Four levels of intergenerational indicators and the total support ratio

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The demographic definition of the support ratio weighs the sizes of age groups against each other. In contrast, the economic support ratio (ESR) by Cutler et al (1990) compares the effective number of workers to the effective number of consumers both defined by the combination of the age profile of the population and the age profiles of labour income and consumption respectively. Since this measure captures both the effect of age composition and the age patterns of producing and consuming income, it gives a richer and more accurate description of reality. Inspired by this approach we will calculate a generalized version of the ESR, the total support ratio (TSR). The TSR extends the age profile of labour income with the age profile of the value of household labour and the age profile of consumption with the age profile of the consumption of unpaid household labour by household members. Our calculations are based on data from the National Transfer Accounts, and a calculation of age-specific non-market labour and consumption based on the time use survey. We argue that the conclusions drawn from the different levels of intergenerational indicators are varying. We demonstrate our results using not only the support ratios but other types of indicators as well. Combining our age profiles with future age compositions of the population we also calculate future projections of these indicators.