

RESEARCH HIGHLIGHTS N° 20

ASYMMETRIC SOCIALIZATION IN INTER-AGE TRANSFERS

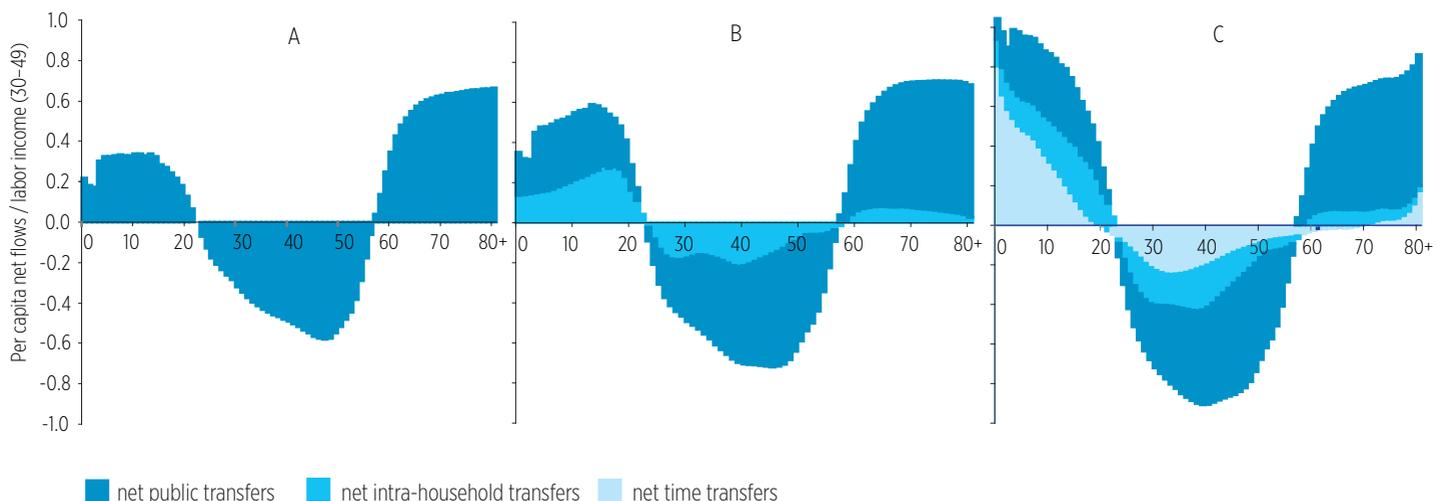
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Inter-age reallocations flowing from the working age population to the elderly can be socialized to a larger extent than reallocations flowing from the working age population to children. Children must be raised by their parents; the elderly can rely on society. We call this asymmetric socialization. By socialization we mean the arrangement of inter-age reallocations by institutions larger than kinship or local community. Intuitively, partners in a socialized arrangement do not know each other in person whereas in the case of non-socialized reallocations they do. A socialized reallocation is organized by government, non-profit bodies or corporations. Examining the age patterns of economic activity and delineating inter-age

transfers, we explore economic relations between generations (National Transfer Accounts, NTA). In addition we incorporate age profiles of unpaid household labor in the reallocation system by estimating time transfers (value of household labor carried out for someone else in the household) across ages (National Time Transfer Accounts, NTTA).

We demonstrate asymmetric socialization in [Figure 1](#) using Hungarian NTA and NTTA age-profiles. In panel A, we present the normalized per capita age profile of net public transfers. Such transfers flow towards the elderly and mainly include public pensions and health care. Children receive public education and health care. Proportions favor the elderly.

Figure 1. Cumulative effect of various channels of inter-age resource reallocations, Hungary, 2000



Note: Values are normalized on the per capita labor income of persons aged 30–49.

Source: Authors' calculation based on NTA and NTTA age profiles.

In panel B we add net intra-household transfers. These flows constitute a tertiary redistribution of after-tax revenues within the household not recorded in the National Accounts. As panel B shows Hungarian children are supported almost equally by their parents and their government in financial terms. All this changes, however, when

time transfers are appended (see panel C). Children receive massive support in kind, but the elderly get hardly any time transfers. To put it differently, transfers flowing to the elderly are mostly observed in public statistics, while transfers flowing to children remain largely invisible to the government.