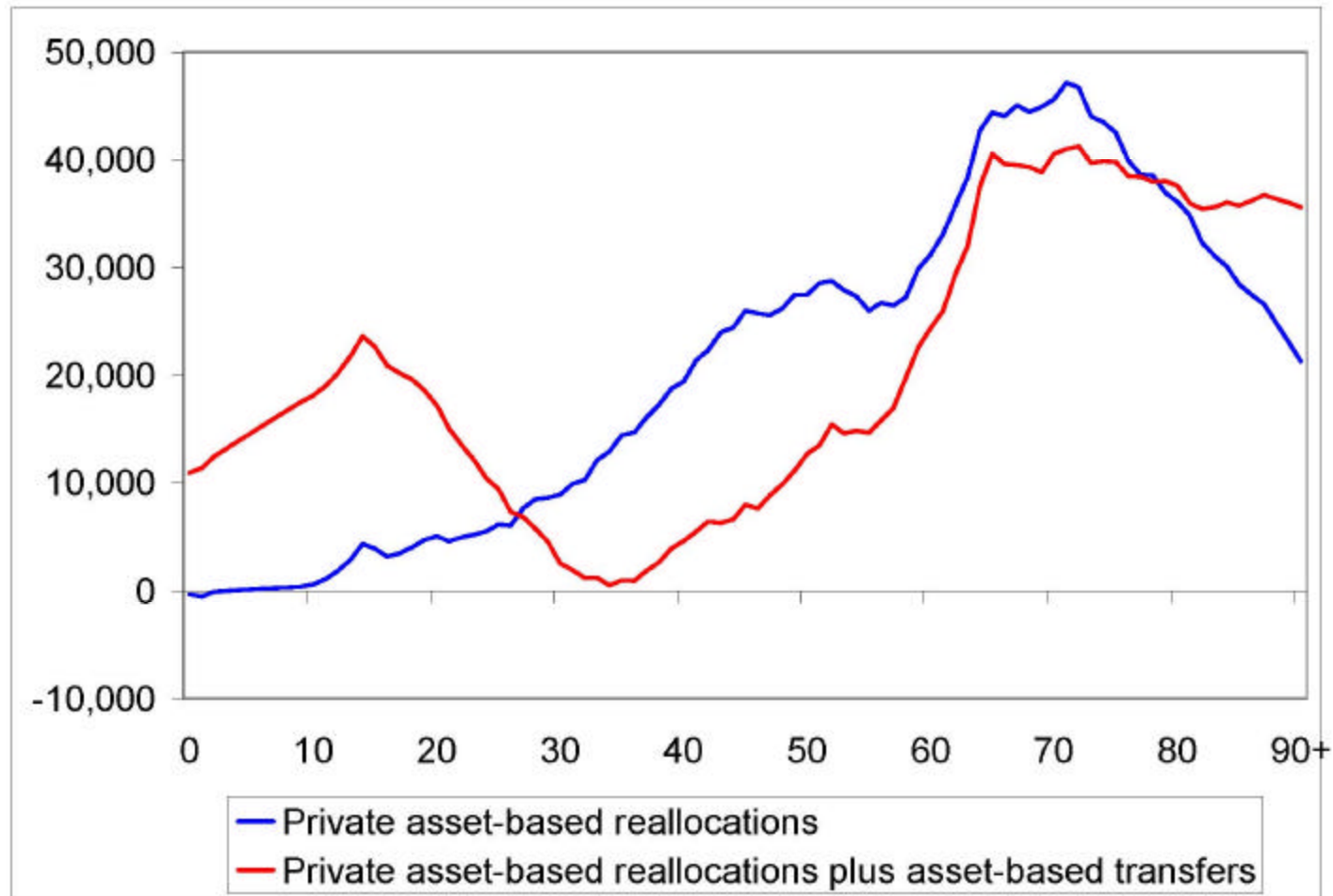


Figure 21. Asset-based transfers, per capita values, Japan 2004.

Per capita private asset-based reallocations, Thailand, 2004, baht



Comparison with Japan

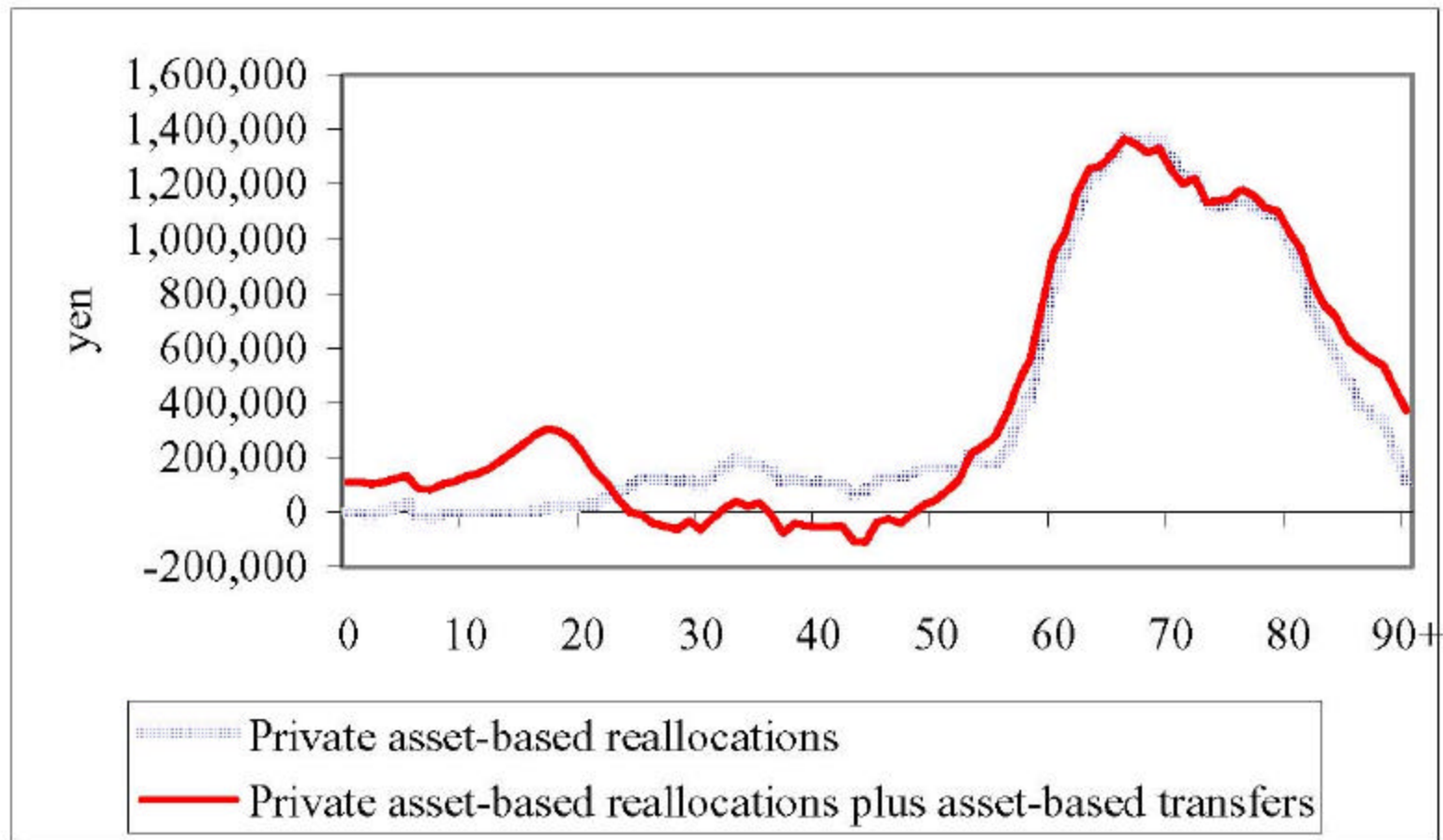
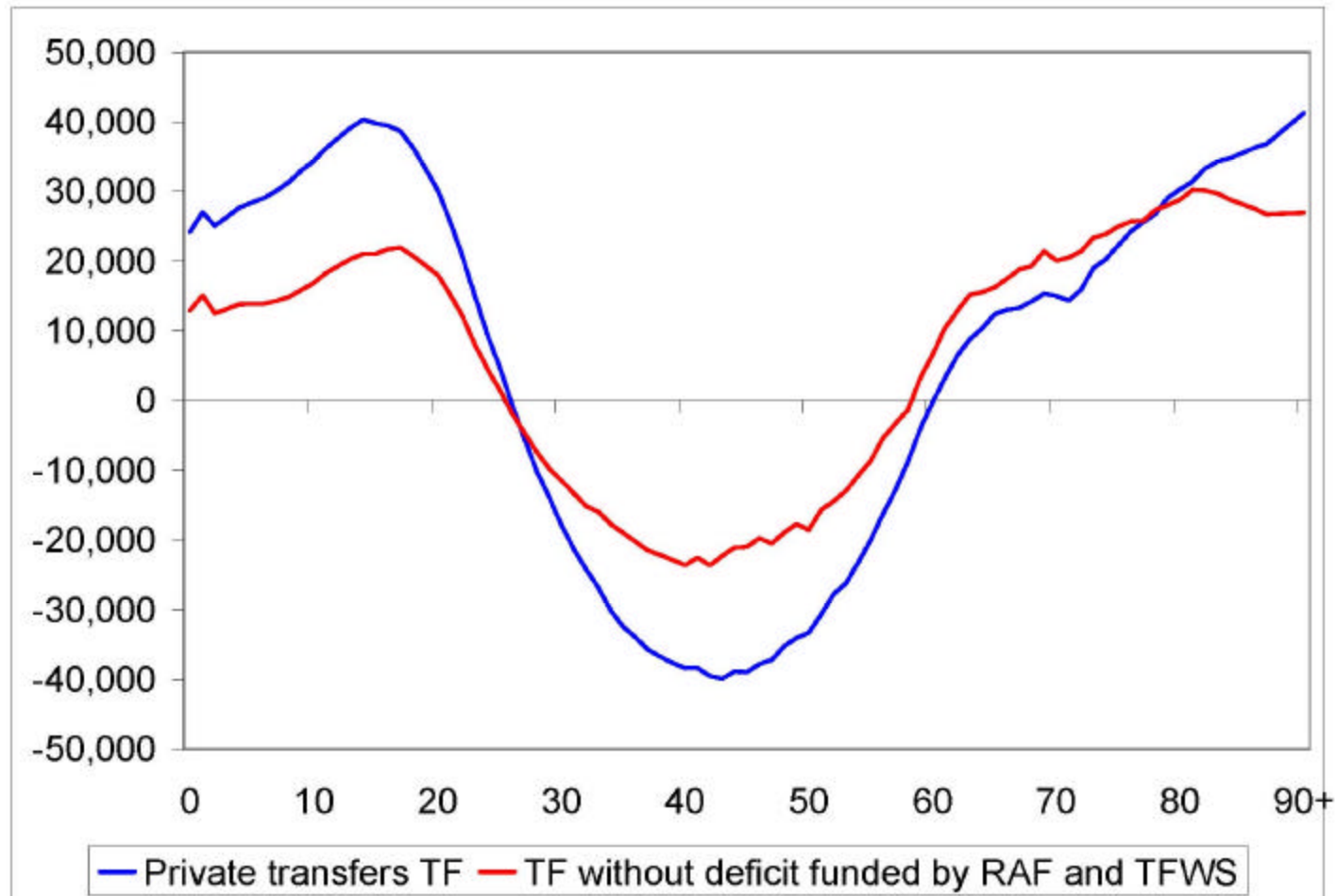


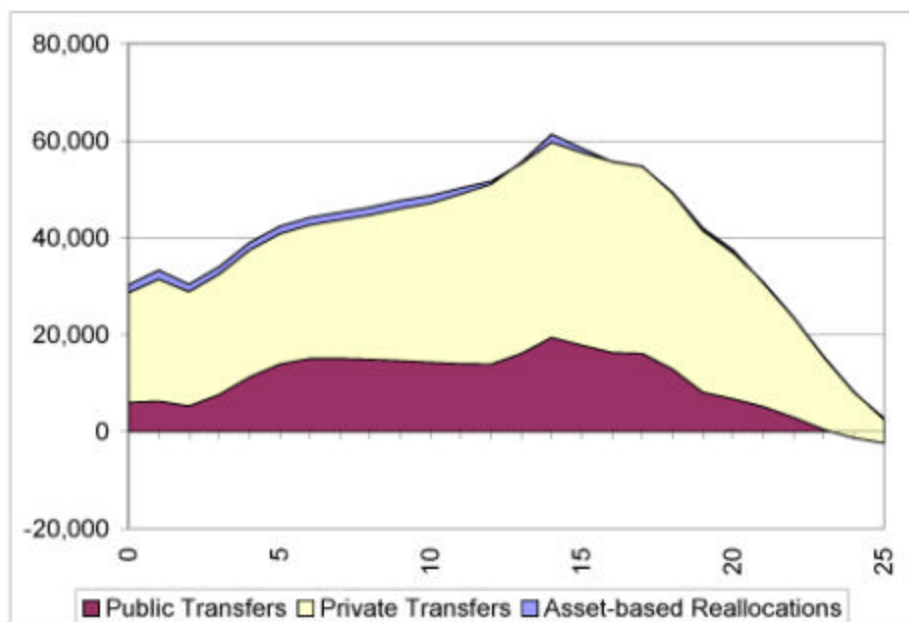
Figure 22. Direct and indirect private asset-based reallocations, per capita, Japan, 2004.

Per capita private transfers, Thailand, 2004, baht

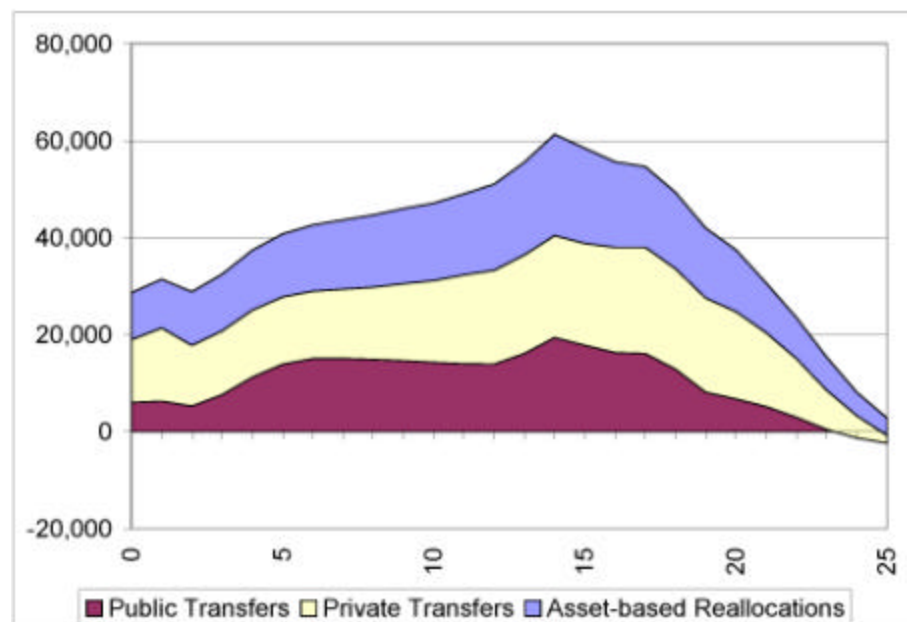


Child reallocation system, per capita, Thailand, 2004, baht

Conventional NTA



NTA decomposed by asset-based transfers



NTA decomposed by asset-based transfers for Japan 2004

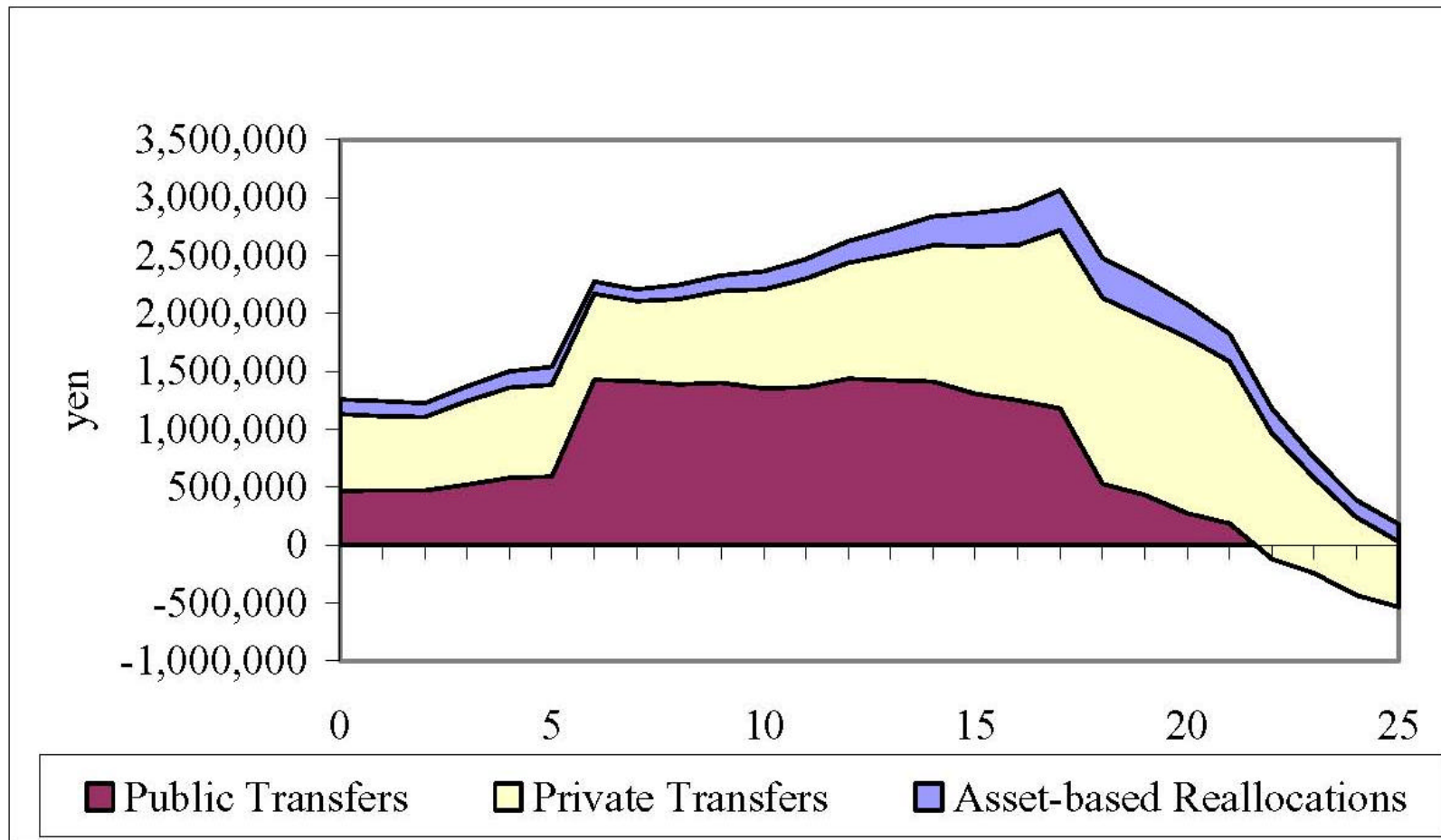
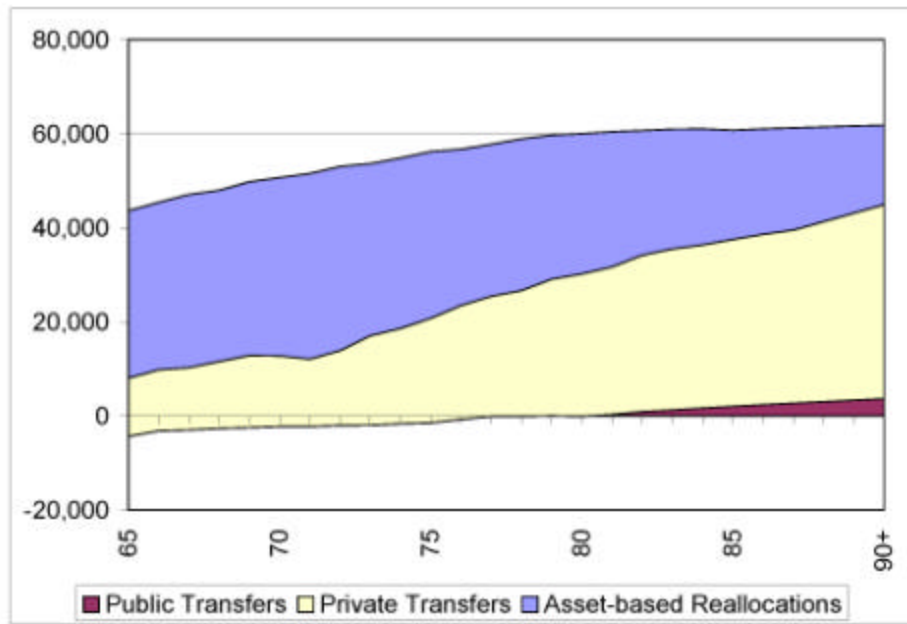


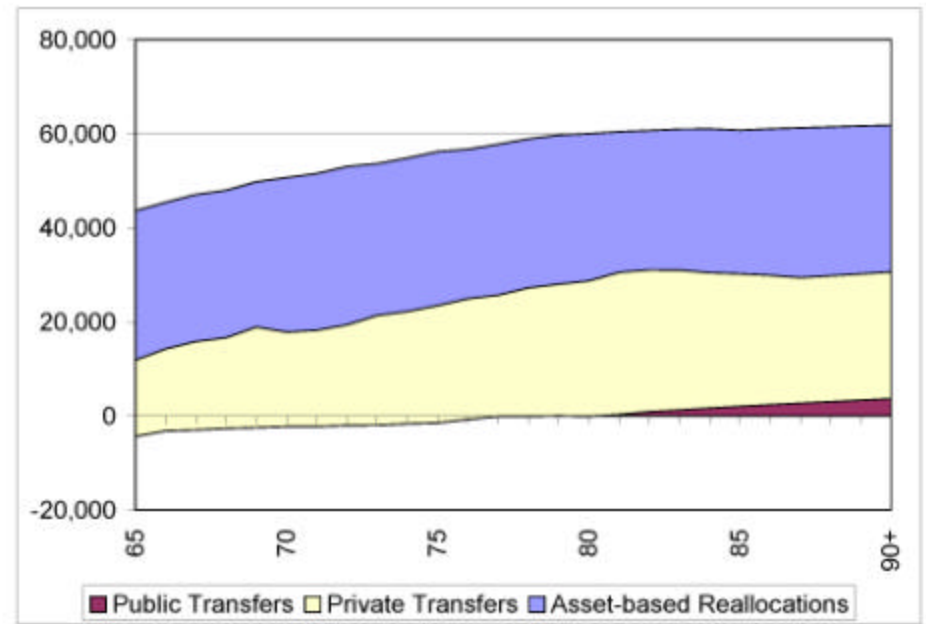
Figure 23. Age reallocations, per capita values, Japan 2004.

Old age reallocation system, per capita, Thailand, 2004, baht

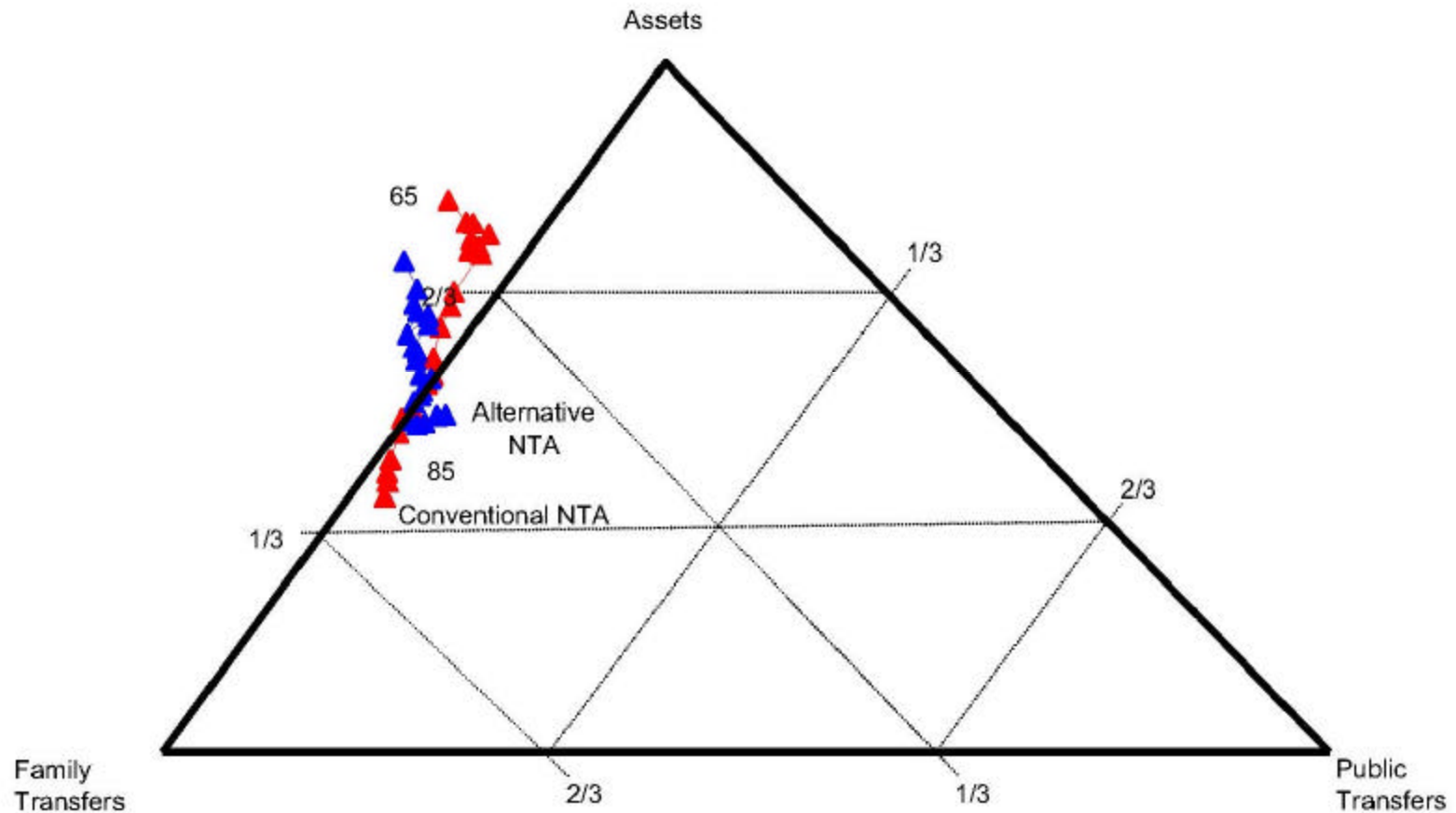
Conventional NTA



NTA decomposed by asset-based transfers



Old age support system, Thailand, 2004



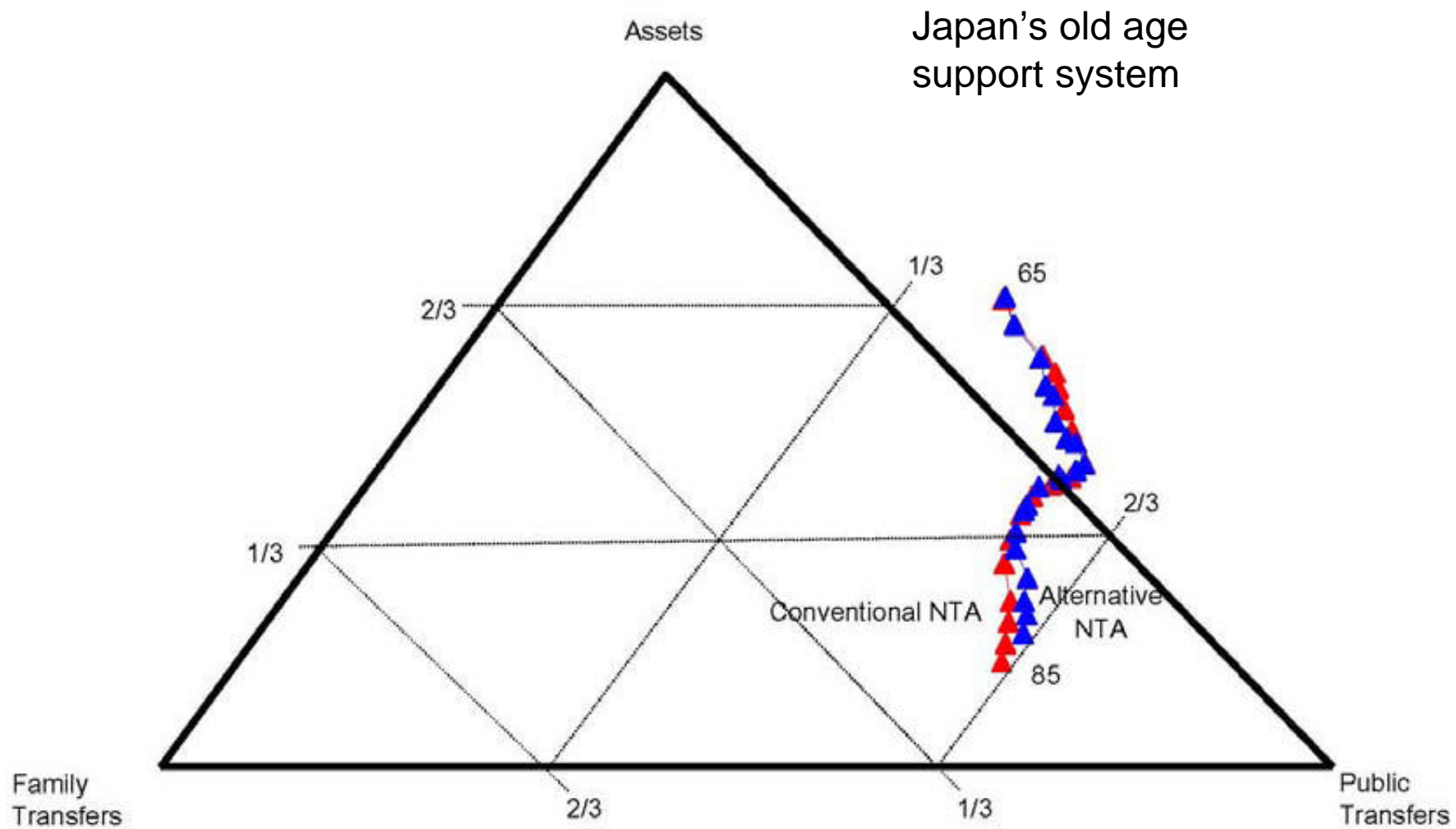
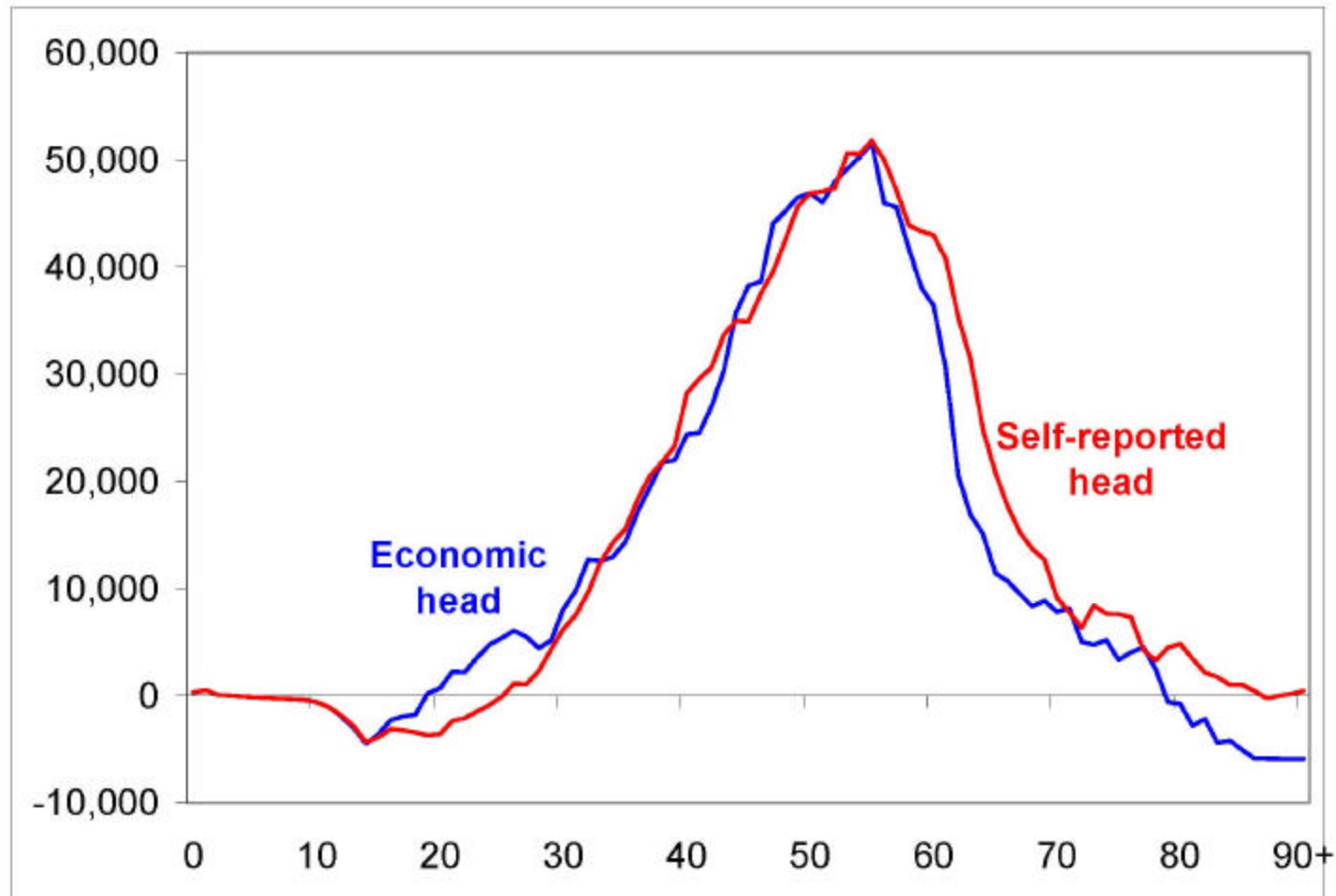


Figure 24.

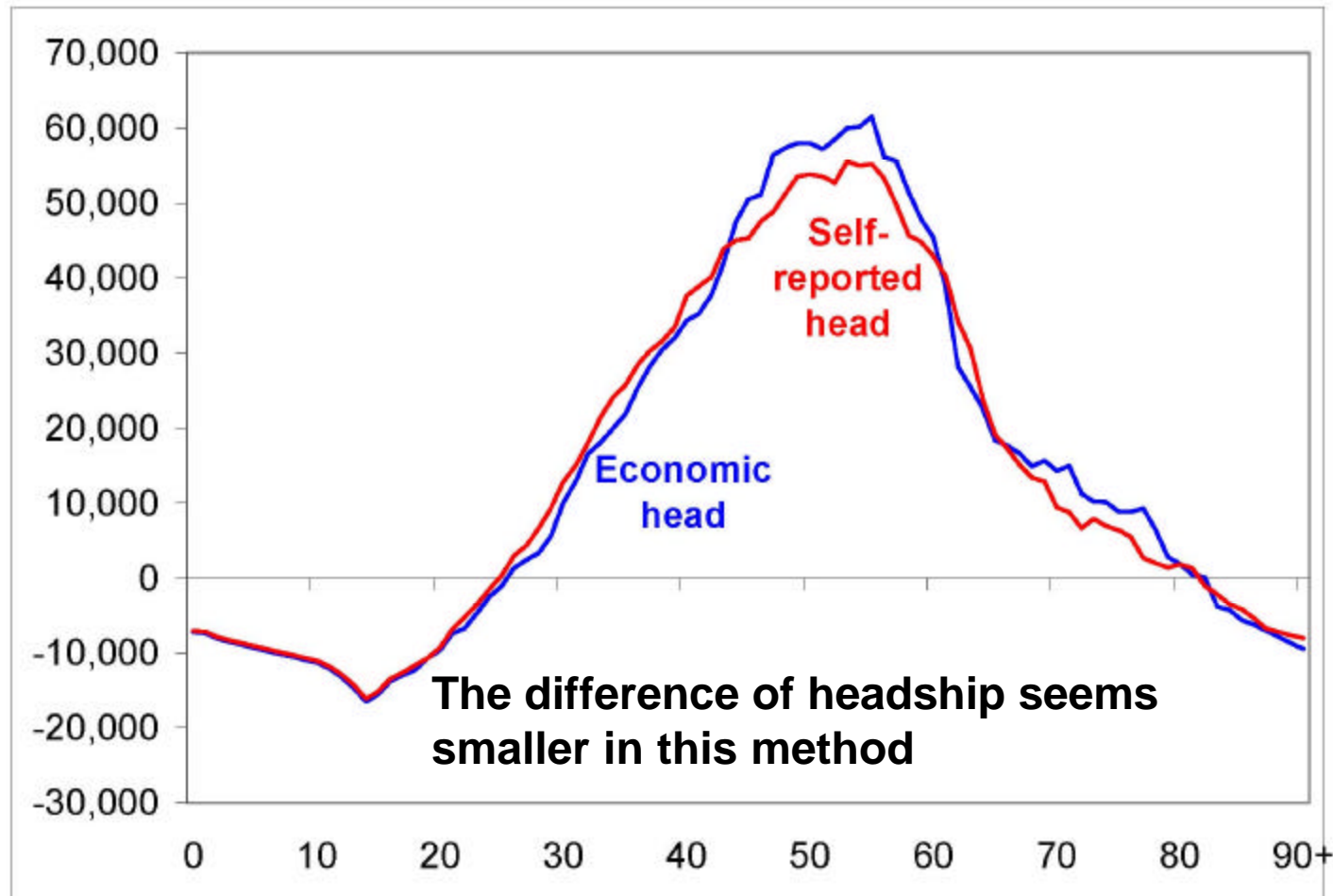
Does headship definition matter?

- Is there significant difference between the age profile of “saving”?
 - self-reported head vs. economic head
 - conventional NTA vs. NTA decomposed by asset-based transfers

Per capita private saving, Thailand, 2004, baht, conventional method



Per capita private saving, Thailand, 2004, baht, NTA decomposed by asset-based transfers



Summary

- Private asset-based transfers show an important connection between intra-household transfers and private asset-based reallocations
- Private transfers and private asset-based reallocations vary with household characteristics, i.e., age of household head
- The difference between headship definition seems smaller NTA is decomposed by asset-based transfers in Thailand
 - but is it true for other countries?

Thank You