Compliance Report
Okinawa 2000
World Economy

Commitment

Para. 8: "Reform efforts must now focus on maintaining and strengthening social safety nets to ensure strong, sustainable growth and avoid future instability."

Assessment

Country	Lack of Compliance –1	Work in Progress 0	Full Compliance +1
Britain			+1
Canada			+1
France			+1
Germany			+1
Italy		N/A	
Japan			+1
Russia		0	
United States			+1
Overall			**+1**

Britain

Further to this commitment, Britain's 2001 federal budget included several increases to social welfare spending: a £25/£30 increase in monthly child benefits (with similar increases in 2002 and 2003); a child benefit increase to be paid from June 2001; a £10 increase for all pensioners from April 2001; a £20/£25 increase for couples aged 66 and over; a special increase of £12.90 for widow(er)s aged 66 and over; an £8 increase in other personal rates from April 2001, and; an additional 4 weeks' maternity/adoptive benefit. In addition, 10 Downing Street announced the creation of a new social welfare agency. As part of its social welfare reform system, 10 Downing Street plans on a one-stop agency for public services to streamline and to modernize the benefits and welfare system. This agency will be equipped with personal advisors for every claimant, tailoring support to individual need.

With respect to education, the UK announced an overall increase in higher education funding for 2001. Total publicly planned funding for higher education in 2001–2002 will be over £5.8 billion, amounting to an additional £412 million (7.6% in cash terms) compared to 2000–2001. The government plans a further £268 million (4.6%) and £298 million (4.9%) to be made available in 2002–2003 and 2003–2004.

Canada

Since Okinawa, the Canadian government has proposed to allocate large amounts of funding to social services and has even implemented new social policies for families. At the First Ministers Meeting on Health on September 11, 2000, the Health Action Plan adopted by the Canada's first ministers focused on sustaining and modernizing Canada's publicly funded healthcare system to meet the immediate and long-term health needs of Canadians. The government also created initiatives to address shortages and blockages in the delivery of primary care. Key highlights of the plan included a commitment of $23.4 billion—one of the largest single investments by any Canadian government—to improving health care and increasing support for early childhood development; the addition of $21.1 billion over five years to the Canada Health and Social Transfer (CHST) so that provinces and territories can enhance funding for health, post-secondary education, and social assistance; $2.2 billion to be provided for supporting early childhood development so that children may enter school better prepared than they currently are; $1 billion to be provided to provinces and territories for the purchase of modern diagnostic and treatment equipment such as MRI machines and CT scanners; and $500 million towards the development of modern information technology in the healthcare sector. These new federal funding commitments build on the $14 billion increase to the CHST previously announced in the 1999 and 2000 budgets.

With respect to strengthening education, the Canadian government announced in the post-Okinawa period that it would assist post-secondary students cope with rising costs of education by doubling the amount on which the education credit is based to $400 a month from $200 for full-time students, and to $120 from $60 for part-time students.

On the issue of parental leave, amendments to the employment insurance program as of January 1, 2001, resulted in the significant increase in the amount of time granted to parents on leave, from 10 to 35 weeks. To make maternity and parental leave more accessible, the Canadian government also lowered the required number of hours that must be worked in order to be eligible for leave from 700 to 600. These changes are part of a comprehensive strategy aimed at supporting families with children, which also includes additional tax cuts for families, new investments in the National Child Benefit, and changes to employment insurance rules.

France

The following detail actions by the French government to strengthen social safety nets:

Modernization of the French social welfare system was proposed in May 2000 in order to reform the structure of publicly owned establishments and start basic reforms regarding retirement or the assumption of responsibility of old or handicapped people. No information was found regarding legislative action to implement these proposals.

On October 11, 2000, an official statement of the Council of Ministers announced an increase of student grants to 28% of the population.

On November 15, 2000, an official statement from the Council of Ministers announced 4 billion francs of financing for the various exemptions of social security contributions, 1.7 billion francs of increase of the school allowance of re-entry, and 900 million francs for social action funds for immigrant workers.

The following action may be seen having a negative effect on the French social safety net:
As part of a series of tax reforms, France also implemented a tax package to tackle some of France’s controversial poverty and welfare traps such as heavy compulsory contributions for social security and other social programs. Because those social security contributions are believed to induce people to stay on welfare, costs should go down for all those earning up to 1.3 times the minimum wage.

Germany

The German government has taken a number of measures in the post-Okinawa period to improve social services domestically. On January 1, 2001, the federal finance minister, Hans Eichel, announced plans to rearrange taxation of old-age income, arguing that current tax laws were obscure and in need of reform.

With respect to health care, Joerg-Dietrich Hoppe, chairman of the Federal Chamber of German Doctors, announced the creation of a round table for health services beginning in the spring of 2001. The government’s Annual Report on Economic and Fiscal Policy for 2001 (section 9) indicated that it would consider the first comprehensive Report on Poverty and Wealth, slated for completion by the summer of 2001. With respect to health policy in particular, the report indicated that the government would move forward in terms of ensuring health care for all regardless of their income. On April 15, 2001, the German government further asked for the Council for Concerted Action in Health System to indicate and assess in its medical care balancing report the areas of oversupply, undersupply, and misdirected supply.

With respect to boosting child allowances, the government indicated that it plans to reform the childcare structure with the provision of DM 5.7 billion. Parliamentary manager Uwe Küster, argued that the funds should be used to enable young persons and single parents to harmonize their desires for their children to have a good education followed by a successful professional life.

In March 2001, the Budesrat opened increases to federal education funding assistance program payments allowing for a new maximum assistance in the order of DM 1.140 billion.

Italy

Much of the reform in Italian social policy in the post Okinawa period was focused on policy enhancements in the area of support to the disabled. According to the Finance Budget Plan for 2001, chapter 6 of the plan focused on the implementation of further improvements/benefits for the disabled. As of January 1, 2001, the Italian government has proposed a reduction of 19% for the disabled when purchasing motor vehicles equipped with special facilities. In addition, the disabled will also receive a 4% discount on any purchases of newspapers, books, and magazines.

Japan

With respect to shifts in education policy, on July 27, 2000, the Japanese government's education advisory panel to Prime Minister Yoshiro Mori demanded mandatory schooling for 5-year-olds. The government argued that they should allow children to begin their nine-year mandatory education when they turn 5, one year earlier than the current system requirements. The report also recommended that the government abolish the age limit preventing people from entering universities or colleges before the age of 18.

With respect to healthcare policy, in November 2000 the government announced that in an effort to contain health-related expenses shouldered by the state, it would pass a government-sponsored bill to increase the share of healthcare costs paid by the elderly. Under the measure, outpatients aged 70 and over would have to cover 10% of their medical costs to a maximum of 5,000 yen per month. Currently, their medical payments cannot exceed 2,120 yen per month. Elderly patients with relatively low incomes, however, would have their payments reduced. The upper limit of medical expenses paid by patients under 70 who receive expensive treatment would also be raised from 63,600 yen per patient to 121,800 yen. These hikes are intended to compensate for the bill's abolishment of a measure requiring elderly people to partially pay for their prescription drugs and medical visits. The opposition has criticized the measure, arguing it shifts the financial burden to elderly patients in a bid to alleviate financial strains within the medical insurance system.

The Japanese government also announced in March 2001 that it would take active measures to combat the homeless problem. According on a government White Paper on the homeless, the number of people living on the streets of Tokyo has increased 1.7-fold over five years to 5,700. The Tokyo Metropolitan Government's estimation was based upon a survey of 1,028 homeless in the city. To tackle the growing number of homeless, the metro government is planning to build facilities designed to help these people find shelter and rehabilitate.

Russia

No direct initiatives by the Russian government have been identified in this area in the post-Okinawa period.

The World Bank has undertaken multisectoral social protection adjustment operations in former Russian Republics such as the Kyrgyz Republic and the Russian Federation. Bank operations are guided by the Eastern Europe and Central Asia (ECA) Social Protection Strategy developed in fiscal year 1999. The strategy reviews the development of social protection systems in ECA countries during transition, outlines the experiences the World Bank acquired, and identifies the focus of World Bank operations.

Bank supervision portfolio for projects addressing social protection issues in the region reached US$2.4 billion by the end of the 2000 fiscal year (47 projects), up from US$100 million in fiscal 1991. An additional US$2 billion (34 projects) are under direct management of the World Bank Human Development Sector Unit. Among these lending operations, adjustment lending has focused on policy reforms, while investment lending has focused on developing social protection programs through improvement in the policy information base and capacity building in program management. In particular, the World Bank assisted pension reforms through projects in Bulgaria, Hungary, Kazakhstan, Latvia, Lithuania, FYR Macedonia, Moldova, the Kyrgyz Republic, Romania, and the Russian Federation.

United States

In the post-Okinawa period, several new bills related to social welfare reform were passed as part of the Republican Contract with America initiative at the beginning of the 104th Congress, including:

- The *Family Reinforcement Act*, including child support enforcement, tax incentives for adoption, strengthening rights of parents in their children's education, stronger child pornography laws, and an elderly dependent care tax credit to reinforce the central role of families in American society.

- The *American Dream Restoration Act*, including a $500 per child tax credit, repeal of the marriage tax penalty, and creation of American Dream Savings Accounts to provide middle-class tax relief.
- The *Senior Citizens Fairness Act*, including raising the social security earnings limit that currently forces seniors out of the workforce, repealing the 1993 tax hikes on social security benefits, and the provision of tax incentives for private long-term care insurance allowing elderly Americans save more of what they have earned over the years.
- The *Job Creation and Wage Enhancement Act*, including increased small business incentives, capital gains cut and indexation, neutral cost recovery, risk assessment/cost-benefit analysis, strengthening the *Regulatory Flexibility Act*, job creation reforms, and increased workers' wages.

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Compiled by Anju Aggarwal, and Nicol Lorantffy