

Comparison in safety net reform issues between Japan and France

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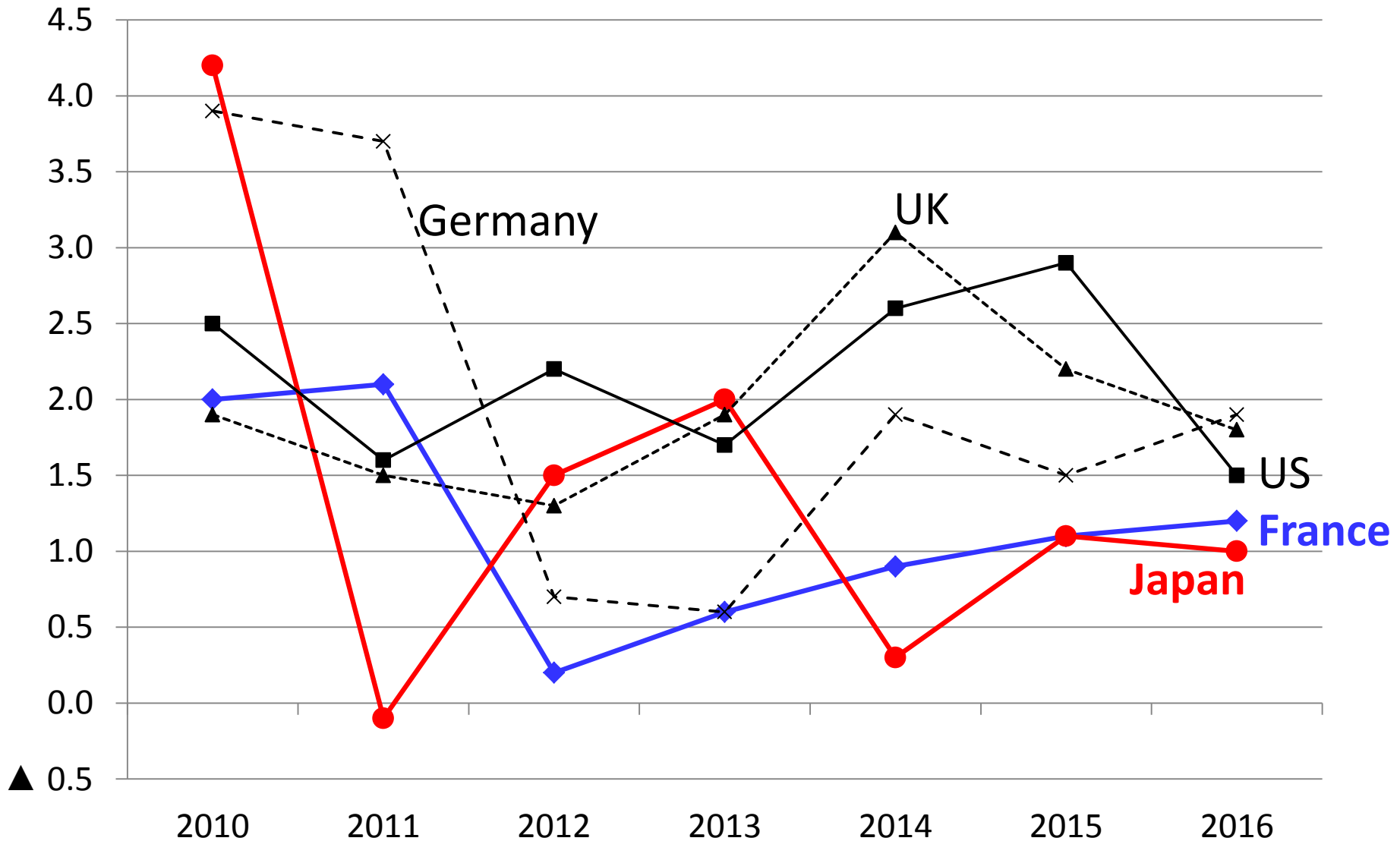
The Canon Institute for Global Studies

Basic Data

	France	Japan
Total population	67 million	127 million
Aging Ratio	19%	27%
GDP (2016)	2,463 billion US\$	4,937 billion US\$
Land area	544,000 km ²	378,000 km ²

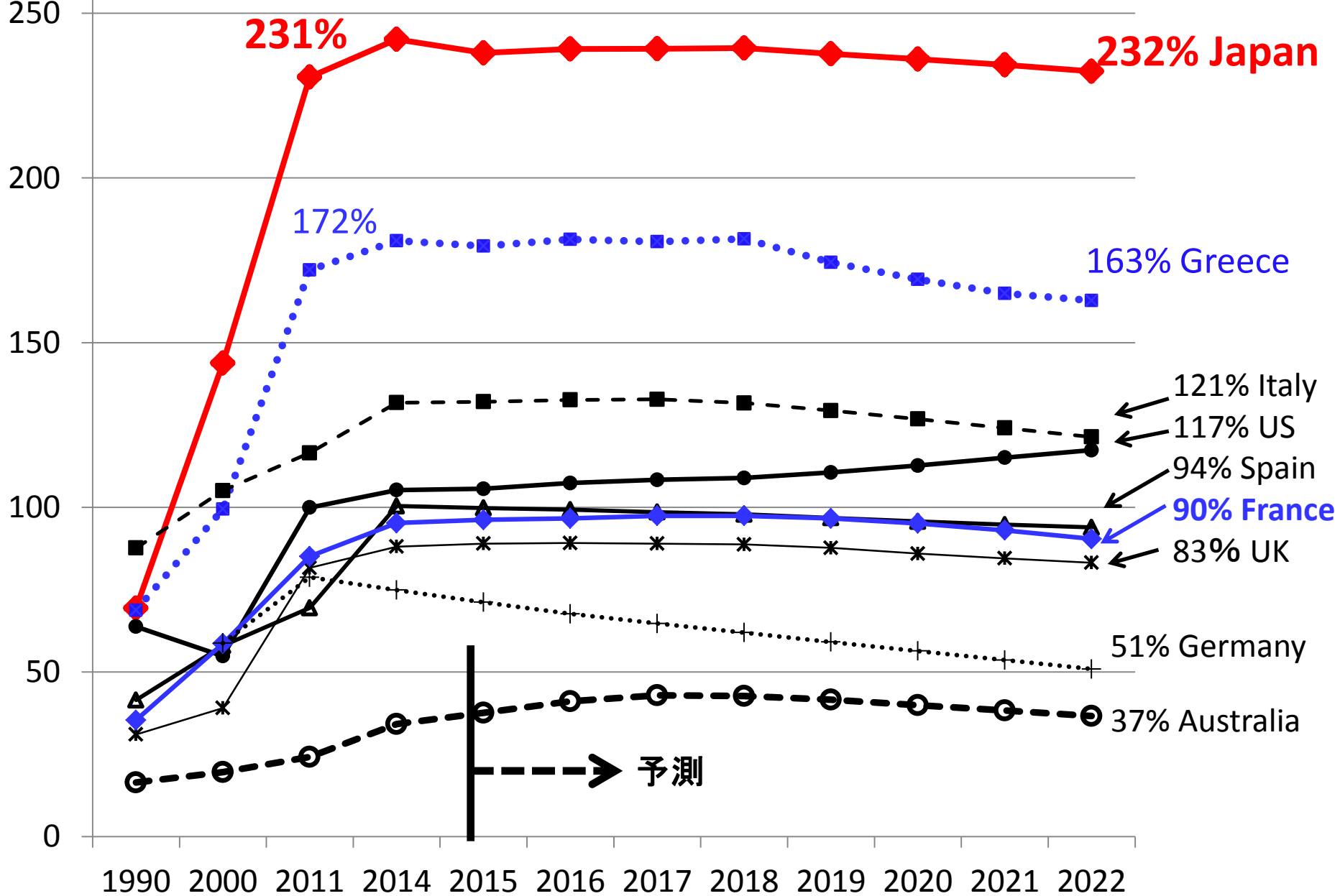
(Source) The World Bank Data, IMF Data and etc

Real GDP Growth Rate



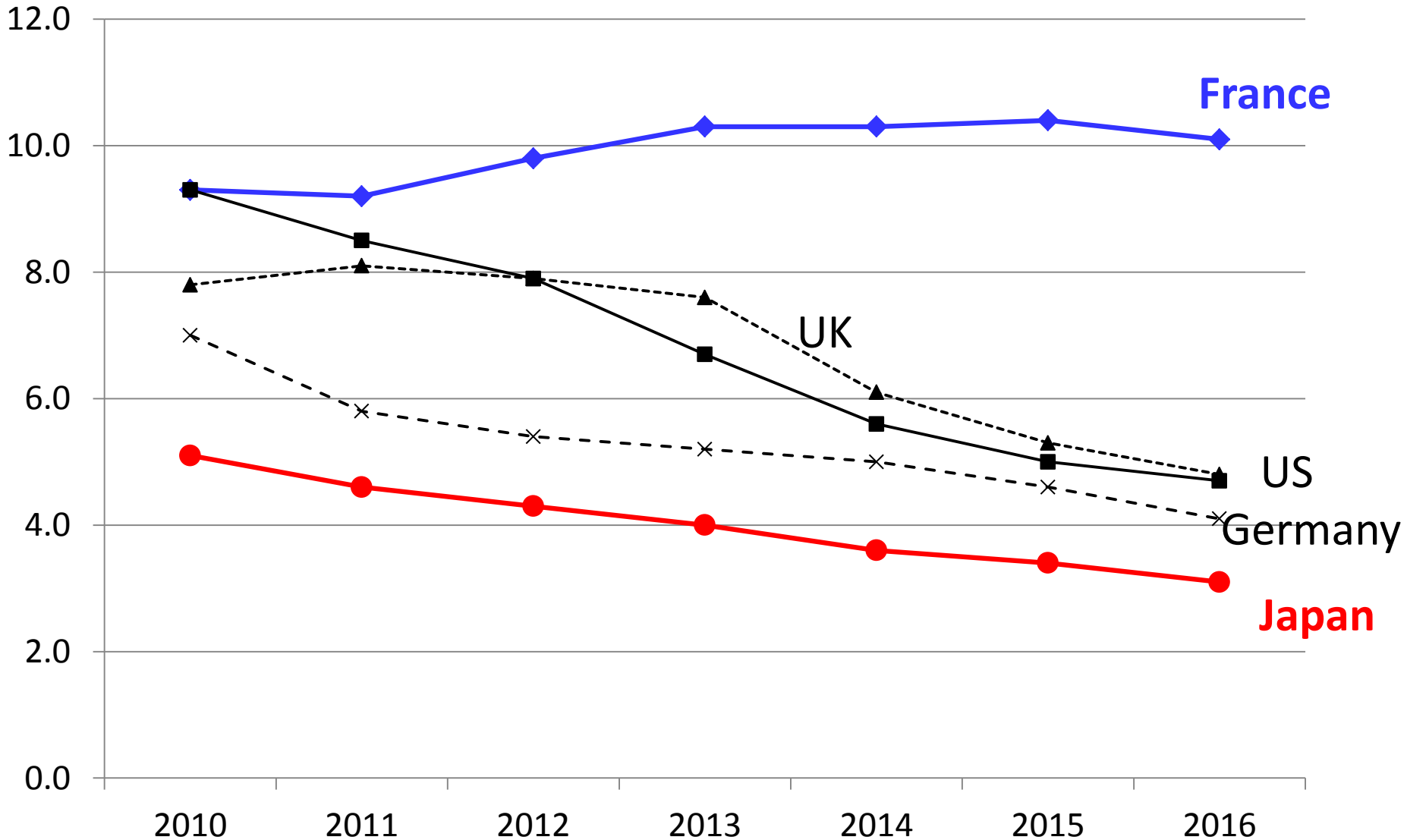
(Source) IMF World Economic Outlook October 2017

Ratio of General Government Gross Debt to GDP



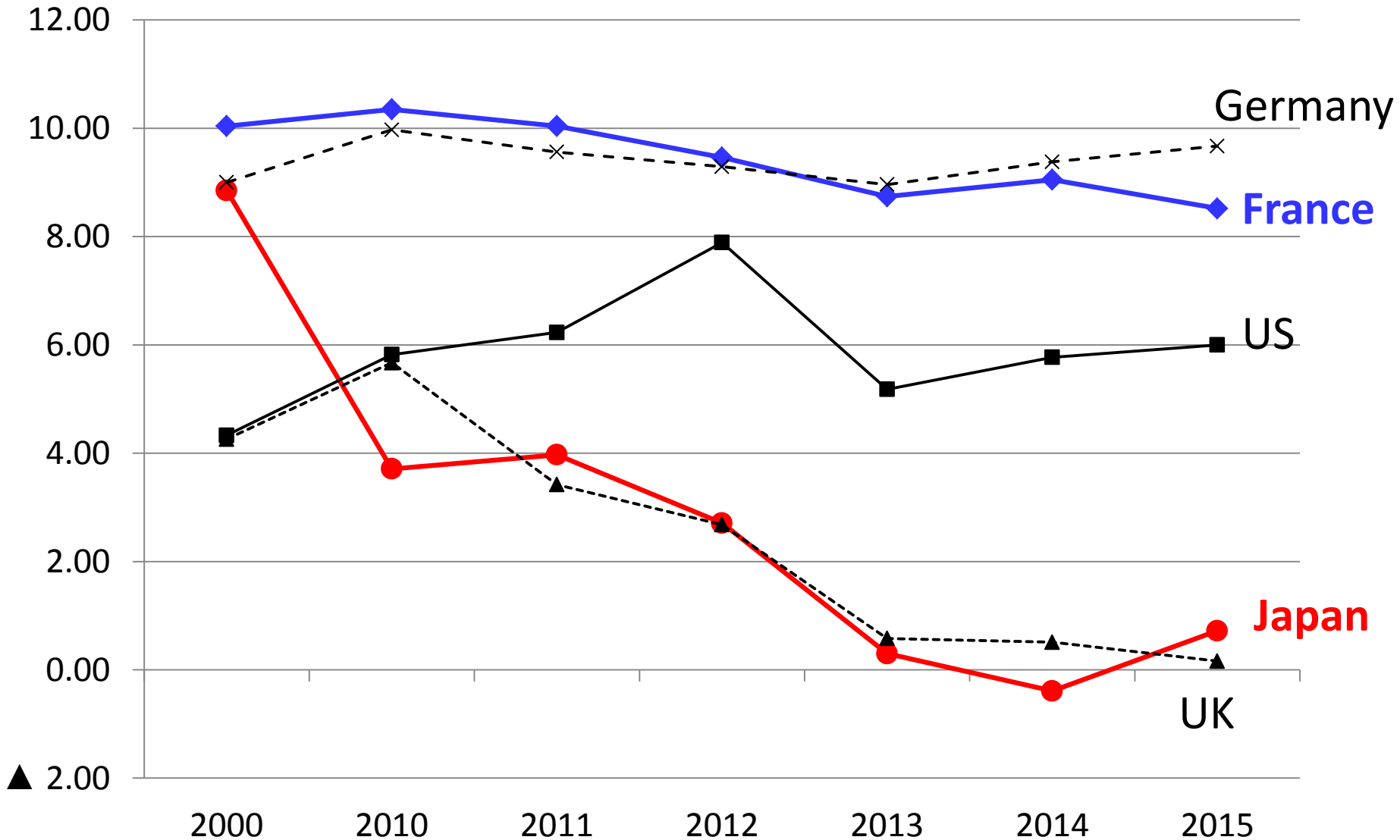
(出所) IMF World Economic Outlook Database, April 2017

Unemployment Rate



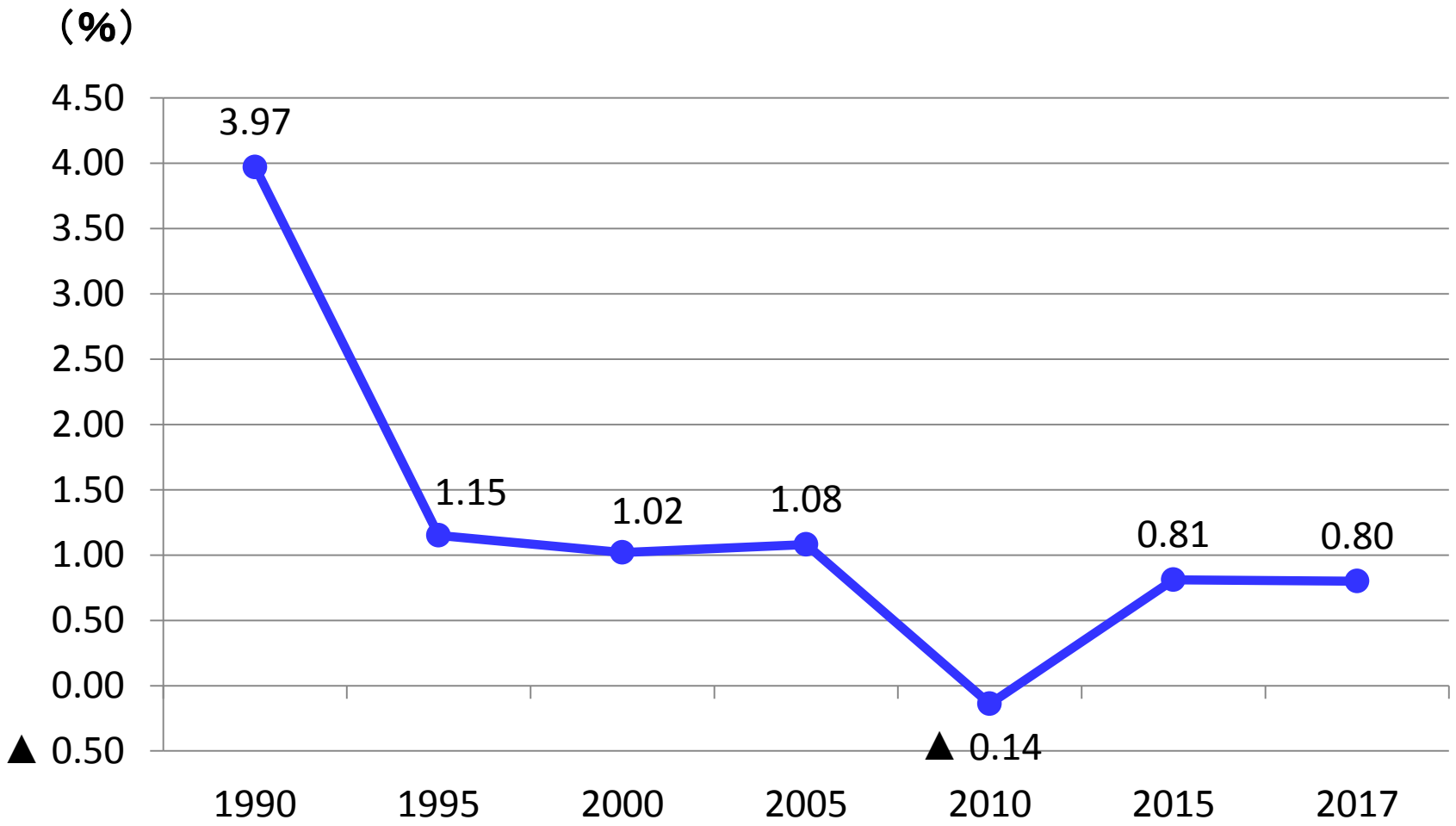
(Source) Eurostat, US Bureau of Labor Statistics, Statistics Japan

Household Savings Rate



(Source) OECD Data

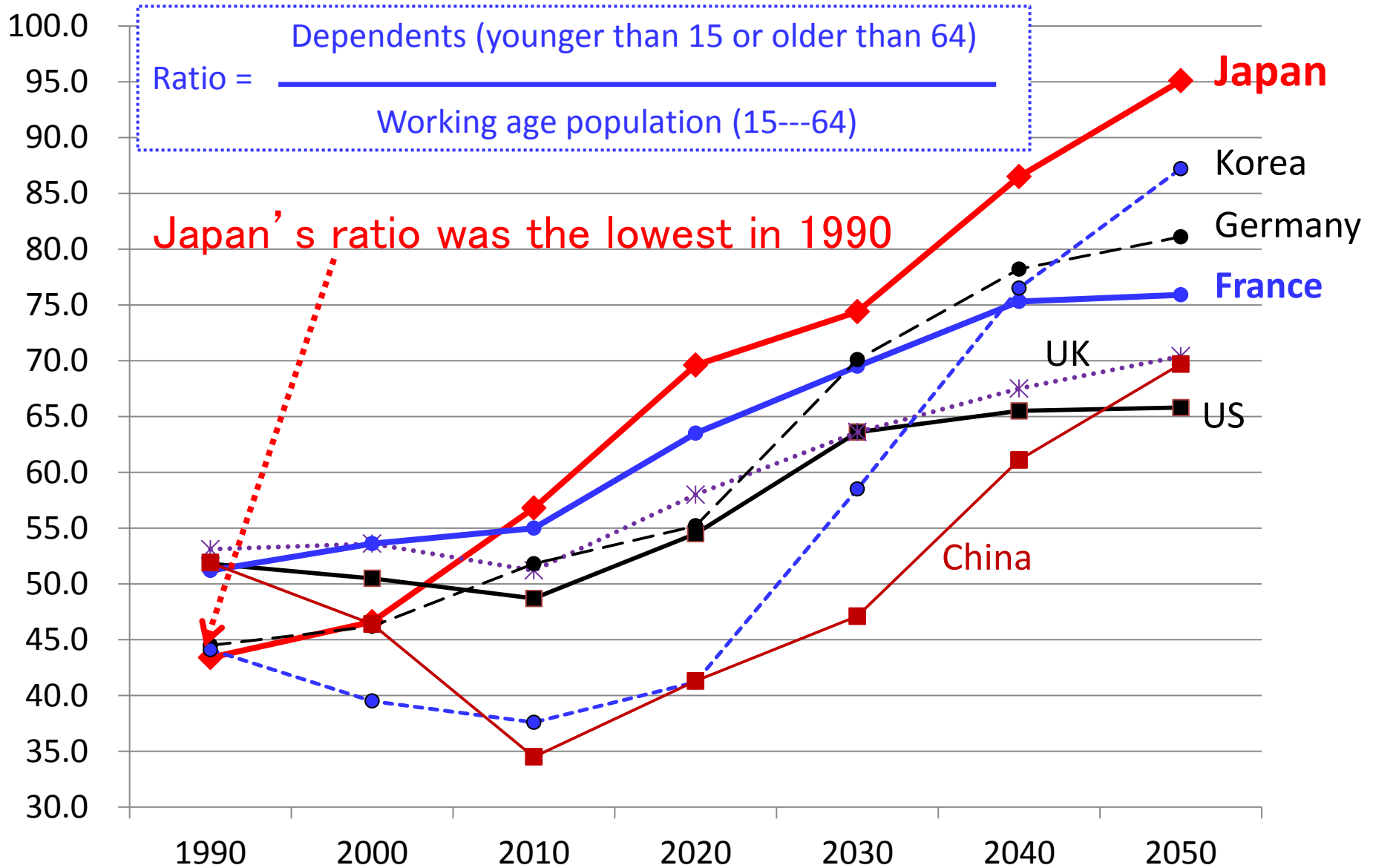
Potential Growth Rate of Japan's Economy



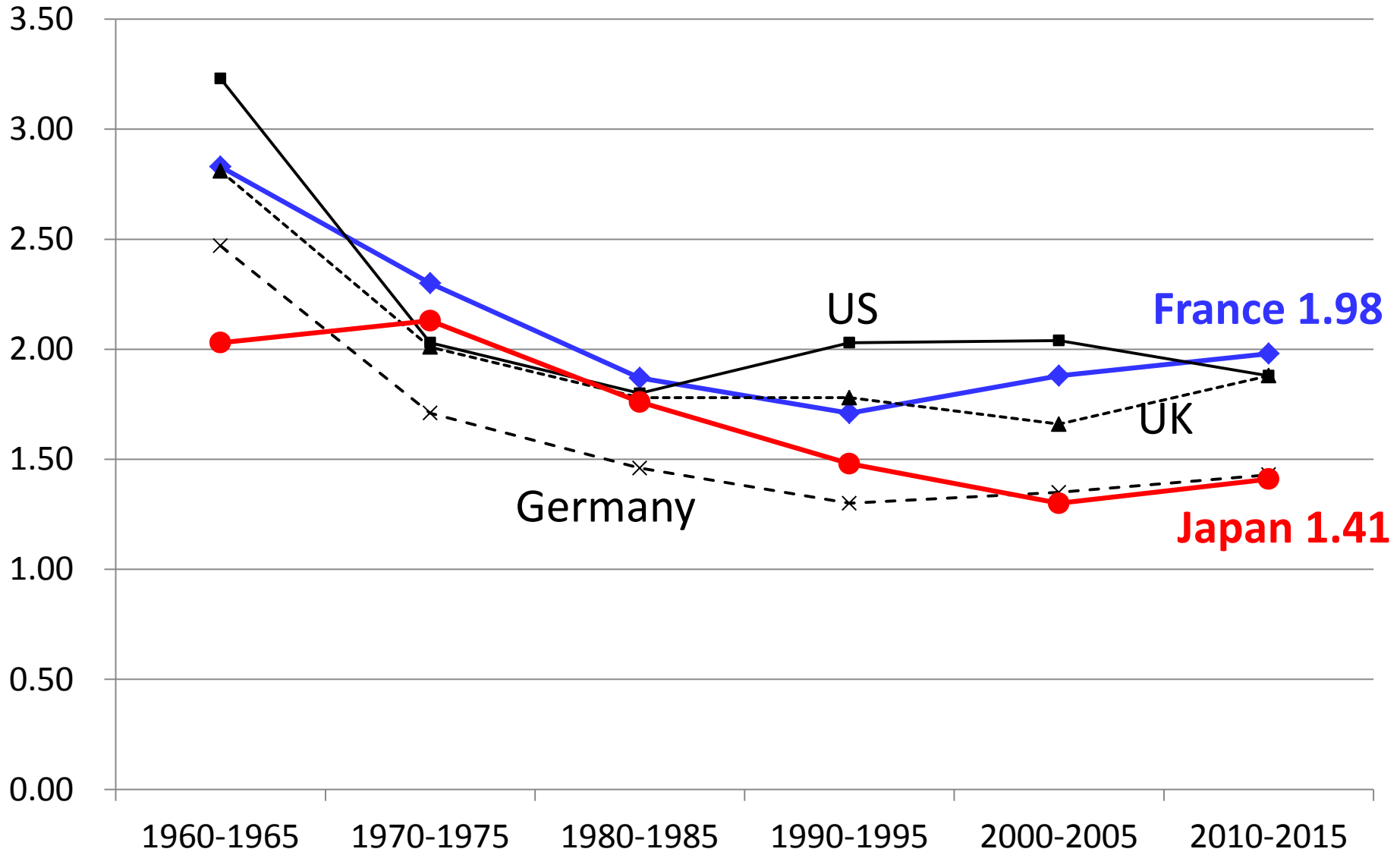
(Source) Bank of Japan Data Base

What is the potential growth rate in France?

Age dependency ratio



Fertility Rate



Ratio of Health Expenditure to GDP

(%)

	2000	2010	2014	2015	2016 Expectation
US	12.5	16.4	16.5	16.9	17.2
Switzerland	9.3	10.7	11.6	12.1	12.4
Germany	9.8	11.0	11.1	11.2	11.3
France	9.5	10.7	11.1	11.1	11.0
Japan	7.2	9.2	10.8	10.9	10.9
Netherlands	7.1	10.4	10.9	10.7	10.5
UK	6.0	8.5	9.8	9.9	9.7

(Source) OECD Health Statistics 2017

Rapid increase of the elderly ratio to the total population

Average life expectancy (2016)	Male 80.98	Female 87.14
Healthy life expectancy (2013)	Male 71.19	Female 74.21

+

Low birth rate 1.45 (2015)

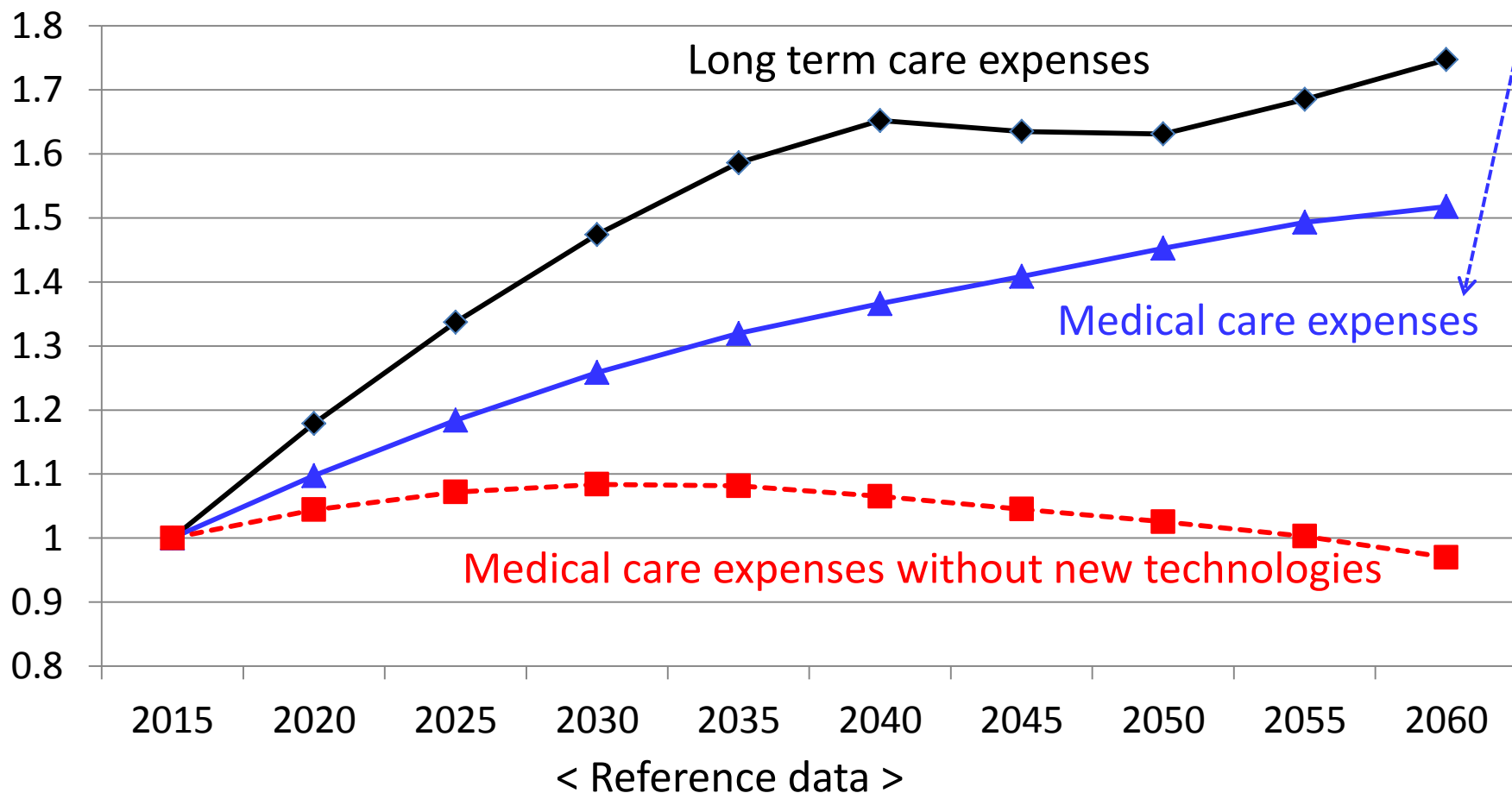


	1950	1990	2015	2030	2040
Total population (,000)	83,200 100%	123,610 100%	127,095 100%	119,125 100%	110,919 100%
65 or older (,000)	4,110 4.9%	14,930 12.1%	33,868 26.7%	37,160 31.2%	39,206 35.4%
80 or older (,000)	370 0.4%	2,960 2.4%	9,969 7.8%	15,688 13.2%	15,780 14.2%

(Source) National Institute of Population and Social Security Research [Population Projection for Japan 2016-2065] (April 2017)

Healthcare expenses growth in real terms (2015=1.00)

1.0 % increase per year of medical care expenses due to new technologies with the patient moral hazard and the asymmetry of information between MDs and patients

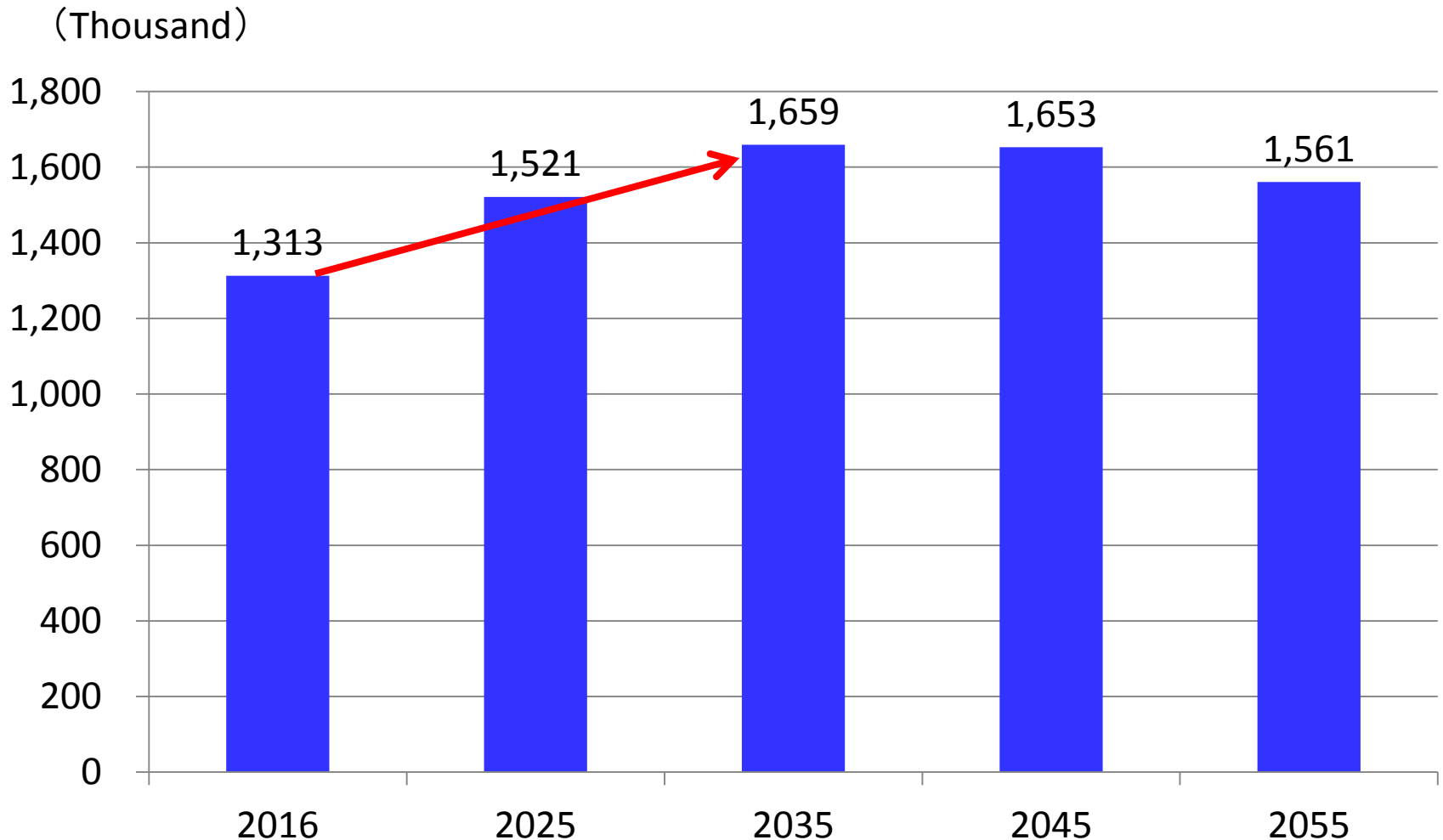


2015 --- 2040 Annual average rate of LTC insurance beneficiaries increase = 2.0%

2015 --- 2060 Annual average rate of population increase = ▲0.7%

Issues peculiar to Japan ①

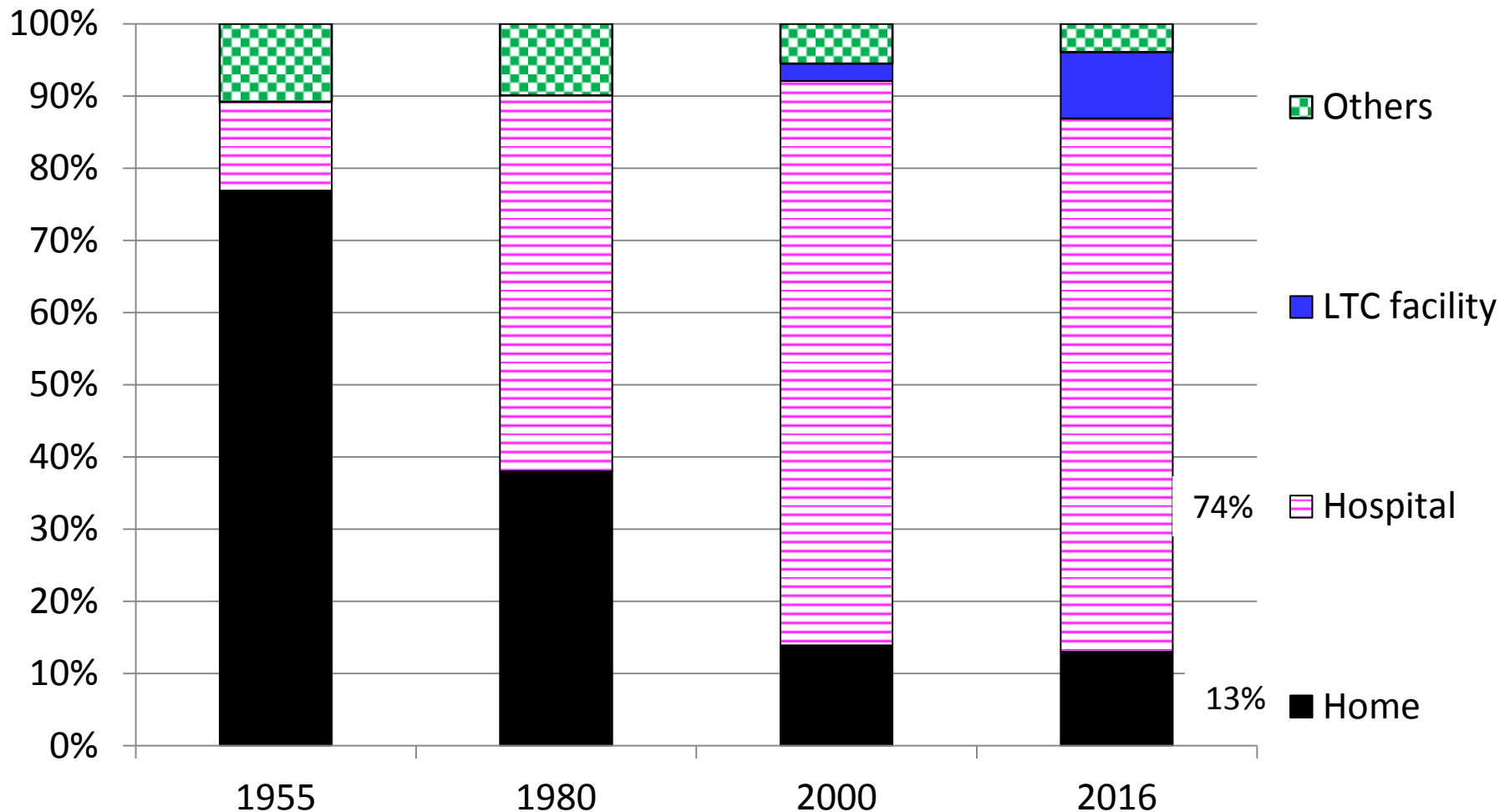
The number of deaths increases rapidly



Issues peculiar to Japan ②

Lack of place for end-of-life care

The proportion of death location



Death Location in France (in 2010)

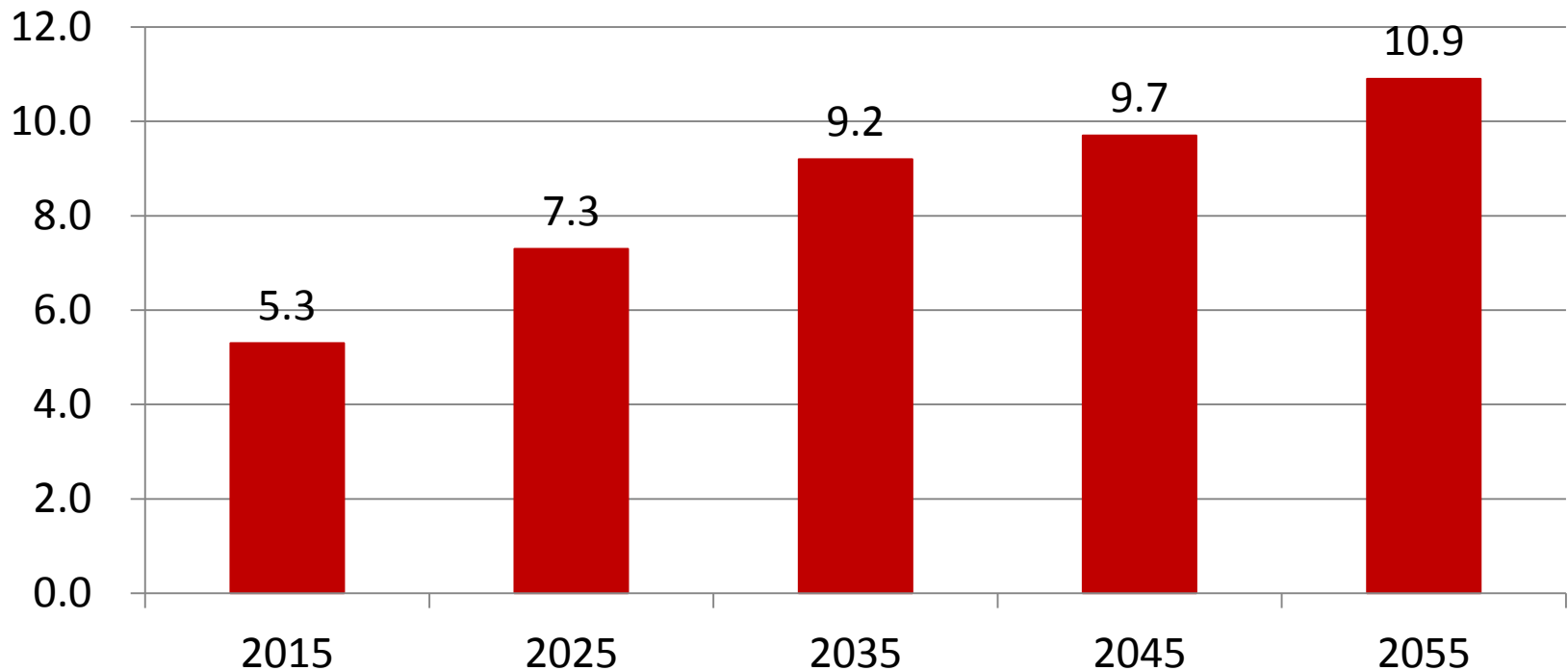
	Death Location		Dwellings 28 days before death	
	Male	Female	Male	Female
Hospital	68.7%	59.1%	32.3%	28.3%
LTC facility	10.5%	23.4%	15.8%	32.1%
Home	20.0%	16.3%	50.0%	38.3%
Others	0.8%	1.2%	1.2%	1.2%

(Source) Information from Dr. Antoine Bozio

Issues peculiar to Japan ③

How to address the surge of dementia patients

The number of dementia patients (million)



(Source) Professor Ninomiya, Kyushu University, 2015,
[The study on projections of the elderly population with dementia in Japan]



Japan has to reform the structure of communities
as well as health system

Japan is learning about medical reform from France

For example, Japan introduced [Medical care and Long term care Total Securing Fund] in 2014 health reform, which adopts a part of the framework of ABS (Agence Regionale de la Sante) in France.



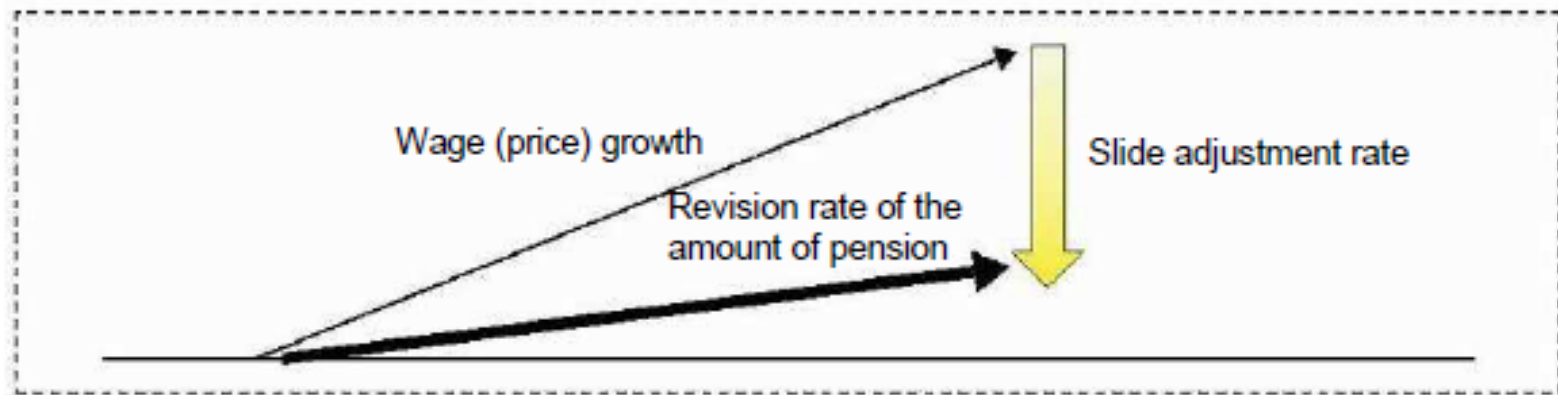
The Japanese government continues to observe Health Reform in France.

A seminar was held to explain the 2016 version of the report on November 27, 2017.

The 2016 version report of Health Reform in France by Institute Health Economics and Policy

Mechanism of stabilizing pension finances in Japan

Macro-Economic Slide Formula



- Start the adjustment of the amount of benefits in the case where it is anticipated, in the actuarial verification that is held at least once every five years, that keeping the financial equilibrium of pension is difficult throughout the financial equilibrium period, even though keeping necessary amount of pension reserve (approximately one year of the amount of benefit) so as not to be detrimental to pension payment at the end of the approximately 100 years of the financial equilibrium period.
- The amount of pension usually increase in response to wage and price increase. However during adjustment period of pension benefit, the revision of pension benefit will be reflected in the decrease of the force that bears pension system and growth of average life expectancy so that the increase of the amount of pension shall be suppressed to be lower than the increase of wage and prices. (This system is called as "Macro-Economic Slide Formula")
- In subsequent actuarial verification, at a time when the financial equilibrium of pension is anticipated to be sustainable, those adjustment of the amount of benefits shall be concluded.

Mechanism of stabilizing pension finances spreading in Europe

Notional Defined Contributions

--- Sweden method ---

The pension reform announced by the French president E. Macron is inspired by the reform carried out in the 1990s in Sweden, under the form of Notional defined contributions (NDCs).

Although the economics of NDC is close to other public pay-as-you-go pension systems, the automatic adjustment rules provide strong mechanism for assuring long-term sustainability, and higher salience of the tax-benefit linkage.

The issues surrounding such a reform in the case of France will be discussed, both in terms of economics, administrative feasibility as well as political support or opposition.

Finally, with Sweden, Italy, Poland and France adopting NDC system, and with Germany with a closely related point-based system, the talk will discuss whether we assist to the emergence of a new European model for pension design.

(By Dr. Antoine Bozio)