

Social Expenditure in Japan: Trends and Backgrounds

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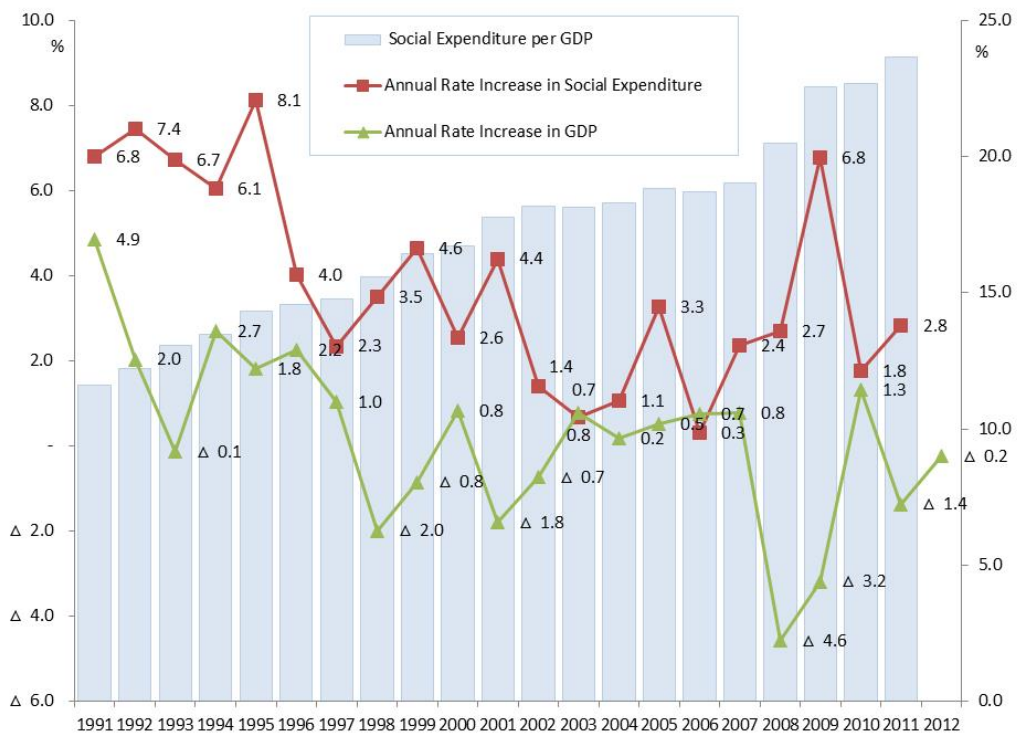
Presentation Outline

- 1. Trends in Social Expenditure and Socio-economic Indicators
- 2. Active Labor Market Policy and Unemployment Expenditure
- 3. Family and Child Policy Expenditure
- 4. Disaster Relief Expenditure
- 5. Conclusion

Trends in Social Expenditure and Socio-economic Indicators

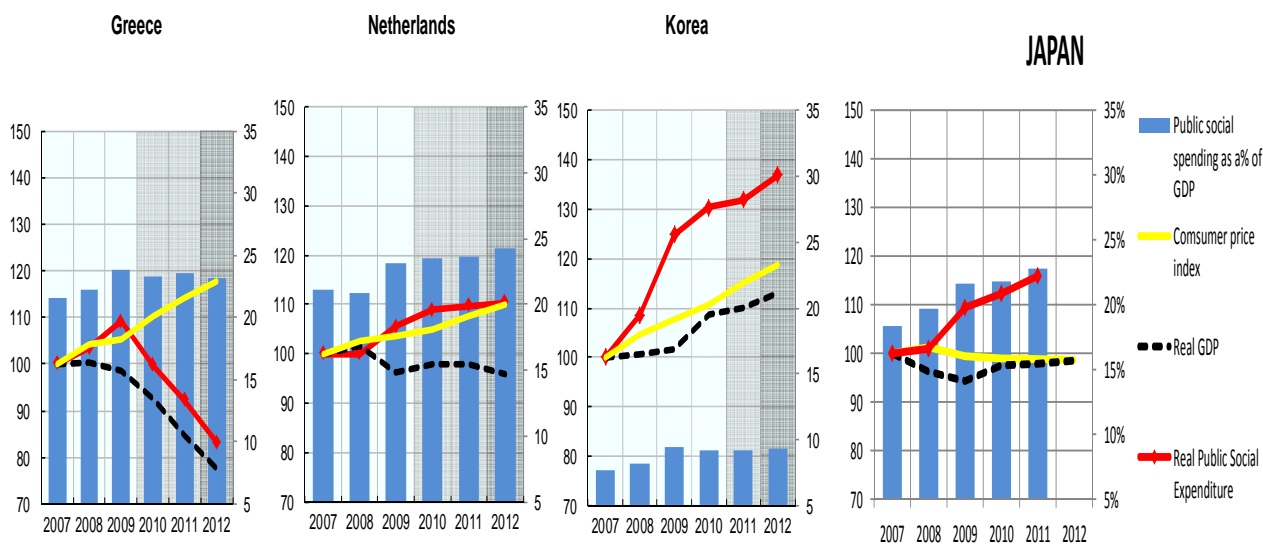
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GDP and Social Expenditure



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Real public social spending, real GDP and CPI (Index 100 in 2007, left scale) public social spending in % of GDP (right scale): 2007-12



Source:
 Greece Netherlands Korea: OECD(2012)
 Japan: author's estimation using SOCX Japan and Annual Report SNA Japan

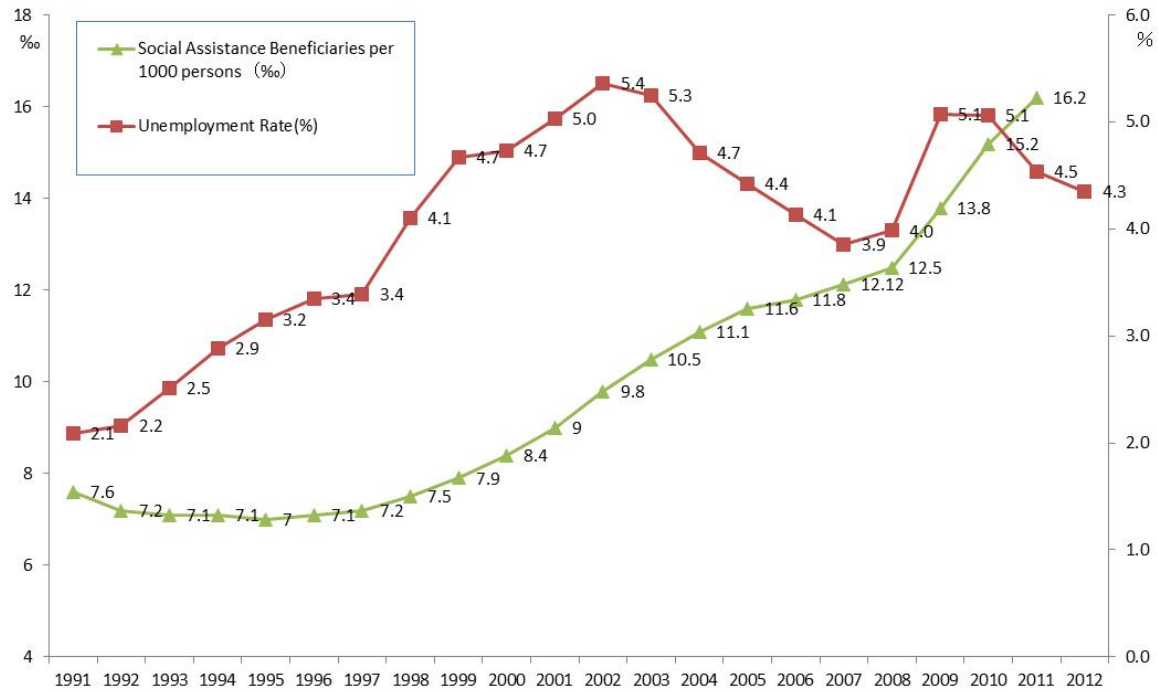
		Change in real public social spending		
		below-average (below 5.7%)	around-average (between 5.7% and 14.2%)	above-average (above 14.2%)
Change in real GDP	above-average (above 3.6%)	-	Canada Mexico	Poland Sweden Australia Chile Israel Korea Norway Switzerland
	around-average (between -4.9% and 3.6%)	Germany	Austria Belgium Denmark Finland Japan France Luxembourg Netherlands Slovak Republic	New Zealand United States
	below-average (below -4.9%)	Greece Hungary Iceland	Italy Portugal Czech Republic Estonia Ireland	Spain Slovenia United Kingdom -

JAPAN

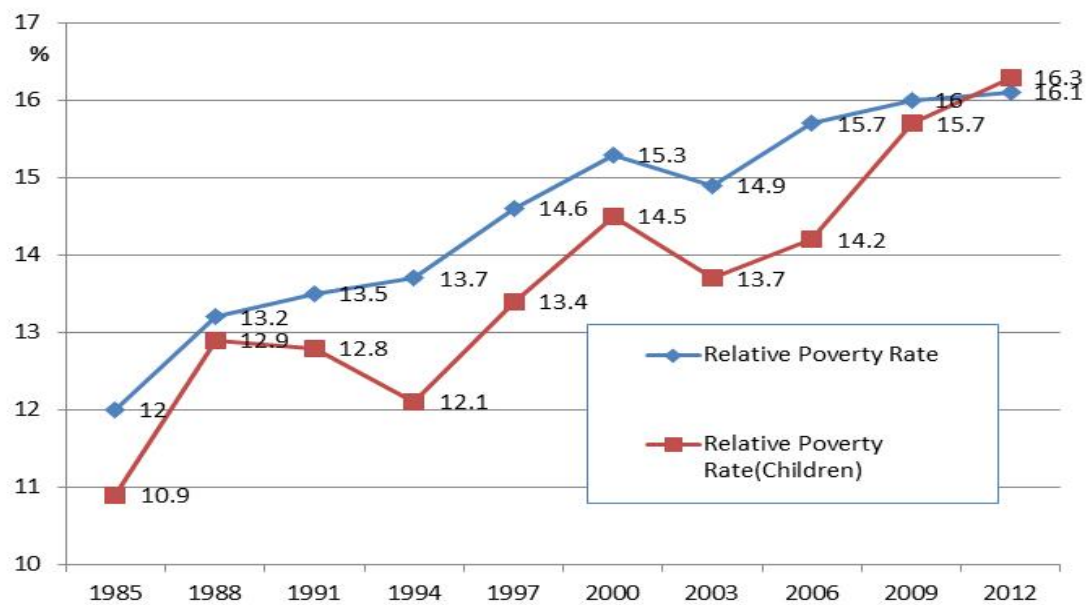
Change in real GDP between 2007/2008 average and 2011/2012 average 0.02%

Change in real social spending between 2007/2008 average and 2011 11.8%

Unemployment Rate Public Assistance Beneficiaries per 1000 persons



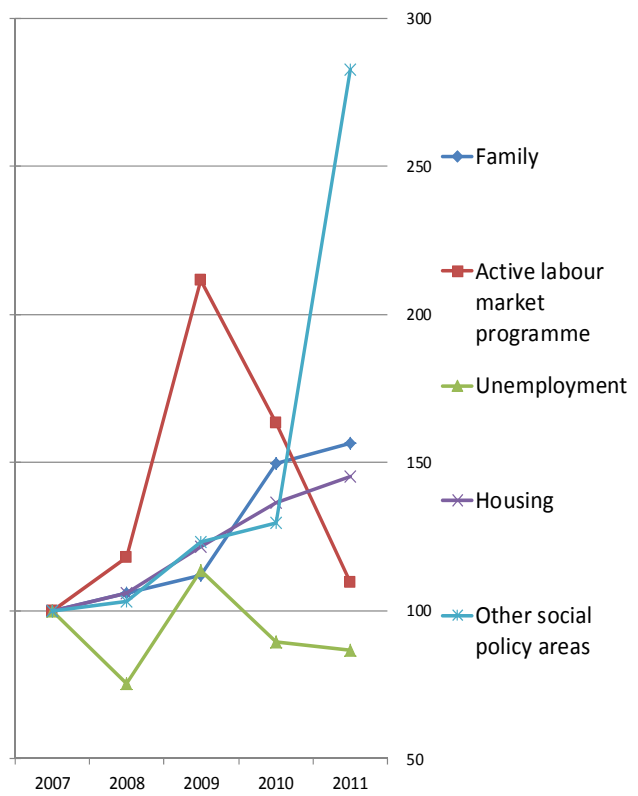
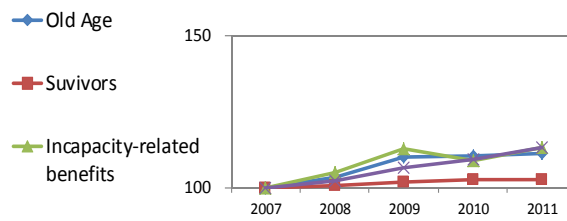
Relative Poverty Rate



Social Expenditure by Policy Area:2007-2011(2007=100)

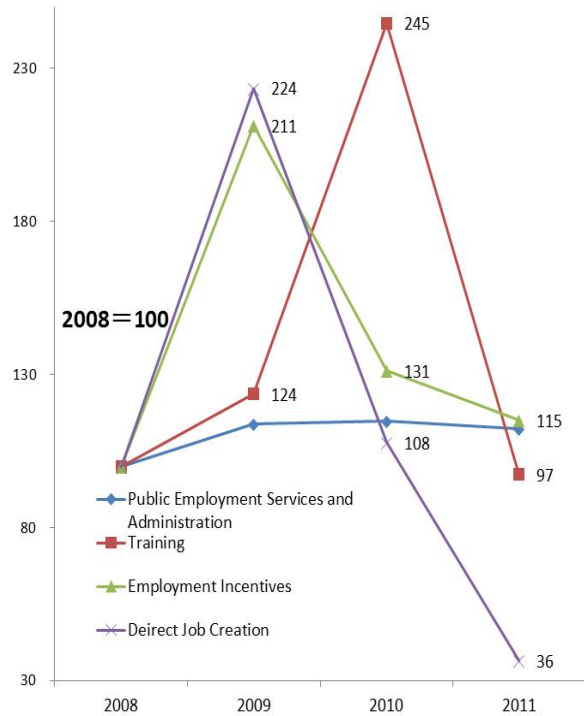
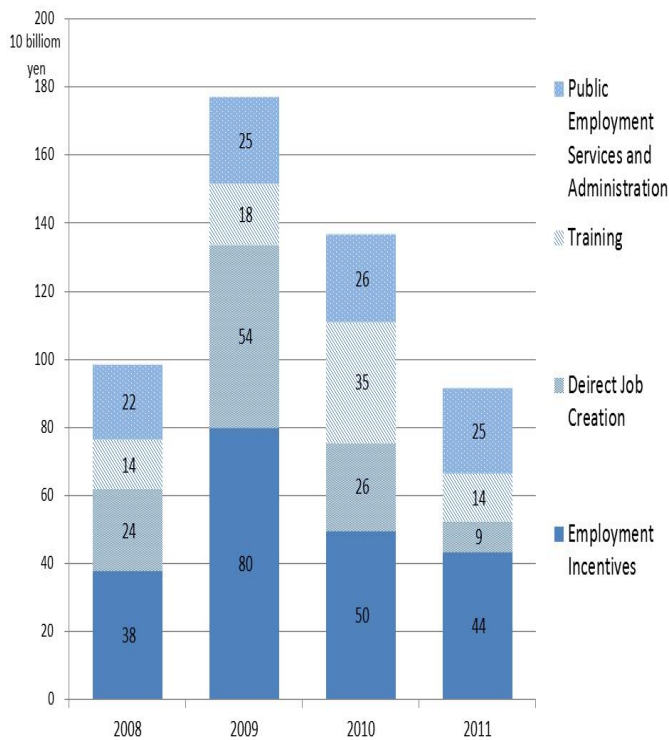
(trillion yen)

	2007	2008	2009	2010	2011
Old Age	46.9	48.5	51.6	51.8	52.1
Suivors	32.0	32.7	34.1	35.0	36.3
Incapacity-related benefits	6.6	6.7	6.8	6.8	6.8
Health	4.1	4.3	4.6	6.1	6.4
Family	4.2	4.4	4.7	4.6	4.8
Unemployment	1.6	1.2	1.8	1.5	1.4
Active labour market programme	0.8	1.0	1.8	1.4	0.9
Housing	1.0	1.0	1.2	1.3	2.8
Other social policy areas	0.4	0.4	0.5	0.5	0.5
Total	97.6	100.2	107.0	108.9	112.0



Active Labor Market Policy and Unemployment Expenditure

Active Labor Market Policy Expenditure



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Employment Incentives Employment Adjustment Subsidy Programme(EASP)

Companies that seek to preserve employment through measures such as temporary operations closures, vocational training are eligible for subsidies to cover part of wages and other costs related to the workers concerned.

To be eligible, companies and workers should be covered by Employment insurance. Subsidies are financed from the employment insurance fund, and to access funding, companies must comply with criteria concerning declines in output or sales.

EASP is one of the largest and most extensive Japanese programmes to address the employment crisis.

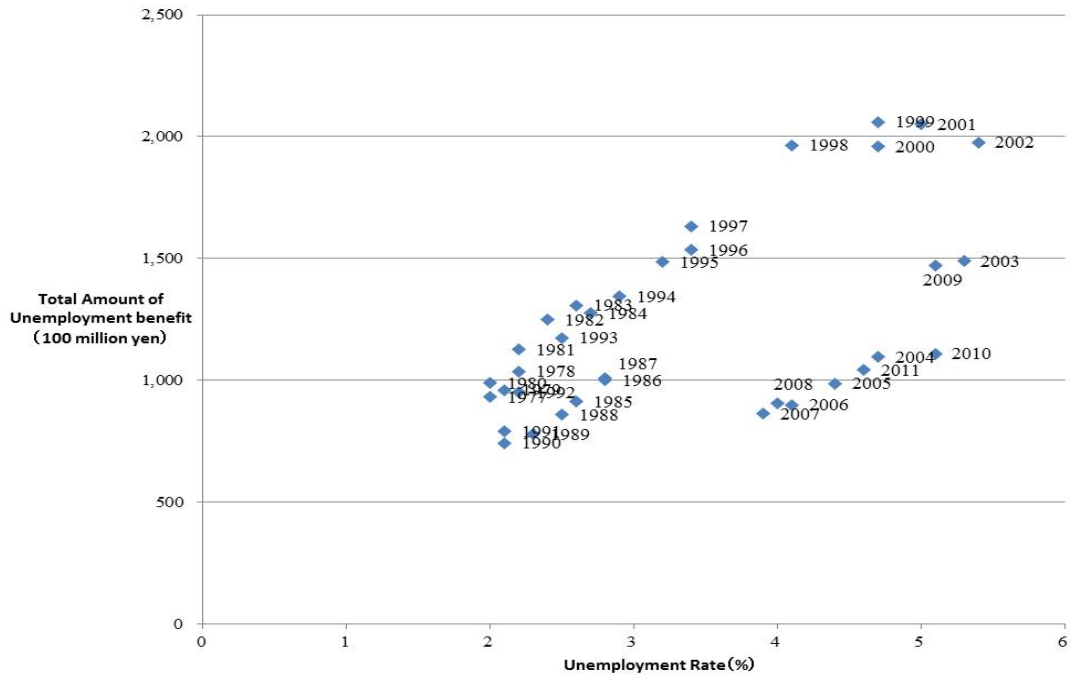
FY2008 6.8 billion yen → FY2009 653.5 billion yen

“The unemployment rate during the last-half 2009 declined 0.5-1.0% due to employment adjustment subsidy programme”

Annual Report on the Japanese Economy and Public Finance 2012, Cabinet Office Government of Japan

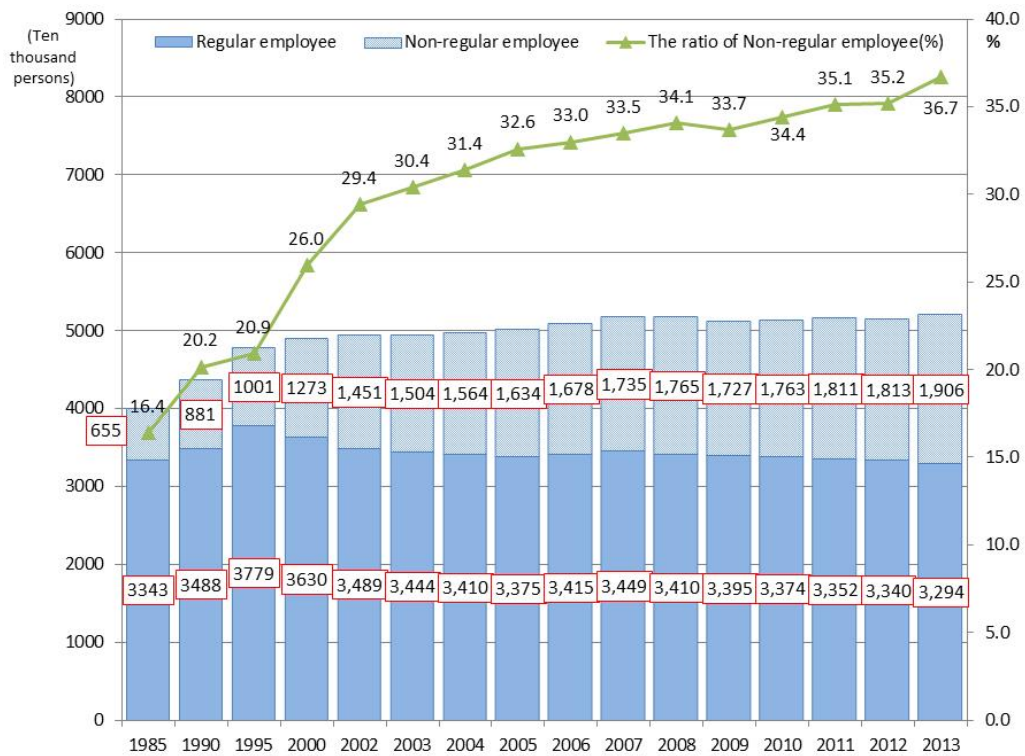
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The Unemployment Rate and the total amount of Unemployment Benefit :1977-2011



The total amount of unemployment benefit did not rise in proportion to a rise in the unemployment Rate after 2000's. Why?

The ratio of non-regular employees increased



New Programme for Unemployment persons who are ineligible for Unemployment benefits

- 2009 Comprehensive support through “Emergency Human Resource Development and Employment Support Fund”
 - New safety-net for persons who ineligible for unemployment benefits.
 - Provide vocational training programme and allowances guaranteeing the livelihood under training.

- 2011 Job Seekers Support System

Since October 2011, the government introduced Job Seekers Support System which offers job training and allowances to unemployed persons who are ineligible for unemployment benefits, or whose benefit period has expired.

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Family and Child Policy Expenditure

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Family and Children Policy After 2009 by Democratic Party Japan(DPJ) Government

【2009】

- Restore additional public assistance benefit to single-parent household

【2010】

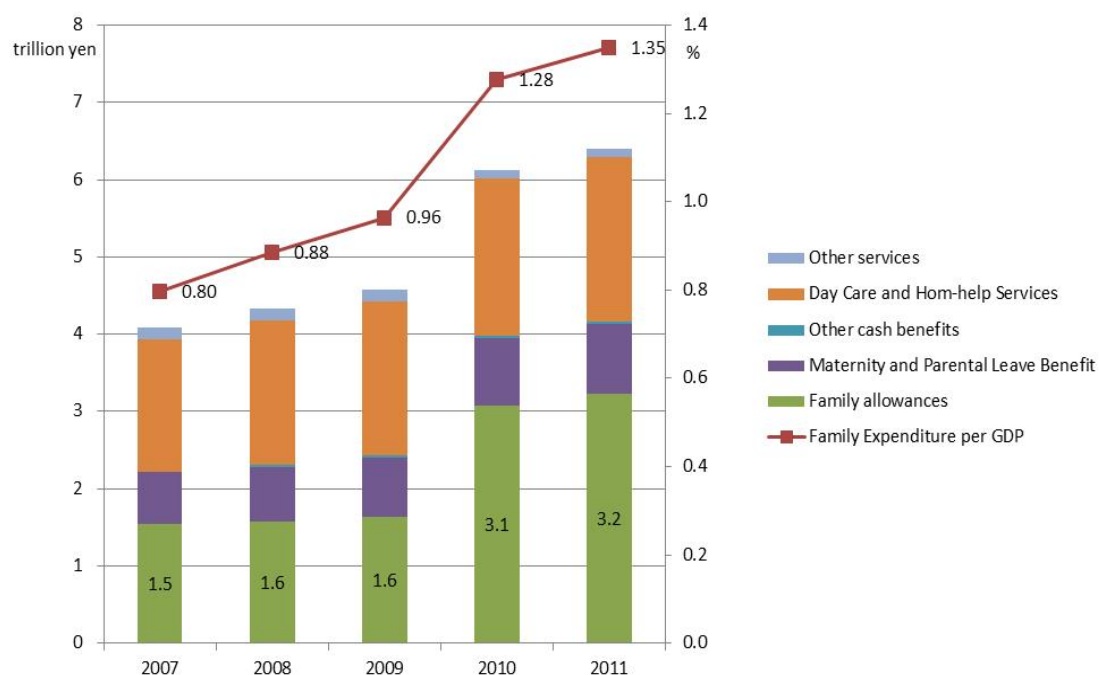
- Universal Child Allowance
- Free tuition fee at public high schools and high school enrollment support fund

【2011】

- Abolish tax deduction for dependents(0-15) and specified dependents (16-18)

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Family Expenditure:2007-2011



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Child Allowance

Year	2007.4-2010.3	2010.4 -2011.9	2011.10 - 2012.5	2012.6 -
Persons eligible	up to 12 years old(except for the children graduated from primary school)	up to 15years old(except for the children graduated from junior high school)		
Monthly amount of allowance	Under 3 years old ¥10,000 Over 3 years old and up to 12 years old(for 1st and 2nd children) ¥5,000 Over 3 years old and up to 12 years old(for 3rd and subsequent children) ¥10,000	all age(0-15 years old) ¥13,000	Under 3 years old ¥15,000 Over 3 years old and prior to elementary school(for 1st and 2nd children) ¥10,000 Over 3 years old and prior to elementary school(for 3rd and subsequent children) ¥15,000 Junior high school students(13-15 years old) ¥10,000	
Income threshold (after tax deduction)	annual income of 5.7 million yen for a household of husband and dependent wife,and two children	None		annual income of 7.4 million yen for a household of husband and dependent wife,and two children

Sources: Ministry of Health, Labour and Welfare, "Annual Health, Labour and Welfare Report Fiscal 2010-2011, 2011-2012, 2012-2013"
National Institute of population and Social Security, Social Security in Japan 2011 and 2014

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Disaster Relief Expenditure

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Social Expenditure for disaster victims

Expenditure	Social Policy Area(SOCX)	2012 (billion yen)	2011 (billion yen)	2010 (billion yen)
Disaster relief	Other social policies	1.7	518.2	39.0
Condolence money		0.3	78.1	0.2
Support for Reconstructing Livelihood of Disaster Victims		56.7	212.2	0.3
Health Check-up fund for the residents of Fukushima Prefecture		0.7	78.2	—
Restoring health and care facilities, public housing		4.9	99.6	0
Emergency Job Creation Fund		15.6	372.2	—
Exemptions from co-payment of health and long-term care insurance	Old age(Long term care insurance) / Health(Medical Insurance)	14.1	87.2	—
Total (billion yen)		94.0	1445.7	39.5
Per GDP(%)		0.02%	0.31%	0.01%

Thank you and further information(in English)

- National Institute of Population and Social Security Research (NIPSSR);

The Financial Statistics of Social Security in Japan FY2011 (March, 2014)

<http://www.ipss.go.jp/ss-cost/e/fsss-11/data/cost2011.pdf>

Social Security in Japan

<http://www.ipss.go.jp/s-info/e/ssj2014/index.asp>

- Ministry of Health, Welfare and Labour(MHLW);

Employment measures in Post-Financial Crisis Japan (July, 2009)

<http://www.mhlw.go.jp/english/policy/affairs/dl/04.pdf>