



2012 Edition

Annual Health, Labour and Welfare

— **Think about Social Security** —

【 GENERAL 】

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MHLW

Overview of the White Paper on Annual Health, Labour and Welfare 2012

Part 1 (Themes) Social Security

- Part 1 of the White Paper on Labour and Economy 2012 discusses 'Social Security'.
- Overall picture of Japan's social security system. The purposes, functions and current challenges, etc. are to help every single citizen of Japan to participate in the national debate about social security and the future of Japan, with reference to logical thinking regarding international comparisons and the international community, as well as philosophy, etc.
- Also students who are in a period of formation of interests in social issues are assumed to be readers of the white paper.

Part 2 (Annual administration report) 'Responses to current political challenges'

- In Part 2, as an annual administrative report, the MHLW clearly presents to the public how the current various policy issues are handled. And it covers initiatives of private organizations (NPO, companies, etc.) as well as frontline government agencies that are trying to solve problems in the field of health, labour and welfare. in 20 columns.

Feature 1 Recovery efforts of MHLW from the Great East Japan Earthquake

Feature 2 Initiatives for joint reform of the taxation and social security systems

Chapter 1 Environment restructuring for having a family with peace of mind
Chapter 2 Ensuring employment and stable living with the realization of a society in which all people participate, such that everyone with a will to work is able to work
Chapter 3 Providing stable, safe and high quality medical and long-term care services
Chapter 4 Ensuring healthful and safe living (infectious disease prevention, food safety, etc.)
Chapter 5 Sustainable, trustworthy pension system
Chapter 6 Comprehensive encouragement of support for the disabled
Chapter 7 Creating an environment where one can work in confidence (Support for non-regular employment, work-life balance and working conditions, etc.)

Chapter 8 Ensuring safe living (Suicide and depression prevention, welfare benefits, etc.)
Chapter 9 Promotion of measures for public safety (Support for Japanese returnees from China, water supply projects, etc.)
Chapter 10 Contribution to the international community and appropriate actions for foreign workers, etc. (WHO, ILO and EPA, etc.)
Chapter 11 Restructuring of the administration system (Promotion of screening process within the ministries, public newsletter, after care service, etc.)

- 'Japan as 100 people' and 'A day of Japan' are at the end of the White Paper and are easy to understand for everybody as well as for children.

Chapter 1 Why social security is important?

- Role that social security has played in modern society. And the system is indispensable for our economic system.
→ Social security is important for every single citizen, as well as for our entire society.

1 Establishment of social security

- The system has been established as a prerequisite to the formation of a capitalist society as well as the establishment of the nation-state since modern times (18th century).
- Social security has been supporting the development of industrial capitalist society as well as the nation-state to replace the functions of mutual supports by kinship and territorial bonding.

2 Development of social security

- In developed countries, mainly in Europe, the social security system was developed to establish a 'Welfare State' after World War II.
- Social security became indispensable for every developed country (till the beginning of the 70's. 'The golden age of the Welfare State')

3 'Review' and reaffirmation of the social security system

- Global economic growth had slowed down due to two oil shocks in the 1970's. The criticism against social security and the welfare state had a great impact.
→ Neoliberalism (example: Thatcherism and Reaganomics) ... Less is spent on Social security in order to have a 'small government'.
↳ The widening gap, the lower quality of public service and 'social exclusion' are rising problems. On the other hand, cutting social security spending would not have been initiated if it had been considered from a macro point of view.
- The importance of social security has been reaffirmed since the 1990's, which had brought a period of re-organization of the social security system and the welfare-state in combination with employment support, etc.

4 Review of the Social Security System of Japan

- The trend of the system is generally the same as for developed countries, Formation → Development → 'Review'.
- The social security system remains relatively small because of the long-term stable employment that guarantees livelihood. The elderly are the main beneficiaries of the system.
- Because of the rapid decrease in the working population due to a declining birthrate and a growing proportion of elderly people, benefit payments increased and employment structure changed due to globalization, etc. (increase of non-regular employment).

A big social change that the social security system was counting on. A national debate is necessary for system reform.

Chapter 2 Principles and philosophy associated with social security

- Introduction of the fundamental principles and philosophy associated with social security. Supporting each other for self-reliant living jointly and severally in society will lead to building a vital society. (self-reliance and solidarity)
- Based on such a role of the state and the market to play, what is needed for us to truly be happy, and how the social security system is reformed, should be debated specifically with consistency in the entire society. ('as well as efficiency and fairness')

1 Self-reliance and solidarity ~jointly and severally support 'individuals with self-reliance' ~

- 'Solidarism' — *Léon Bourgeois who was a politician and a lawyer presenting the realization of social justice which promotes mutual support as a duty with consciousness in addition to natural solidarity, which is a development of human society, when poverty in France was becoming a big problem in the late 19th Century.
- 'Solidarism' had a strong impact on the social security systems of many countries, as a realistic and feasible principle and a philosophy that was the solution to the social problems of the time.
- Impact on Japan ■■■ Enactment of the Relief Act in 1929, specification of principals of the social security system after WWII, and government reports on social security and related matters, etc.

■ Supporting each other for independent living, jointly and severally in society, will lead to building a vital society.

*1851-1925 He worked actively during the French Third Republic. The Prime Minister in 1895, the President of the Senate, and the first Presidents of the Assembly of the League of Nations received the Laureates of the Nobel Peace Prize in 1920.

2 Efficiency and fairness ~Time to pursue co-existence of efficiency and fairness ~

- The market bears 'efficiency', which often conflicts with 'fairness', which is controlled by the state in an industrialized capitalist society.
 - 18th Century or after: 'Night-Watchman state' or 'Cheap government', which functioned only to protect its citizens from crimes, etc.
 - 19th Century and after: Growing needs for fairness by intervention by the government
 - Post WWII: Development of the 'Welfare state'
 - 1980's : 'Small government' that promotes efficiency
 - 1990's to present: Reorganization of the system that searches for a new form of the welfare state

The issue of 'efficiency vs. fairness' has been debated before.
This is the time to pursue co-existence of efficiency and fairness.

【Addendum】 What is fairness ~with a freedom and equality point of view ~

Argument of *John Rawls who introduced 'Justice as Fairness' from view of the relationship of freedom and equality.

*American philosopher (1921-2002) He advocated the theory of fair distribution in terms of the adjustment of freedom and equality, and had a significant impact on laws, politics and social philosophy around the world.

Chapter 3 Mechanism of the Social Security System of Japan

- Introduction to the mechanism of the Social Security System of Japan.
- Description of each system, including 'Universal Health Insurance and Universal Pension Coverage' in an easily understood manner.

- 'Objectives and functions of social security', 'Characteristics of the existing Social Security System in Japan', 'Social insurance systems (Universal Health Insurance and Universal Pension Coverage)' and 'Summary of all systems are simply explained, in order.
- Columns are provided everywhere, which talk about simple questions and points of discussion in general about social security, and contribute to understanding of social security.

Chapter 4 Social security and the welfare state from the 'welfare regime' view point

- Characteristics of social security in developed countries are explained by the model of international comparison, which is presented by *Esping Andersen (welfare regime).
- The debate of functional enhancement of social security should be included with special features and functions of 'state', 'community (family and local community) and 'market'. S

※ A Danish sociologist (1947-). He presented the 'Welfare regime' with meticulous historical analysis and quantitative analysis that has had a great impact all over the world.

| Molding | Major characteristics |
|--|-----------------------------------|
| Social democracy regime (Northern European nations) | Big role of states |
| Conservatism regime (Continental European nations) | Big role of family and employment |
| Liberalism regime (Anglo-Saxon nations) | Bigger role of markets |

The Japanese system is not quite categorized into one model, but has the following characteristics:

- The benefits of social security for the elderly are relatively big in comparison (to spending).
Familism is strong in terms of the division of labor by gender (husband works and wife stays home)=Conservatism regime
- The size of the system is relatively small due to the parental care support, etc., which is significantly small compared to the European nations.
= Liberalism regime
The Japanese social security system is based on mainly full-time employment. This indicates the point of weakness of the government support system, once a citizen becomes unemployed.

The debate on concepts of the Japanese society and how functional enhancement of social security should be conducted based on the special features and the functions of 'state', 'community (family and local community) and the 'market'.

※ The welfare regime is only an indicator of modeling that may not apply to an individualized system (example: Medical insurance)

Chapter 5 Characteristics of Japanese society in comparison with international standards

■ Explain characteristics and challenges of Japanese society in comparison with international standards using demographics and statistics of OECD, etc.

■ Making international comparisons using the following six indicators, which OECD set as goals for social policy: 'Self-reliance', 'Equality', 'Health', 'Social connectivity', 'General background (GDP per capita, population and birth rate, etc.)' and 'Benefits and burdens of social security'.

● Characteristics of Japanese society

General background

- GDP per capita is only an average published by OECD. The realization of the increase in women's employment, economic growth from the creation of new markets and employment, etc. are important.
- The age group of less than 15 years occupies the lowest rate, and the proportion of those age 65 or over is the highest in a society of declining birthrate and a growing proportion of elderly people. The production-age population is the lowest.
- The birth rate is still low, but it has tended to recover since 2006. (2005: 1.26→2006:} 1.32→2007: 1.34→2008, 2009: 1.37→2010, 2011: 1.39)

Self-reliance

- The employment rate is higher than the OECD average for both men and women. The elimination of the so-called 'M-shaped curve' problem is the challenge for women's employment.
- The unemployment rate has generally remained at about 3 points lower than the OECD average.
- Educational attainment at the age of 15 (tenth grader) is significantly higher than the OECD average.

Equality

- The relative poverty rate (both before and after redistribution) is higher than the OECD average. The Gini coefficient, which indicates variation in income, is slightly higher than the OECD average.
- The wage disparity between men and women among full-time workers marked second only to South Korea.

Health

- Life expectancy has consistently been the longest of the major OECD countries, and the obesity rate has been the lowest for both men and women. But the male smoking rates are higher than the OECD average.
- Health care spending as public spending is almost equal to the OECD average. But the total spending including private spending is high performance, which is lower than the OECD average.

Social connectedness

- Life satisfaction is low and there is a high suicide rate.
- Confidence in government is lower than the OECD average. The national election turnout is low after Canada and the United States.

Benefits and burdens of social security

- The size of benefits of social security (Public social expenditure to GDP ratio of pension and medical service, etc.) is increasing, but is lower than the OECD average.
- When compared to the size of benefits by sector, pensions outweigh the United States and Britain, but health care is smaller than in the European countries, the United States and Britain.
- The ratio of family relationship spending, such as childcare, and family allowances, to GDP is low, which is only about 1/3 that of France and Sweden.
- The national burden rate for Japan is generally increasing compared to major OECD countries due to its aging society, and it is following a downward trend because of the decline in tax revenues.



While maintaining a good economy, higher education, health, and a high-quality medical system, there are challenges, such as financial, gender disparities, social connectedness, parenting support and the securing of stable sources of funding for social security, etc.

Chapter 6 Changes and challenges that Japanese society faces, way of life security in the future

1 Changes and challenges that Japanese society faces

- Explain the declining birthrate and a growing proportion of elderly people, globalization of the economy, changes and challenges in the employment environment that Japan is currently facing.
- Rapid development of a declining birthrate and a growing proportion of elderly people
 - A declining birthrate and a growing proportion of elderly people is a common phenomenon in many developed countries. Japan is progressing rapidly in this regard in comparison with other countries.
(Various impacts of an aging population)
 - Change of course of life ... Diversification of course of life (late marriage, unmarried, etc.), longer period of retirement life, etc.
 - Impact on the economy ... The potential growth rate decreases due to a decrease in the labor force and the reduction of savings.
The consumption in general is getting smaller due to a decrease in the size of the working generation, resulting in less demand.
 - Impact on local communities ... Aging of the metropolitan area, and depopulation of the non-metropolitan areas is becoming more pronounced. There is a concern for difficulty in maintaining communities.
 - Impact on finance ... Spending on social security programs, such as pensions, medical and long-term care, has increased more.
- Long-term stagnation of the economy and the progress of globalization
 - Protracted economic adjustment after the collapse of the financial bubble in the 1990s, etc. → Lack of demand, which is said to be the 'lost 20 years', and deflation, etc. created the economic downturn.
 - 3 characteristics of recent globalization ··· BRICs, proliferation of free trade, advancing of the knowledge economy.
 - To cope with globalization, international competitiveness through the transformation of the economy to create new added value is a major challenge.
- Change in the employment environment
 - In a highly competitive environment, a review of labor costs is performed, regular employment is reduced and a significant increase in non-regular workers that is suitable for flexible employment adjustment.
(The number of non-regular workers was 35.2 % (male 19.9%, female 54.7%) on average in 2011. 30.4% in 2003 (Non-regular workers exceeded 30% for the first time).)
 - Increase in long-term unemployed (1 year or more)(2010: Record levels of 1.21 million people. 36.2% of the unemployed are long-term unemployed)
- Widening disparity
 - Income disparity ... Increase in the rate of relative poverty and the number of welfare recipients broke the record (1951) (approx. 2.05 million people: July 2011) and is still increasing.
 - Employment gap ... Rate of married, non-regular workers is significantly low compared to regular workers (30 point difference), which makes family formation difficult.
 - Education gap ... Correlation between academic achievement/opportunity and economic circumstances of the family. This has also affected employment (regular employment rate).
- Decrease in actual societal experience, loss of social connection and a sense of solidarity, the emergence of problems such as social exclusion
 - Increase in the number of those who answered in the future outlook of life that it is 'getting worse'. Increase in single-person households. Few people answered that, 'Most people have confidence in others'. Among the people who are marginalized, there is an increase in suicide and child abuse, etc.
- The financial situation of the country is the worst in history and on an international level
 - The outstanding, long-term debt of the Japanese government and municipalities is expected to reach 196% of GDP at the end of 2012.

Chapter 6 Changes and challenges that Japanese society faces, way of life security in the future - 1

2 A secure way of life that meets the changes in society

※ Initiatives for “Joint reform of the taxation and social security systems” ‘ is illustrated with relevant policies, and the ideal society to be achieved by social reform.

■ Each role to play of family, community, markets, companies and government for life and security issues so far, and the current challenges should be identified, and there should be discussion of necessary support, etc. for the future.

- Family ■ ■ ■ Family is the basic unit of human society, and that is the place of life and where you get peace and love
 - Dissolution of territorial bonding and little participation of men in childcare make women's childcare burden big.
 - Due to an increase in single, elderly households, it is difficult to care for old parents. And there are issues such as ‘elderly care by the elderly’.
 - Despite a sign of the birth rate recovery, there still are reasons for the low rate, such as instability and non-continuity of employment, work-life balance, anxiety of child-rearing, etc.

➡ It is important that we support families in society through the strengthening of child care support and families, for reducing the excessive burden for family care on women.

※ Initiatives for ‘Joint reform of the taxation and social security systems’

· Enhancements of function, such as qualitative and quantitative expansion of childcare, etc. according to local circumstances shall be exercised to realize a society that can enjoy child-rearing.

For example, restructuring of authorized nurseries with flexibility in metropolitan areas depending on demand, and providing financial support to small-scale nurseries to meet diversified care in order to eliminate the waiting list for children.

- Community ■ ■ ■ Communications with friends and acquaintances, ‘Rural living infrastructure’ such as food, clothing, shelter and transportation, medical and financial services, and presence of mutual help in living.

And as a place as a local government, to provide medical services, long-term care, and welfare.

- Due to a decrease in the number of residents, and an increase in single-person households, community relations have become weakened, which weakens the mutual assistance function and which will worsen in the future.
- In rural areas, in particular, there is a big concern that ensuring services related to daily living will be difficult, because the population is decreasing. Providing medical, nursing and welfare services, etc. may become difficult in municipalities, due to the increase in the number of elderly, and a reduction in the number of people of the working generation engaged in the health care and long-term care fields.

➡ Ensuring employment and income is necessary for young people and children to be secure.
It is important to build a society that can provide high-quality medical and long-term care services through ‘Community General Support’, along with the establishment of businesses that become a source of economic activities and employment opportunities.

· Community shall ‘be the place to be’ and ‘shall play a role’ (social inclusion) to prevent the social isolation of people.

※ Initiatives for ‘Joint reform of the taxation and social security systems’

· We promote disease prevention as well as care prevention.

A society where everybody can be provided appropriate medical and long-term care, services no matter where they live, can be realized by developing ‘Medical care that cures’ in the advanced acute phase, and ‘Medical and nursing care that support’ life with dignity in the community.

· While cooperating with new types of public organizations such as NPOs, etc., a multi-layered safety net shall be built to realize a society where all citizens can participate with no exceptions.

2 A secure way of life that meets the changes in society (continue)

※ Initiatives for “Joint reform of the taxation and social security systems” ‘ is illustrated with relevant policies, and the ideal society to be achieved through social reform.

● Market and industries ▪ ▪ ▪ The source of employment opportunities and wealth Good quality employment opportunities, in particular, play a prominent role for life security.

- It is necessary to strengthen international competitiveness and shift to a different industrial structure to achieve economic growth. But we see a delay.
- In the process of change of industrial structure, opportunities for regular employment decreases mainly in the manufacturing and construction industries, etc., but non-regular employment increases in the service industry, etc.
- The development of excellent human resources is important for producing high-value-added benefits and for growth by promotion of life innovation.
- It is important to create new jobs by eliciting the potential demand in the field of social security .
- Regardless of the type of employment, it is important to improve the treatment of workers in non-regular employment for everybody to work with peace of mind.
- It is important to strengthen support for maintaining a balance between work and childcare that will allow active engagement in society for both men and women, while demonstrating willingness and ability.

※ Initiatives for ‘Joint reform of the taxation and social security systems’

- Jobs should be created in the fields of medical/long-term care and child support, because the field of health is a growing industry. It can achieve a virtuous circle of economic growth and social security.
- Through such initiatives as revision of the Labour Contract Law in regards to limited term contract workers, expanding the eligibility of social insurance to workers with fixed-term employment contracts, exemption of pension premiums during the period of maternity leave and a future benefits review, our society can be one in which everyone works and has a stable living.

● Government ▪ ▪ ▪ It responds to the changes in the social and economic environment, supports the independence of people and develops a foundation for a society of safe living.

Government should gain the trust of the people by taking initiatives in institutional reforms while achieving accountability, so that family, community, markets and companies can demonstrate their ability to function and fulfill their respective roles.

Chapter 7 Perspectives of social security review

- The important perspectives of social security review are presented.
- 'Desirable form of society', 'Role and function of social security', 'Social security costs' and 'Position of others' must be in the issue.

1 Desirable form of society

- First of all, social security must be considered along with what the desirable form of society should be. (The relationship between individuals and society ... Modern society is formed by 'independent individuals'. People live in a social environment, in which they need mutual help.)
- The social security system should be established specifically upon historical background of a particular society, and the current and future direction for reaching the goals.
- Therefore, roles played by family, community, market and company are considered as mutually interdependent. We should have a point of view about what we should do to make these roles function, and how social security can support these roles.

2 Understanding of the functions and roles of social security

- Social security is the social mechanism for preparation for risks of living, and providing peace of mind in an individual's living.
- Social security is the supportive mechanism by which a society can help (for such things as cost) for the living of the older generation and the costs for child care, etc.
- Social security contributes to economic growth, social stability, and the creation of jobs.

3 Cost of social security

- Someone must bear the cost of stable living.
- If social security needs are steady, the total costs are covered by ① the public through social security payments, and ② paid privately. — We should consider the portion of these burdens, because if public burden increases, private burden is reduced, and if public burden decreases, private burden increases.
- It is necessary to think from the perspective of both fairness and efficiency about the design and operation of the social security system.
— Fairness secures confidence in the system. Efficiency is essential in order to obtain consent to the burden for the security.

4 Position of others

- Social security is a system of mutual support. We need to think about society from the perspective of others; not only for our own convenience and interests. — What if I was the other gender? What if I had a disease or handicaps? What if I was very old? What if I had a low income? ... Use your imagination.
- If you only think about your own pros and cons, and only the groups you are in or about your own attributes, you would be preoccupied with conflict, which results in not having a constructive discussion.
- We should think about the interests of others and society, to make a society in which all people can live well.

Conclusion ~Now is the time for national debate~

■ Explain the importance of having a national debate for every one of us to think about the role of social security in order to rebuild our society in ways in which people can have lifelong peace of mind.

- ‘Joint reform of the taxation and social security systems’, which is being conducted currently, is the first step towards the construction of a new Social Security System in Japan.
- In Japan, families and companies have played many of the roles for life security. Enhancement of the capabilities of social security to benefit all people, including the working generation, is needed so that every single one of us can have lifelong peace of mind, in development of the aging population and in a changing environment for families and companies.
- Having a national debate is indispensable to rethinking mutual support that should be based on the Japanese society, and the role of social security.
- In other words, every single one of us, who are beneficiaries as well as payers, should participate in thinking independently and responsibly about the current situation and challenges of the social security system, and what system reform by the government should be.
- The government should represent the interests of the public, and present a complete picture or idea of reform. Accountability to specific policies should be provided with commitment to gain the trust of the people. Basic knowledge and information that are the foundation of a national debate should be widely provided, such as in the field of education.
- Every single citizen should understand the structure of society and the functions of social security. And we should participate in a debate independently about the necessity of system reform, pros and cons and the impact of putting off reform.
- The future of this country is depending on the wisdom and the actions of the people.

~Strengthening investment for the future (children and parenting support) and enhancement of measures for poverty and inequality ~

Background factor of needs of social security reform

Increase of non-regular employment
Change of employment foundation

Change of family structures and community

Aging of society and shrinking of working generation

Rapid increase of social security expenditures due to an aging population

- Generous benefits to the elderly, in comparison to living risks of the working generation, that have not been addressed.
- Not enough measures are taken against poverty and the widening income gap.
- Many of the social security costs are covered by deficit bonds, which is putting off the burden to future generations.

Enhancements of social security are required to meet the changes in society and the economy

➡ **Restructuring of the social security system that can show the benefits for all people, including the working generation.**

Points for reform

- ◆ support self-reliance of every single citizen based on mutual **assistance and solidarity**
- ◆ Simultaneous exercising of **enhancement** of functions and the thorough efficient and prioritized provision of benefits.
- ◆ Focus on **fairness in the generation** well as intergeneration.
- ◆ Especially, ①Children and young people ②Medical and long-term care services, ③Pension, ④Countermeasures to poverty and disparities should be the priority
- ◆ **<4 social security expenses>** Appropriation of a Consumption tax should be expanded to four areas of 'pension, medical, long-term care and **child care**'.
- ◆ The first step to achieving **financial soundness and to ensuring stable sources** of financing for social security.
⇒ The Consumption tax rate will be raised to 8% from April 2014, 10% from October 2015 in stages (national and local).
- ◆ Strengthen the foundations that support the social security system by **promoting employment**.

Direction of the reform

1

Investment enhancement for the future (child and childcare support)

- Eliminate the waiting list for children
- Comprehensive support for early age care and education
- Childcare support by the community

2

Strengthen the medical and long-term care service insurance and the safety net functions of the social insurance system

- Establishment of a community general support system
- Upgrading the safety-net mechanism of medical and long-term care insurance systems
- Simultaneous revision of medical service and long-term care fees

3

Strengthening of countermeasures to poverty and income disparities (building multi-layered safety net)

- Comprehensively promoted review of countermeasures to poverty, and the unemployment insurance system
- Establishment of a new social security system

4

A social security system that supports diverse ways of working

- Expansion of eligibility for social insurance for workers with fixed-term employment contracts
- *Study of a new pension system

5

Realization of all-participating-type society and decent work

- Upgrading of laws for limited term contract workers and the Law Concerning Stabilization of Employment of Older Persons.
- Consideration of amendment of laws for part-time workers

6

Stable source of revenue for social security

- Consumption tax hike (Ensuring a stable source of government contribution to the basic pension funds of 50 %)

* 'A note of confirmation' of 3 parties: 3 parties will meet to discuss an agreement about the details of the public pension system reform of the future. The Social Security System reform bill is taking into account the prospects and current financial condition, etc., and the Public Pension System in the future will be discussed in the National Council Reform of Social Security System, and come to a conclusion.