

Reforming Japanese Social-Security System in Tandem with Tax Reform

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Abstract

There are two fundamental economic problems that Japan has been facing when reforming the shape of its social-security system: the first is an aging problem and the costs of caring the old has been increasing; and the second is the downward pressing effects on wages due to overseas shifting of productions bases. This paper proposes to meet the challenge by strengthening fiscal discipline of social-security system on the basis of social-insurance framework and to establish a seamless security covering both health and long-term care. Reform is stressed to be in tandem with tax reform so that the increasing burden of social-security premium of working population, especially those suffering from wage-depression, is taken care of by granting credits to them on the side of personal income tax.