

Intergenerational Equity: Taiwan

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1 Environment Protection

2 Public Debt

3 Income Distribution

Intergenerational equity

- **Intergenerational equity** is the concept or idea of fairness or justice in relationships between children, youth, adults and seniors, particularly in terms of treatment and interactions.

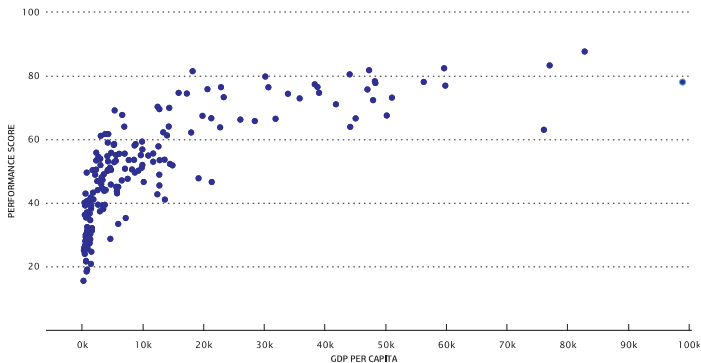
wiki

- Environmental protection
- Public Debt

- **Yale EPI**, Environmental Performance Index
 - **Environment health**
Health Impacts, Air Quality, Water and Sanitation
 - **Ecosystem vitality**
Water Resources, Agriculture, Forests, Fisheries, Biodiversity and Habitat, Climate and Energy

- 178 countries
 - Switzerland (1), 87.67
 - Germany (6), 80.47
 - Taiwan (46), 62.18
 - China (118), 43.0
- Environment performance depends upon policy, however, it is also ...

EPI vs GDP



- EPI is correlated with GDP per capita
- Higher income country demands better environment, hence better policy

Taiwan vs Germany

But,

- Germany

GDP per capita, \$40,007; EPI ranking, #6

- Taiwan

GDP per capita, \$39,767; EPI ranking, #46

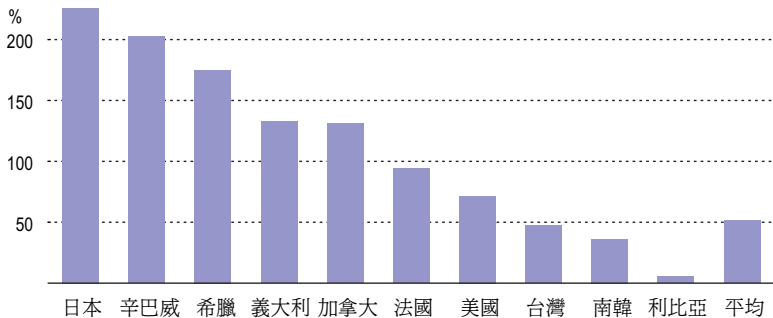
Taiwan has to work harder.

- air pollution, rank #158
- agricultural subsidies, rank #142
- pesticide regulation, rank #112
- waste water treatment, rank #105
- access to drinking Water, rank #1

agricultural subsidies ... aggravate environmental pressures through the intensification of chemical use, the expansion of farmland into sensitive areas, ...

- budget deficit means government spending is higher than revenues,
as a result, public debt increases

Debt to GDP



- Taiwan's ratio (40.9%) is lower than the world average
- However, ...

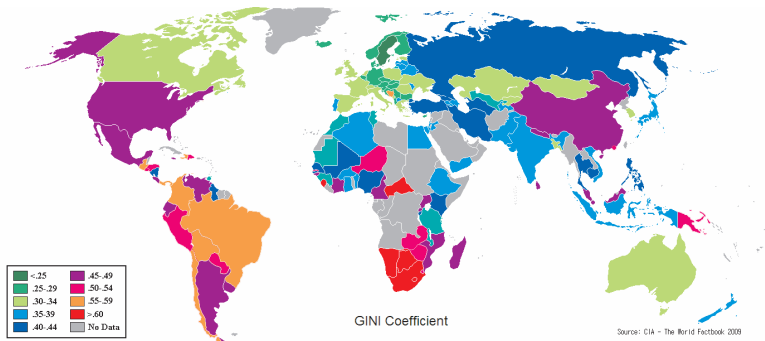
- hidden debt to GDP ratio: 117.7% (2013)
- Hidden debt
 - Labor insurance program (47%)
 - New public sector pension program (15%)
 - Old public sector pension program (34%)

- Fee too low
- For Labor insurance program, the fee for balanced budget should be 27.84%, but actual fee submitted is 8.0%
- How to fix?
Raise fee, and/or reduce benefit
- But reform is difficult

Asset and liability

- Public debt is a liability to future generations
- Environment protection?

- Democracy is an asset to future generations
- Education system is a **big liability** to future generations
- Income distribution?



- Taiwan, 0.34 (2011)
- World average, 0.68 (2005)
- Taiwan seems to be doing fine?