

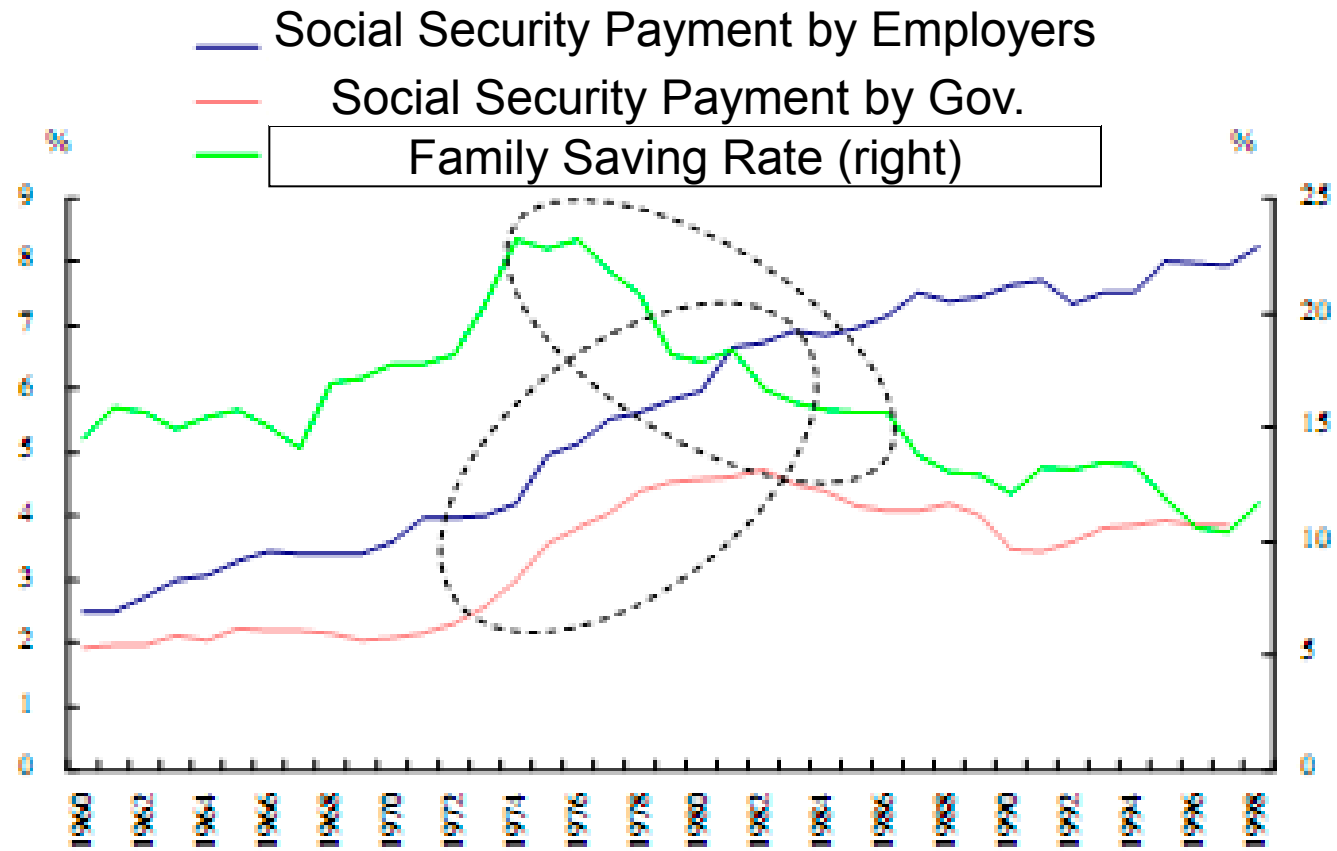
Social Welfare System and Consumption Growth

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Japan Experience: Welfare System and Consumption Growth



Two Stages Approach

- Social Welfare From 2009 – 2012
 - Pension cover for all
 - Health Insurance for 90% citizens

Social Welfare From 2009 - 2012

- Free 9 Year Basic Education and Free all Education Payments for the Poor
- Housing Subsidy for 50% urban poor and 10% for rural migrants and 2.6 million for rural poor
- Wide Coverage, low payment level and differential for urban and rural

Social Welfare From 2013 - 2020

- Pension cover for all
- Health Insurance for 90% citizens

Social Welfare From 2009 - 2012

- Free 9 Year Basic Education and 1 year Pre-school and 1 year vocational training
- Housing Subsidy for all urban poor and 30% for rural migrants and 5.6 million for rural poor
- All Coverage, moderate payment level and no differential for urban and rural

Social Welfare for Migrants

- By 2007, only 10% migrants covered by pension
- Average 7 square meters per person
- 15% covered by health insurance
- Self-education, Children education,

- Establish A National Migrants Pension
 - By 2012 Cover for all migrants
 - Low payments, enterprises 12% personal 4%
 - National wide uniformed system, 6% national pooling and 6%+4% personal account

Housing for Migrants

- Urban plans include migrants' housing
- Multi-channel addresses migrants' housing
- Increase public expenditure for migrants' housing
- Subsidy for the migrant poor, 10% by 2012, 30% by 2020

Others

- Training and employment services
 - Establish a migrant retraining system
 - Establish a migrant employment service system

- Other social welfare for migrants
 - Injury Insurance
 - Health Insurance
 - Emergence assistance system

Can Government Afford a Social Welfare System
for All?

Budget Demand

- Fiscal Expenditure of 2.6 trillion in 2012
- Fiscal Expenditure of 5.7 trillion in 2020
- Fiscal Expenditure on Social Welfare increases from current 5% to 9% of GDP in 2020

Fiscal Capacity Estimation

- If GDP grows by 8% per year
- If fiscal revenue increases from current 21% to 26% of GDP
- If fiscal expenditure on social welfare increases from current 27% to 35%

The Fiscal Burden of social Welfare in 2007~2020

Year	GDP (8% growth)(bill ion)	Fiscal Revenue		Welfare Expenditure		
		As % of GDP	Total (billion)	as % of Revenue	Total (billion)	As % of GDP
2007	246619	20.80%	51297	27.08	13891	5.63
2008	266349	21%	55933	28.20	15773	5.92
2009	287656	21%	60408	29.40	17760	6.17
2010	310669	21%	65240	30.60	19963	6.43
2011	335522	21%	70460	31.80	22406	6.68
2012	362364	22%	79720	33.00	26308	7.26
2013	391353	23%	90011	34.00	30604	7.82
2014	422662	24%	101439	35.00	35504	8.40
2015	456475	25%	114119	35.00	39942	8.75
2016	492993	26%	128178	35.00	44862	9.10
2017	532432	26%	138432	35.00	48451	9.10
2018	575026	26%	149507	35.00	52327	9.10
2019	621029	26%	161467	35.00	56513	9.10
2020	670711	26%	174225	35.00	61225	9.10

The welfare expenditure in some countries in 2002

kinds	Welfare Expenditure/GDP (%)	Welfare expenditure/Fiscal expenditure (including social insurance) (%)	The whole fiscal expenditure	Among the fiscal expenditure used for social welfare ^[1]	The income of social insurance tax and 社会保险 税费收入额
America	12	33.6	3727942	1252265	745900
United Kingdom	13.5	32.4	435707	141079	70253
Germany	27.1	55.9	1023870	572850	367190
France	23.8	44.4	816788	362700	250264
Sweden	20.7	35.4	1368849	484940	346337
Japan	16.8	44	190089	83581	49167
Czech	19.6	35.4	1257431	445122	362982
Hungary	16.4	31.2	8814085	2747080	2202320

- Don't have high expectation on social welfare. The free welfare programs should focus on low-income groups.
- Urban and rural middle-income (and over) groups should pay more attention to toll-based social insurance.
- Kinds of toll-based welfare arrangement should be the core of our welfare system.

Q & A

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