

THE POLITICS OF THE WELFARE STATE IN JAPAN:
POLITICAL LEADERSHIP IN THE POLICY PROCESSES
FOR SOCIAL SERVICES, HEALTH CARE, AND PUBLIC PENSIONS

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ABSTRACT

The welfare state in Japan is unheralded and misunderstood. In the West it has been widely accepted that in Japan the private sector, seen as families and large corporations providing "lifetime employment," has been the principal provider of welfare and that the Japanese state has been a laggard. In fact today Japan has a welfare state that arose from policy processes comparable to those of other industrial democracies.

Through a detailed, historically informed assessment of welfare policies, this dissertation analyses the politics of policy processes determining the Japanese welfare state. Although Japan had distinctive social and cultural traditions, and a quite different early history of providing help for the needy, it now has welfare programs that are similar to other industrial democracies in terms of aggregate amount of welfare spending as a percentage of national income. But Japan is not converging on a model of the welfare state that is identical to those in the West; the similarities and differences are far more complicated and arose from the politics of welfare issues in Japan.

This thesis refines conventional views of the Japanese policy process by showing how leadership by politicians contributed to the development of the Japanese welfare state. Conventional views of

Japanese politics emphasize that the policy process is dominated by bureaucrats and assign a relatively minor role to political leadership by politicians. The central question of this study is how does one characterize such politics affecting the Japanese welfare state, and more generally all public policies in Japan.

The answer the thesis provides is that commitments to welfare policy changes were primarily the work of Liberal Democratic politicians, operating in their catch-all party and more willing to respond pragmatically to interest group pressures in order to win elections than to adhere to their conservative ideologies. In the early stages, competition from opposition parties and the initiatives of bureaucrats helped to set the stage for a doubling of spending for the Japanese welfare state. But the critical motivating force in the remarkable growth of the Japanese welfare programs was the work of politicians operating in a political system of "bureaucratic pluralism." Bureaucratic pluralism features political leadership that varies among bureaucrats and politicians according to policy areas. In welfare processes, politicians most often managed the main conflicts in priorities and coordinated the many necessary tradeoffs. Politicians in the ruling party proved responsive to organized interests of business, labor, and health professionals, interests whose positions shifted during the 1970s from seeking expansion of budgets and new programs to demanding limits on the costs of social security.

The thesis examines the early pre-World War II origins of Japanese approaches to public welfare problems, which limited state activities in responses to protests by workers and the needy, and were inspired by elites' paternalistic concerns for select elements of the society. It

then analyzes in detail the politics that determined the evolution of three key areas of welfare programs: social services, health care, and public pensions. All three cases illuminate the critical roles of the Liberal Democratic politicians as they interacted with bureaucrats and interest group advocates.

The research was based on field work in Japan which involved extensive interviewing and archival searches. The analysis builds upon Japanese scholarship in the fields of welfare administration and public policy studies. The goal of the research has been to contribute equally to an understanding of Japanese political processes and the comparative analysis of welfare policies.

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Note on Japanese Romanization

The writing of Japanese language translations in Roman letters in this thesis follows the standards suggested by the "Japan Style Sheet" of the Society of Writers, Editors, and Translators, Tokyo, 1983. Where differences are suggested in the guidelines, I have followed scholarly practice for name order and capitalization.

For Japanese names, I follow the Japanese custom of placing the family name first. Spelling of Japanese names and proper nouns will indicate the preferred style of the individual or institution, if known. For Americans of Japanese ancestry, name order follows American custom placing personal name first.

For capitalization, only the first word of proper nouns in Japanese are written in upper case. The macron, an indication of two characters in Japanese that are phonetically a long vowel, have been omitted only for place names and words that are included in English dictionaries.

Abbreviations

DSP	Democratic Socialist Party
EHI	Employee Health Insurance
EPI	Employee Pension System
JCP	Japan Communist Party
JSP	Japan Social Party
LDP	Liberal Democratic Party
MAA	Mutual Aid Association
NHI	National Health Insurance
NPS	National Pension System

INTRODUCTION

Many people believe that Japan is a public welfare laggard. Two assumptions support the beliefs that the Japanese government lags behind governments elsewhere in providing welfare for its citizens. The first is that welfare has not been a government priority because emphasis has been concentrated on economic growth. This assumption also holds that families and private companies in Japan fulfill functions performed by social security elsewhere. Critics arguing that Japan encourages economic growth without welfare often point to outdated English-language studies which were largely completed before the major national welfare initiatives that began in 1973. The other assumption often put forth in Japanese-language studies and even by defenders of Japan as a "welfare superpower" is that Japanese are laggards in public welfare spending because they have had a relatively youthful population who have had little interest in expanding government welfare activities. These studies, too, are outdated. Most Japanese studies have yet to account adequately for the onset of demographic trends that will rapidly produce increasing the numbers of welfare recipients over age 65. These studies also appeared before recent administrative reforms of the 1980s that are controlling increases in welfare spending.¹

This dissertation primarily examines the ways whereby bureaucrats and politicians created Japanese welfare policies. In challenging views of the Japanese as public welfare laggards and as dependent on family and company welfare, this thesis considers various approaches to the study of

policy processes of welfare states, it traces the socioeconomic and historical aspects of Japanese public welfare, and it analyzes contemporary political processes determining the welfare state in Japan. Many Japanese government institutions established before 1945 form the basis for contemporary welfare programs. Their budgets have grown so that social security transfer payments have more than doubled as a part of Japan's GNP, from 5.2% in 1972 to 11.8% in 1985.² But since 1979, the costs of social security have dropped as a percent of GNP and Japan's national deficit has been controlled by administrative reforms that were more effective than those of Europe and America. Thus although Japanese institutions related to social security are unique, what is surprising is that in spite of its distinctive culture and society, Japan has developed public policies for social services, health care, and pensions that are comparable to industrial democracies elsewhere.³

The central question of this study asks about how Japan's welfare policies emerged. A focus for research is to consider how policy processes help explain Japanese welfare spending and programs in terms comparable to other industrial societies. A central theme is that political approaches more than socioeconomic ones provide the most complete explanations of the development and expansion of the Japanese welfare state.

The main thesis of this inquiry is that the politicians of the ruling party, drawing upon the earlier efforts and the expertise of bureaucrats, produced a welfare state in Japan. Ruling party politicians, coordinating among the organizational jurisdictions of

bureaucrats and gaining support of a catch-all coalition of interests, asserted themselves in shaping Japanese welfare policies. We find that the "conservative" ruling party politicians acting out of self-interest developed pragmatic welfare programs and spending increases that preserved their catch-all coalition of supporters and that differed sharply from the ideological positions often thought of as limiting the welfare state. And when organized interests in business, unions, and health professions later shifted their positions during the 1970s, ruling party leaders proved responsive in ways that preserved their coalition.

In Chapter 1, existing approaches to the study of welfare states are considered as possible explanations for Japanese policies towards welfare. The initial argument of this study is that socioeconomic approaches to Japanese welfare leave unexplained many critical variations. In contrast, political analyses, most especially approaches to the study of the policy processes among bureaucrats and politicians, are far more helpful in understanding Japanese welfare policies. Analysis of Japanese bureaucratic and interest group politics can account for many variations in policy outcomes that need not be attributed to cultural, demographic, or economic factors. As Hugh Heclo states, "Rather than trying to discover a comprehensive theory of social causation or the ultimate sources of modern social policy, I shall look at proximate sources and causes."⁴

Chapter 2 assesses socioeconomic evidence on welfare policies in Japan. Trends emphasized by some economists such as high growth rates or by some sociologists such as the demographic shifts in aging do set broad

parameters for explaining public welfare programs and spending. However much of the variance in welfare spending across societies is inadequately explained by economic, demographic, or cultural variables. Our argument is that, beyond the broad trends shown by socioeconomic determinants, the politics of public policy is a proximate cause for explaining similarities and differences among welfare states.

In Chapter 3, the political history of Japanese welfare policies shows that elites were able to form policies which developed precedents for contemporary institutions. Expansion of welfare programs occurred independently of social conditions, and is better explained by politics. Japanese political history prior to World War II shows that the bureaucratic, political, and military elites in central government created welfare institutions which shaped later developments in the postwar Japanese welfare state.

In Japan since 1945, party politics influenced welfare programs far more than elsewhere. The second half of this dissertation asks mainly about three specific policy processes key to the recent development of the Japanese welfare state. As Martha Derthick asserts, "Policymaking and program expansion have a continuity, momentum, and political logic of their own."⁵ More than in Derthick's study of American policymaking for social security, however, the Japanese politicians considered in this study often acted in concert with bureaucrats and became the central actors in policymaking for welfare. While bureaucrats in Japan developed policy initiatives much like those studied by Hugh Heclo in Britain and Sweden, politicians appear to have

been more important in Japan than suggested by Heclo's study. Especially since 1972, Japan's ruling party leaders concerned themselves with welfare as an aspect of electoral competition among political parties. With the first oil shock and major increases that doubled welfare spending, conservative ruling party politicians again asserted themselves in seeking budgetary controls over policy areas, including welfare. To refine understandings of the political system of Japan and its welfare state, this dissertation analyzes the activities of bureaucrats and politicians who have made Japanese public policies towards social services, health care, and public pensions.

Since current models of interest group politics are inadequate to explain how Japan has achieved stable economic and social policies, analysts have suggested that Japanese policy processes are the result of a political system called "bureaucratic pluralism."⁶ While political scientists have generated several models to understand the political systems of advanced industrial democracies, and most noteworthy for understanding Japan are the models of "pluralism" and "societal corporatism," these models do not sufficiently emphasize the potential and effectiveness of successful bureaucratic actors within a pluralistic polity and market-oriented economy. At the same time, the interventions of politicians and activities of organized interest groups in Japan differ from the bureaucratic processes suggested by the central propositions developed in models of "corporatism."

The style of interactions between politicians, bureaucrats, and organized interests in Japan is best understood as a political system of

"bureaucratic pluralism." Bureaucratic pluralism is characterized by organizational jurisdictions that set patterns for policy processes and by a catch-all party that sets priorities for national political leaders. Across areas of public policies, bureaucrats and politicians alternate as leaders in managing conflict and coordinating policy tradeoffs. In welfare, politicians' leadership has resulted in policies in Japan that balance between welfare spending and economic performance and respond to citizens' demands.

In Part II, the main subjects of analysis are the political actors related to Japanese welfare spending and programs. This study will consider the most representative of welfare programs that Japanese experts often identify as the core of "social insurance" (shakai hoken) or "social security" (shakai hoshō). These definitions do not include education. And although social security in Japan does include the less costly programs for workman's accident compensation and employment insurance administered by the Ministry of Labor, they will not be considered in depth in this thesis. Instead, the focus will be the origins and recent activities related to Japan's Ministry of Health and Welfare which manages most of the three main parts of social security spending for social services, health care, and public pensions.⁷ The central arguments of this study concern the relationship of the Japanese political system to the processes of policy formation and decision-making for the welfare bureaucracy. Although a comparative assessment of each policy area with similar policies in Europe and America needs further study, this dissertation will limit its focus to an analysis of the

welfare policy process in three representative areas that reflect best the political system of bureaucratic pluralism in Japan.

In Chapter 4, politicians are found to coordinate among the interests in the policy process for Japanese social services. Services for poverty and need resemble those of other societies, though a prominent feature is the institution of volunteer "Minsei-iin" welfare commissioners in local communities in Japan. Compared with other advanced industrial democracies, social workers are not an organized interest group, nor do professional standards regularly guide the routine delivery of social services. On the other hand, the practices of volunteers appointed as welfare commissioners have made social services policies responsive to local initiatives. Thus welfare commissioners receive little professional training. They do, however, paradoxically bring greater legitimacy to the social services policies existing in Japan because they are politically influential. Politicians who intervene in the area of social services respond to the organized interests of welfare commissioners, as well as to the priorities of bureaucrats in dealing with institutional managers, workers, and clients.

We will find in Chapter 5 that politicians managed tradeoffs among well-established interests in the policy process for Japanese health care. In particular, health professionals retain a constant if slightly declining dominance as organized interests. In contrast to social work, health care shows that professionalism can flourish in Japan; the public grants Japanese health professionals a high degree of social status. As an quantitative indicator of such professional status and power, only

West Germany rivals Japan in the wealth of doctors and dentists in their after-tax personal incomes. Unique features of health care include physician's control over dispensing drugs and occasional use of methods from traditional East Asian medicine. In qualitative terms, the status granted Japanese doctors has resulted in deference to their opinions that is likely unrivaled in other advanced societies. The activities of health professionals, insurance societies, welfare bureaucrats, and politicians helped develop the national health insurance program which is the oldest Japanese welfare program. Health insurance took a form which combines features of programs in Europe which provide universal eligibility and those in America which give fees for services by private practitioners. Ruling party leaders seeking to control health care costs under these insurance programs were especially helped by the weakened opposition resulting from declining membership and changed leadership of the JMA.

In Chapter 6, we turn to the shared leadership of welfare bureaucrats and ruling party politicians in the policy process for public pensions. Groups of veterans, laborers, and farmers have on occasion benefited from categorical, multiple, work-based programs that are a part of Japanese enterprise unionism. While prewar pensions were often tied to service to the state or to the raising of war funds, postwar public pensions became entitlements to specific groups no longer working. Rather than a universal, comprehensive public pension program, a series of categorical programs targeted workers in shipping, large factories and firms, small business, and agriculture. The implications of widely

varying levels of different benefits made public pensions a perennial topic of debate. Work-based programs meant, for example, that seamen, private sector employees, public sector employees, and farmers had quite distinct interests in their own separate pension funds. Only in recent cost containment efforts have policymakers brought the overlapping and non-uniform public pension programs into a single universal system for a minimum, fixed-rate benefit in Japan's "basic pension." To achieve a universal public pension program, bureaucrats retained their leadership at least in this instance of forging a compromise among politicians and organized interests.

Chapter 7 contains the conclusions of this study for welfare states, Japan, and comparative politics. Analysis of the politics of Japanese welfare policies holds significance for several debates in the study of contemporary welfare states, particularly since fiscal debates in Japan, the United States, and elsewhere have many similar dilemmas.⁸ How can one explain the growth and control of government welfare spending? What are the institutions and procedures shaping the process of policymaking for welfare? If bureaucrats lead initiatives in welfare states, why did politicians challenge bureaucratic leadership? And how can one characterize a political system that delivers welfare benefits responsive to demands for public welfare and yet beneficial to economic performance? One shared focus is that policymakers claim a tradeoff exists between providing adequate government supports for the well-being of citizens and avoiding poor economic performance as the central problem of all modern welfare states. Better understanding of the ways

politicians and bureaucrats balance social and economic priorities in Japan may provide alternatives for debates over policies of welfare states elsewhere.

This dissertation argues that politics were important in shaping the welfare state in Japan, and develops the implications of increasing leadership by politicians in the Japanese political system. The evidence from Japan is that ruling party politicians have been responsive to its citizens. Building on the earlier work of bureaucrats, ruling party leaders led most efforts to expand and control welfare programs and spending. A result is that Japan's experience of balancing welfare and economic priorities modifies previous understandings of the politics of Japan and of welfare states. Though the process of Japanese emulation of welfare states elsewhere is still developing, this study seeks an initial understanding of its political history and theoretical significance.

PART 1--Welfare States and Japan: Approaches to Study

CHAPTER 1

A Framework for the Comparative Study of Welfare States

All industrial societies share features as welfare states.¹

Citizens in complex industrial societies usually rely upon wages for economic security, rather than agricultural subsistence, or barter trading. The reliance upon wages means that when workers cannot make sufficient earnings from work, they face insecurity in sustaining their livelihood and well-being. Through activities commonly understood as policies of the welfare state, authoritative actors take measures to respond to the insecurity of workers, and to guarantee citizens' welfare through public policies such as those towards health, old age, poverty, and other needs.

A problem with recent studies of welfare states is that the approaches to the concept of the state are seldom systematic. By the state, researchers may refer to either government expenditures, a ruling elite, the government, or bureaucratic or other authoritative actors.² The focus of many recent studies in political science has been the process that determines public policies. By public policy, the common meaning is a process of recognition, decision-making, and implementation of goal-oriented actions by authoritative actors.³ The problems and politics of specific issues have occupied students of public policy, and their findings provide concepts that form a basis for the comparative study of welfare states.

To best contribute to comparative research on public policy, welfare states, and politics, this chapter considers several theoretical frameworks. Leading theories of the state provide perspectives that shape conceptual approaches to welfare states. Approaches to the state affect the nature of questions and evidence on the major problems that social scientists have identified about welfare states. In light of these past efforts, a framework for concepts will be identified to guide future research and case studies that illuminate specific generalizations about welfare state policies. In particular, the study of welfare in Japan requires a framework labeled "bureaucratic pluralism" that better accounts for the policy processes of the Japanese welfare state.

A. Functional Approaches:

The State as a Function of History

Functionalism is a term to describe theories of social science that explain the state as a function of history. Functional approaches identify the state by traits such as government expenditures, institutional structures, or elite activity, and definitions of the state therefore vary among functionalist theories. While there are great differences in substance and form of their arguments, two prominent functional theories are structural functionalism and classical Marxism.

Structural functionalism is a social theory that views society as a system. Drawing upon the tradition of German sociology and Max Weber's work, Talcott Parsons creates a general model of this functionalism in

The Social System.⁴ The central idea is that across societies with similar functions, or interactions of a social system with its environment, various systems of institutions arise throughout history to perform the functions. As Parsons argues, "Function is the only basis on which a theoretically systematic ordering of the structure of living systems is possible."⁵ Since history involves the same functions across societies, historical context is less important as the main subject of structural functional studies than the functions themselves.

In welfare state studies, some structural functionalist or "socioeconomic" approaches develop the concept of convergence of industrial societies to support their search for common social determinants of welfare state structures. Harold Wilensky and C.N. Lebeaux argue that the convergence of industrial societies originates with technological bases that create similar social structures and institutions.⁶ If industrial societies are similar, more or less similar welfare state institutions will appear across societies as they industrialize. Wilensky further argues elsewhere that welfare state functions are represented by government expenditures, and such state activities correlate most highly with economic growth and the aging of the population in industrial society.⁷ The structural functionalist or socioeconomic approach explains the similar traits of many industrial societies and their welfare states, but cannot account for exceptions such as appear in the United States or Japan where some welfare institutions appear to differ from other industrial societies. An approach considering only socioeconomic determinants cannot account for

why convergence might not occur, or why differences in state activities or public expenditures among nations might persist.

In the same manner, classical Marxism emphasizes the similarities of industrial societies' evolving production relationships. Karl Marx describes the process of change from agrarian society to industrial society where the state tries to protect the dominant from dominated classes.⁸ In Capital, wages determine that workers will work apart from the land and this wage labor ends the direct, personal ownership of the means of production. Marx further argues, "The mode of production of material life conditions the social, political, and intellectual life in general."⁹ While the state protects unequal relationships between capitalists and workers, it is a transitory, passing attempt of capitalists to keep control of society in the face of an inevitable proletarian revolution.

In welfare state research, classical Marxists describe the internal contradictions they see in industrial societies and the place of state activities in conflicts between capital and labor. In the first part of The Fiscal Crisis of the State, James O'Connors argues for a classical Marxist approach to the welfare state as an apparatus of capital.¹⁰ His argument is that an internal contradiction exists between capital and labor, and this contradiction underlies the activity of the state. Until society as a whole owns the society's capital, the state is a mere appendage and its actions are determined by the needs of capital. While classical Marxists suggest some similarities of different political economies, their model cannot account for the absence of revolution and

the persistence of the internal contradictions they see in industrial societies.

Structural functionalism and classical Marxism are both functional approaches. First, technological or economic development is the driving force in history, or the independent variable in an approach to the welfare state. The productive base of society drives history forward in the growth of the state and welfare policies. Second, all other social factors, or variables, are dependent. The independent social variable of economy or technology, in theory, determines the dependent variables, including that of state activities. In other words, the social context renders the state without independent meaning. If the state is theoretically dependent, human political decisions cannot be said to matter to functional explanations.

Functional approaches, while successful in showing broad characteristics of industrial societies, leave many unanswered questions about state activities and politics. Few functionalist scholars explicitly say that politics are unimportant, but they must offer alternative frameworks to understand politics that are inconsistent with their functionalist theory.¹¹ If it is important to explain politics, that is, the process whereby one group or person is able to affect another's real interests,¹² then another framework is needed. A framework that explains politics will also include key actors and seek to understand social experience that demonstrates how political behavior is important. The following sections examine explanations with explicitly political approaches: elitism, liberal pluralism, and corporatism.

B. Political Approaches

1. Elitism: The State as a Tool of the Elite

An elitist or political Marxist approach regards the state as a tool of the dominant classes to control society. Drawing upon the later work of Marx and Engels, Antonio Gramsci first elaborated a theoretical basis for this approach in The Prison Notebooks.¹³ For Gramsci, industrial society creates distinct classes that come into conflict due to their unequal positions of wealth and power. The state is the location of struggle where the elite or dominant classes use authoritative actors to increase their control. But the class struggle is indeterminate, unlike earlier formulations of classical Marxist theories. Gramsci further argues that conflicts over state control are for control of society, or in his terms, for hegemony.

Elitism is a theory of state and society having several characteristics. First, the influence of classical Marxism with its economic emphasis is modified to focus on the concepts of class and class conflict. Class may be divided by different analysts between capitalist and worker, or alternatively between elite and working class, or again between the ruling class and the ruled. Class conflict results from the opposing interests of dominant class and dominated class. Second, despite differences of operational definitions of class, state activities are said to be driven by the interests of the dominant class in society. In other words, the state is a dependent variable controlled by the

agency of the dominant or hegemonic class. Third, state activity or public policy is an effect, so the interests of classes are more important objects of study than the independent activities of the state. Therefore, the study of state activity as a dependent variable means that events like political decisions and public policy processes are interpreted in light of the interests of the dominant class of elites. In contemporary literature, related approaches concentrate on the political system as a tool of the elites.

For the study of welfare states, an elitist approach uses the concept of social control to describe the process of hegemonic use of the state. Frances Fox Piven and Richard Cloward best develop the argument that welfare state activities are in effect a process of control of protest and social conflict.¹⁴ They argue that the growth of welfare state activities as social control is related to economic changes in America's southern agricultural economy and subsequent migration that changed class composition in northern cities. For Piven and Cloward, the increase of protest movements, not merely structural changes, increased welfare state activities. Protest as a result of class conflict requires the hegemonic class to respond through the state, and state activities are therefore primarily directed to control social conflict.

A problem with arguments of social control is the empirical difficulty of demonstrating the motives of decision-makers and the effects on groups being controlled. Piven and Cloward specifically argue that the American government's expansion of Aid for Dependent Children (AFDC) and other income maintenance programs was the response to serious

protests. However, scholars have objected to the social control interpretation of data on AFDC expansion and the nature of political interests involved in these welfare programs.¹⁵ Despite the problems of elitist approaches, the connections of social conflict, protest movements, and welfare state policies suggests in some historical instances that public welfare is a result of elite responses to control protest and the demands of the needy. While inconclusive, elitist approaches suggest that the concept of social control explains a part of welfare state policies.

2. Pluralism: The State as a Group in Society

A liberal pluralist approach regards the state as a group of governmental actors among many other organized groups of interests in society. In The Governmental Process, David Truman described the interest group model of coordination of competing factions.¹⁶ Building on Madison's Federalist Paper No. 10, Truman's approach to the problem of factions in politics argued that the "rules of the game" could provide structures for peaceful competition. As a result of peaceful interest group competition, incrementalism would guide change in public policy.

The characteristics of a theory of liberal pluralism are as follows. First, the interest group is the unit of political organization. Interests arise in society due to social, economic, or political differences. Second, organization of interests is essential for leadership, lobbying, and participation under the prevailing rules of

the game. Not merely interests, but organized interests are the focus of the liberal pluralist approach. Finally, the process of participation by organized interests leads to peaceful, incremental change.

In welfare state studies, liberal pluralist approaches led to the study of organized interest groups and the public policy process. Professional associations are examples of interest groups organized for collective action that succeed in blocking policies they dislike and advancing more favorable programs.¹⁷ Liberal pluralist approaches have since dominated the study of the politics of welfare because organized groups appear effective in the political process, and most especially in terms of public policies. In comparative studies of the interest groups involved in policymaking for welfare, the bureaucracy is identified as the "most consistently important group" in deciding welfare policies.¹⁸ Public policies are determined by an incremental process of policy "learning" or gradual development of government welfare activities.

A difficulty with liberal pluralist studies is the lack of a strong, predictive theoretical statement about social agency. By definition, social agency is identified as the actor or element determining social activities. Physicians and dentists are prominent social groups that can organize to further collective ends. Likewise, pluralist analysis recognizes that bureaucrats themselves can organize to further their interests in addition to responding to other interests. The driving force in all liberal pluralist approaches is the organized interest group, yet in theory no one group is said to dominate overall more than others. The theoretical uncertainty of which group is the

determining social agency within organized policy processes limits the usefulness of liberal pluralist approaches for explaining welfare state activity.

Another problem for pluralist approaches is explaining repeated conflict and rapid change. Recurrent conflicts between class-based groups are a source of the problem. Pluralist theorists expect conflicts among social groups that divide along elite and non-elite lines to be resolved in an organized fashion and lead ultimately to political stability. In welfare policies, repeated conflicts between elite and non-elite groups call into question the pluralist expectations about stability in politics. Pluralist approaches can account for conflict as a form of competition among groups, but the outcome of conflict is not fully accounted for outside of the "rules of the game." Pluralist theory is less adaptable for explaining rapid change outside of an organized process such as in revolutions. When rapid, large-scale change of government welfare activities occur, liberal pluralist approaches are less effective in predicting the source of conflicts and process of change.

3. Corporatism: The State as an Autonomous Actor

Corporatism is an approach that regards the state as an autonomous actor in control of representatives of social interests. As a widely accepted definition, corporatism is a process of interest intermediation where the authoritative actors structure the representation of interests

in legally mandated groups.¹⁹ Subsequent debates focus on whether the state, meaning government and related bureaucratic authorities, are autonomous in their control, or constrained by social interests. Alfred Stepan deemphasizes the role of interest groups and attaches weight to the independent role of the state in creating corporatist structures.²⁰

While corporatist approaches differ over the degree to which initiative for authoritative structures lay with the state or with social groups, the corporatist approach to politics usually shares two characteristics. The first is political organizations are based mainly upon occupational structures that feature compulsory membership for citizens. The second is these political organizations have a monopoly on legal authority under law and special prerogatives related to government programs and to the workplace of their members. Corporatist political organizations or "peak associations" are the central focus of an approach that emphasizes bureaucratic and other authoritative structures for intermediation among social interests.

In welfare state studies, state corporatist approaches provide theoretical grounding for the study of welfare institutions. In health care, institutional or "structural" interests most often received the tangible rewards of policies. Outside groups of bureaucrats and market reformers struggle in dispensing symbolic rewards, but the fundamental interests of structural, corporatist groups are not endangered. Both social and state interests play a role in forging corporatist structures.²¹ The trend encouraged by the corporatist approach is best seen in public policy studies. With a corporatist approach, the focus

shifted from interest groups and the collective political and electoral process to a state and problem-centered approach that explores alternatives open to the state.

Corporatism brings with it the dangers of returning political science to an overly institutional approach.²² The institutional legacy of political science taught that legalism turned attention away from the actual process whereby the state and society interacted. The test for future corporatist theory will be to understand and discuss performance. Performance is the success or failure of different corporatist states to control social forces. While social analysis suggests several states conform to a corporatist model, a problem with past literature remains in going beyond institutional descriptions to attempt to understand performance.

C. Approaches to Questions about Welfare Policies

A scholar's theoretical approach to the state structures the ways of posing and answering major questions about welfare policies. In Table 1-1, the major theoretical approaches to the state are applied to a common set of questions raised by past students of welfare policies about the origins, differences, impacts, and changes of similar policies across industrial societies. Common questions include:

Origins: How does one understand the origins and first appearance of a public policy for welfare? More specifically, why does the state, as opposed to other social groups, assume a role in welfare

activities?

Policy and Spending Differences: Why do government activities differ across societies? How can one account for the range of policy differences for social services, health care, and pensions? What factors determine the different amounts that governments spend as public expenditures for welfare policies?

Performance: What are the impacts of public activity? Why does it matter that the state has welfare policies?

Change: How does the welfare state change? What is the source of change in welfare policies?

In theory, answers to major questions about policies of the welfare state may be distinguished by approach. For functional approaches, a threshold of social determinants for economic or demographic indicators forces the government to take a larger role in welfare.²³ The welfare state originates in societies' industrialization which triggers an increase in the wealth and aging of society. Industrial societies demand welfare policies of significant breadth and expense that converge on an increasingly similar model of welfare states across industrial societies. The welfare state has uniform impact that changes as society further develops economically and technologically. Interpretations of convergence resulting from socioeconomic determinants may be contrasted with approaches that emphasize the persistence of political behavior in developed industrial societies.

In elitist theory, the state responds to class conflicts through means that control protesting populations.²⁴ Protest, violence, and

class struggles are the sources that call for state responses. To quiet protest, to quell violence, and to control the classes in opposition, the state creates welfare policies. The impact of welfare policies is that the state practices control of the poor and needy in society. Change in activities of welfare states is brought about by further conflicts and by the needs of dominant classes to retain hegemony.

In liberal pluralism, the state responds not to class conflict but rather to competition in society.²⁵ The organized interest groups in society like the church, professional associations, unions, citizen's movements, or even groups of government bureaucrats, all in turn demand government activities in the form of welfare policies. For the most part, however, interests first originate in society as citizens with shared concerns organized as groups, and then pressure the state to respond to their demands. As such, a welfare state results from specific demands of interest groups for state activity. If demands are not met, change results from renewed organizing of interest groups.

In corporatism, the causal relationship is in the opposite direction. The state initiates, and the interests are created, or at least placed within organizational structures.²⁶ Within the constraints of past history and culture, the state is autonomous to pursue a range of alternatives and create legal mandates and compulsions for joining corporatist groups. The state is effective in initiating plans, pursuing policies, and making changes in society. In some corporatist explanations, interest groups are very active in the creation of compulsory membership organizations. Organized interests may have

substantial control, for example, over their members' access to government benefits and accreditation. Change of corporatist structures occurs within the structures previously determined by the state, although stability is given high value by corporatist regimes.

Table 1-1

Approaches to Major Questions About Welfare State Policies and the Nature of Interpretations

Approach:	Origin	Differences	Impacts	Change
Functional:	Social Determinants	Socio-Economic Development	Convergence	Socio-Economic Development
Elitist:	Class Conflict	Hegemonic Class	Social Control	Protest
Liberal Pluralist:	Group Competition	Organized Interests	Policies for Groups	New Groups Organize
Corporatist:	State Initiative	State Organization	Integration of Groups	State Initiative

D. Approaches to the Comparative Study of Welfare Policies

Previous questions and interpretations of existing research constitute the starting point for investigation of welfare policies. For purposes of this study, an operational definition of the state will be employed. The state is viewed as the central bureaucracy and closely related authorities, and the activities of these authorities to provide citizens with welfare are defined as the policies of the welfare state.

Comparative study of policies of the welfare states has applied

both aggregate and case study methodology. These two primary means of study offer alternatives for explaining welfare policies, and aggregate study has focused on the broad trends of socioeconomic determinants of government expenditures for welfare. Wilensky shows that economic growth and percent of older people in the population correlate to welfare expenditures, but many questions remain unanswered about the activities of welfare states. Much of the unexplained variation can be accounted for in a framework that explains politics.²⁷ The "thick description" of a single case seems a reasonable way to proceed to explain the welfare state, particularly as a political phenomena of a single society.²⁸

In the past, case studies have looked at the particular problems and performance of welfare policies. Specifically, the problems of poverty or social needs, health care, and old age or disability brought forth policies for social services, health care, and public pensions as responses by different states in industrial societies, especially the OECD countries often identified as "advanced industrial democracies." The policy problems brought strong responses from a variety of organized interests: policies toward poverty and social needs concern politicians, social workers, and recipients²⁹; health care policies concern physicians and clients³⁰; and pension policies concern labor unions, farmers, and financiers.³¹ These welfare state policies are representative rather than complete, since government definitions differ across societies and since unemployment, equal opportunity, and educational policies are also areas of welfare in a broad sense.³² Nonetheless, social needs, health care, and pensions for the non-working are usually accepted as

representative problems requiring welfare state activities.

Based on a review of past research, this study considers socioeconomic and political approaches that explain representative policies of welfare states. Socioeconomic approaches examine aggregated data on the economic, demographic, and cultural characteristics of welfare policies. In the aggregate, socioeconomic approaches treat all welfare policies identically as the product of similar factors of economy, demography, and culture. While results predicted by socioeconomic determinants vary little across policy areas, welfare policies as the product of political processes have rather different resulting explanations.

Table 1-2 presents the three political approaches described above and their theoretical scenarios for explaining different welfare policies. During the development of welfare policies, the applications of political approaches are likely to vary according to historical context as well as policy area.

Table 1-2

Explanations of Political Approaches for
Representative Policies of the Welfare State

Social Services

Elitist: Control of protest by poor and needy causes relief and services response.

Liberal Pluralist: Competition among organized interests of social workers, bureaucrats, and citizens results in public response.

Corporatist: Legal mandates for compulsory, officially recognized service entitlements results in public response.

Health Care

Elitist: Control of protest about limited access and low quality health services causes public response.

Liberal Pluralist: Competition among organized interests of physicians and other health professionals, bureaucrats, and client groups results in public response.

Corporatist: Legal mandates for work-based, compulsory system for health care results in public response.

Public Pensions

Elitist: Control of protesting classes causes entitlement to benefits through public pensions.

Liberal Pluralist: Interest group competition of unions, farmers, financiers, and bureaucrats demand public pension funds.

Corporatist: Legally mandates by the state for work-based programs according to occupation with funds and benefits for pensions.

Social services, broadly defined as public responses to poverty and need, result from interests concerned with the needy. An elitist approach argues that the needy neither organizes nor receives benefits from the state unless they raise attention through protest, and public response only secondarily seeks to improve the lives of the needy. A liberal pluralist approach claims that there are organized groups that aid the poor, such as social work professionals, professional agencies, and welfare recipients; organized groups push to raise the minimum standards of welfare and succeed in assuring a standard of life in society below which no citizen may fall. A corporatist approach notes the close link of welfare policies to the workplace; employment policies are not apart from poverty policies, so the poor and needy are dealt with by social work and social service agencies that fit into the occupational structure.

Similarly, health care policies are explained by different interpretations of the activities of interests. Elite theorists see the protests among industrial labor, the military, and medical patients as signs that lower classes are dissatisfied with the elite because of poverty and need. Health care improves in order to pacify protest, and the state is a medium of such improving efforts. Liberal pluralists see the organization of groups as a means and cause of change in health care. Physicians and other professionals control health care policies to a substantial degree through collective action and individual monopoly over technical knowledge. Corporatist theorists agree with other analysts on the participants in conflicts over health care, although a corporatist approach assigns a different direction to causes of the policy responses. The state as organizer, licenser, and insurer is the primary location of efforts to improve a society's health care.

Public pensions result from interests served by existence of such programs. For an elitist approach, controlling elites must pacify or control protesting groups, most likely organized groups of farmers and labor unions. Pensions are one means to control protesting groups, thus the state is called upon to provide benefits in ways that increase the stability of society in favor of hegemonic groups. For liberal pluralist approaches, the organized group is in fact the origin of moves towards pensions. Labor unions, veterans, farmers, financiers, or bureaucrats all offer possible support for different pension policies, and the competition of these groups produces a public pension policy. For corporatists, the realm of struggle is narrower and circumscribed by the

state. If not the state, recognized corporatist groups are the source of control over pension policies.

E. Political Approaches to the Policy Process in Japan

Empirical research in political science applies dominant theoretical approaches to explain political processes. To analyze the relationship of welfare state policies and politics, this dissertation first considers the Japanese case using a socioeconomic approach to consider the relationships of economic, demographic, and cultural factors to government expenditures for social security. Since such approaches leave many questions unexplained, political approaches better account for the development of contemporary welfare policies in Japan. Approaches to the politics of other advanced industrial democracies at first appear likely to explain Japanese policy processes and their relations to the political system. But in earlier research, a consensus among scholars of Japanese politics has yet to emerge on a dominant approach that explains the relationship of politics and policy.

In Japan as in other industrial democracies, the political process has been studied from the three dominant political approaches introduced above. Elitist approaches are similar in assumptions to the classic "bureaucratic leadership" (kanryō shudō) models of Japanese political scientists which dominate understandings of their own political system. Liberal pluralist approaches, while far less popular, have developed in political science studies of Japan conducted by both foreign and Japanese

researchers. More recently, political scientists have also attempted to explain Japanese processes as corporatist, or at least something more akin to the understandings of bureaucratic processes in the West.

This section reviews the application of elitist, liberal pluralist, and corporatist approaches to Japanese politics, and argues that a synthetic approach is necessary to understand contemporary Japanese processes. Evidence from comparative political study of advanced industrial democracies in Europe and America most often employ corporatist or pluralist approaches to their studies of public policies. But these approaches are lacking in the case of Japan, and analysis will concentrate on how political approaches can be refined to further contemporary understandings of managing conflict, building consensus, and inducing change.

An initial problem with elitist approaches to political economy and welfare states is that they are preoccupied with theory and are divorced from the realities of not only Japan but other advanced industrial democracies as well. An example is the ambiguity of physicians' politics. If physicians are considered capitalists or an elite class, how does one account for their increasing dependence on wages from large organizations, their regular support for leftist parties, and their militant independence in organized interest groups? The greatest difficulty for Marxist and elitist theorists in explaining contemporary policies is the difficulty in making operational a definition of class. Even if physicians are categorized as elites, practical definitions of class conflict across policy areas remains difficult.

Elitist approaches offer theoretical terms which are difficult to use in operation. Goran Therborn has developed a neo-Marxist approach to the questions of welfare states and political economy. However, Therborn disregards the findings of pluralist and corporatist approaches to the outcomes of welfare policies across contemporary societies. The details of welfare policies are also far more complicated than the data he employs on gross expenditure patterns published by the OECD.³³ While the alternative approaches offered by neo-Marxist theorists are difficult to apply to research, political Marxist or elitist approaches do remind researchers of the need for the relevance of theory for their studies of policy practices.

In Japan, "bureaucratic-leadership" studies of public policy have long dominated the thinking of Japanese experts. Elitist approaches identify strengths of central bureaucrats aligned with big business in Japanese policy processes, and have particular relevance for explaining public policies during the periods of rapid economic growth. For welfare policies, the role of elite policymaking in the early development of such policies will be developed in Chapter 3. But in postwar political processes, bureaucratic leadership appears to have steadily declined in effectiveness in the policy process. By 1965, even experts seeking to maintain centralized bureaucratic controls acknowledge that the bureaucratic decline worsened steadily thereafter.³⁴ Evidence of independent initiatives in policy processes by local government, citizen's movements, policy specialists among politicians, and policy commissions now challenges elitist explanations that see bureaucrats as

omnipotent. The theoretical problems of defining class in operational terms and the additional operational problems of assigning bureaucrats with a single identity as elites, makes elite analysis a blunt instrument for explaining conflicts and interests active in Japanese politics.

Relatedly, a problem with corporatist approaches to Japanese policymaking is their distance from party politics and politicians. Corporatist approaches succeeded in directing attention to bureaucratic organizations and the institutionalized relationships of attached interest groups. Philippe Schmitter has concentrated his distinctions between state corporatism and societal corporatism as modes of distinctive political organization from above or from below, respectively. The concepts describe "political organization" as analytically distinguished from policy processes, although corporatist patterns of interest intermediation are also said to emerge in policy-related processes.³⁵ Many political analysts studying public policies question the feasibility of analytical distinctions of policy and politics and ask if corporatist forms of political organization cannot be found as organizational patterns in processes that shape policy outcomes. Rather than attempting a comprehensive account of how different variants of corporatist approaches seek a proper fit to explain specific public policies, this section will consider the classic article applying corporatist explanations to Japan.

In Japan, T.J. Pempel and Keiichi Tsunekawa argue that corporatist approaches meaningfully explain Japanese mechanisms of interest intermediation. In the term "corporatism," they identify different

levels of dependent and independent variables. For dependent variables, problems occur in applying corporatism to social phenomena and determining the proper application of corporatist approaches to contemporary advanced democracies. This problem is one of deciding exactly what corporatism explains. For independent variables, problems occur in accounting for changes over time and in international context. This problem is one of deciding what creates corporatism. Acknowledging the importance of time and international factors, the authors show that corporatist linkages depend on changes in the dominant social coalition in domestic issues and the place of a country in international relations. In historical and comparative perspective, corporatist linkages have more or less applied as explanations of success or failure of the state apparatus to mediate and guide social interests. In Japan, the authors note "the most striking exception to the general pattern (of corporatist interest intermediation) occurs in the area of labor." Labor exceptionalism results from the development of opposition parties failing to win national elections and the weakness of national labor federations due to enterprise unionism. Contrary to the widespread misunderstanding of their argument (and the question mark in the title of "Corporatism Without Labor?"), Pempel and Tsunekawa emphasize postwar strengths of Japanese labor. Labor in their estimation is highly organized. They argue, however, that labor's power was simply not translated into effective bargaining structures for the benefit of labor.³⁶

An initial problem with the "corporatism without labor" argument is empirical. Scholars are now reassessing the effectiveness and leadership

of Japanese bureaucracy during periods of high rates of economic growth.³⁷ While the Pempel and Tsunekawa analysis accounts for postwar labor history and may explain certain policy processes until the early 1970's, the argument is weaker with regard to the evidence on Japanese political and policy trends since 1973. The 1979 article emphasizes the importance of the total economy while reducing emphasis on the significance of political factors related to state activities. Most state activity, or in other words most aspects of the public policy process, "accounts for a miniscule portion of the GNP." The argument relying on an economic basis measured by GNP is weak on two points. First, even by 1979 in economic and fiscal terms, welfare spending had doubled as part of GNP and, along with public works spending, public expenditures had swelled the national debt. Second, political conflicts over distributional and symbolic issues cannot be assigned relative importance based only on their impacts on GNP. In part, the authors acknowledge that in 1979 "domestic political shifts and international economic success have combined to produce some fundamental changes in patterns of Japanese corporatism."³⁸

Evidence of major welfare spending commitments by the ruling conservative politicians challenges corporatist interpretations of Japanese public policy processes. While the economic or political influence of citizens worried about health insurance or public pensions may have little influence on economically large problems such as those of corporate taxes, telecommunications, or wages, major welfare issues have at times occupied the attention of legislatures to the exclusion of all

other pressing policy issues. In Japan in the 1980s, political processes of administrative reform movements will be shown to bypass the patterns of corporatist mechanisms already in place. The conservative party exercised strong executive influence through administrative reforms, and interest groups of doctors and labor as well as opposition parties sometimes slowed the legislative process. In reference to corporatist structures, organized groups have ignored established bargaining practices in Japan when direct appeals to politicians better serve their interests. For example, the application of a corporatist approach to cases of welfare and other policies cannot easily account for recent political events that doubled welfare spending and later controlled public spending increases.

The remaining major approaches to Japanese policy processes are pluralist approaches. Since politics is crucial in welfare policies, the difficult questions about welfare that are not addressed by corporatist theorists and economists are more amenable to pluralist analysis. In explanations about Japan, pluralist theorists provide the most detailed and empirically rich explanations about political processes. Findings about incrementalism such as the features of "balance" in budgeting or of "factions" in party politics are essential aspects of Japanese political and policy processes. Findings about interest group politics such as the wide-ranging relationships of the ruling conservatives' coalition with business federations, small business, and other social interests are also the basis of understandings about stability in Japanese politics.³⁹

A problem with pluralist findings about incremental change and

consensus among interests is that major changes are not adequately explained by stable pluralist competition. Pluralist approaches offer easy application to welfare state research but generate little explanation of theoretical value beyond discussions of incrementalism or interest group politics. This study explores patterns of major welfare state initiatives and change and the subsequent fiscal problems that arose due to large public spending commitments. Larger policy changes require broader concepts about political processes. In part, modification of understandings about the state can temper the inconclusiveness of pluralist studies.

Pluralist analysis needs to synthesize recent understandings about the state, and generate new hypotheses to better explain politics in advanced industrial societies. Scholars of Japanese politics and policy processes are attempting such efforts, and these theorists develop views of pluralism that creates "subgovernments"⁴⁰ or is "liberal,"⁴¹ "patterned,"⁴² "bureaucratic inclusionary,"⁴³ "channeled,"⁴⁴ or "compartmentalized."⁴⁵ Studies of bureaucrats and politicians consider their roles in assuring stability and balance in budgeting, coordinating the policy process in various areas, and making political tradeoffs among demands of organized interests. Most contemporary approaches to the Japanese policy process share similar views on the importance of bureaucrats in a political process that remains, nonetheless, basically pluralist. Pluralist elements are found in the competitive and multiple areas of Japan's policy processes where private interests are largely independent of bureaucratic dominance.⁴⁶ The variant of pluralism in

Japan, however, is characterized by bureaucratic, party, and interest organization which are not captured by classic notions of pluralist politics. A refined understanding is needed to explain evidence from the Japanese political system.

F. Toward an Understanding of Bureaucratic Pluralism

In Japan, the label "bureaucratic pluralism" is an intermediate concept of the political system that accounts for contemporary policy processes. Haruhiro Fukui suggests such an intermediate model will best account for the pluralist processes of Japanese politics and policy, while acknowledging the mass-inclusionary behavior of bureaucrats that support, cultivate, and include organized interests.⁴⁷ In a book review assessing a similar term, Fukui suggests that the various approaches to Japanese public policymaking share similar assessments which could be captured by the expression, "bureaucratic pluralism."

"Bureaucratic pluralism" may be too bald to capture the sense of complexity (Inoguchi Takashi's) original term (of bureaucratic inclusionary pluralism) conveyed, but it is no more problematic than "bureaucratic authoritarianism" which has become almost a cliché in the discipline.⁴⁸

Since the late 1960's and certainly by 1973, Japanese politics have undergone a transformation with modified bureaucratic roles, renewed one-party dominance, and adequate policy performance despite worldwide economic sluggishness. Based on previous case studies of Japan, the

process of welfare policies can be understood as the product of Japanese political processes in a period of slowed economic growth. One aim of this study is to develop an understanding of the Japanese policy process that takes into consideration how politicians are a mediating force. The type of pluralism present in Japan is punctuated by bureaucratic initiatives and driven by social forces, but over time politicians have increasingly functioned as the coordinators of public policies.

To summarize the propositions of previous research, bureaucratic pluralism is a synthesis of the following views that arise in the literature on politics and public policy processes in Japan. As such, bureaucratic pluralism is a single term to resolve the terminological anarchy. Most senior analysts are saying largely the same thing in their views of recent policy processes, and yet they are unable to generate a consensus on terms. The following recurring themes emerge from the literature:

Bureaucracy:

Bureaucrats articulate and aggregate interests in processes that separate public policies in distinct organizational jurisdictions. Bureaucrats in merit-based organizations with separate institutional traditions are a focus of patterned policy processes whereby authoritative actors decide whether or not to pursue goal-oriented actions, but they do not necessarily lead or even shape all policy outcomes.

Politicians:

Politicians pursue party politics by articulating interests,

building alliances, coordinating policy tradeoffs, and maintaining consensus of a catch-all party. Politicians assert themselves in the policy process, although they are limited by staffing, time, and resource problems that affect their access to information and technical expertise.

Organized Interests:

Organized interests affect public policies depending on their access to the policy process. Consensus among organized interests must be achieved through multiple institutional processes such as those occurring in local government, the mass media, the groups' internal organization, party programs, national associations, and deliberative councils.

The propositions are derived from literature on Japanese politics, but can apply generally to the processes of politics and public policy in other industrial democracies. As most analysts of Japan agree, policy processes occur in separate bureaucratic territories or jurisdictions (nawabari) with occasional coordination by ruling party politicians. As Inoguchi and Fukui partly suggest, the bureaucratic support of Japan's pluralistic party democracy contrasts with the bureaucratic support of authoritarianism in developing countries. And as Satō Seizaburo and others argue, politicians have increasingly asserted themselves in Japan. Finally, significant powers in the Japanese polity also remain with organized interests aside from controls of bureaucrats and politicians.

Bureaucratic pluralism openly places the professional politician and bureaucrat in alternating leadership roles across organizational

jurisdictions. This hypothesis refines Lowi's classic observation that policy causes politics,⁴⁹ and emphasizes how politics varies across policy areas. In Japan, the primary coordinators of different areas of policy activities vary among bureaucrats and ruling party politicians. By primary coordinator, the specific agent managing proximate, effective policy initiatives in welfare policies will be assessed based upon evidence from Japanese welfare policies.⁵⁰ In this regard, welfare policies may be exceptional in the degree to which ruling party politicians have led policy processes as the primary coordinators. Politician and bureaucrat alike face similar processes in legislatures, political parties, localities, mass media, national associations, deliberative councils, and the like for articulating demands and aggregating supporters in different industrial societies. At the same time, the insights of corporatist analysis suggest a reassessment of processes whereby change and consensus emerge among organized interests. The evidence from Japan suggests that corporatist peak associations and pluralist interest group competition occurs alternately or simultaneously in contemporary politics.

Analysts of Japanese politics have dealt with evidence of variations across policy areas in processes that feature recurring patterns. This study will emphasize patterns found in budgeting and legislative processes that are structured within the institutional forms of national associations and deliberative councils. In Japan, researchers must account for the prominence of national associations, referred to as peak associations by corporatist approaches, and

deliberative councils, known also as policy councils or executive commissions or most commonly in Japanese as shingikai or kyōgikai. In patterned processes of associations and councils, the organizational jurisdictions of bureaucratic actors determine the boundaries for such patterns, with the organization of interests varying significantly from one area to another. An implication for understanding political leadership in Japan is that patterned processes are largely led by bureaucrats often with the participation of "specialists" from among politicians of the ruling party. When such patterns break down, political intervention by the ruling party leaders results; welfare policies offer frequent examples of such breaks in routine patterned processes.

Across policy areas of the welfare state, bureaucratic pluralism has several implications for the patterns of resulting policy processes. For this study, several propositions will be developed in analyses of the policy processes for social services, health care, and public pensions. The conclusions of this study will develop the implications of alternating leadership between politician and bureaucrats, the prominence of politicians in Japanese welfare policies, and the resulting responsiveness of the Japanese political system.

Table 1-3

Explanations of Bureaucratic Pluralism for
Representative Policies of the Welfare State

Social Services

Bureaucrats operate in the peak associations and with legal mandates in their jurisdictions, but politicians often intervene on behalf of organized interests of citizen volunteers, welfare workers, and clients.

Health Care

Bureaucrats operate in the peak associations and with legal mandates in their jurisdictions, but politicians often intervene on behalf of organized interests of health professionals, insurance interests, and patients.

Public Pensions

Bureaucrats operate in the peak associations and with legal mandates in their jurisdictions, but politicians often intervene on behalf of organized interests of unions, farmers, financiers, and industry.

Bureaucratic pluralism in Japan is based on the aggregation of interests in a catch-all party. By catch-all party, this study refers to a political party whose supporters range across class and geographic divisions of society. In Japan, the one party dominance of the Liberal Democrats has stemmed from their abilities to maintain consensus among business, middle class, rural, small business, and urban supporters. In Europe, similar catch-all coalitions have dominated politics but with less success than Japan's Liberal Democrats.⁵¹ In maintaining a catch-all party, the "business-labor" or "urban-rural" dichotomies that distinguish the party from others become less important than pragmatic approaches to policies. In Europe, Harold Wilensky argues that Catholic

catch-all parties in Europe result in higher levels of taxing and welfare spending than in countries ruled by labor-based parties.⁵² Ruled by a conservative catch-all party since 1955, Japan has also reached levels of taxing and welfare spending comparable to European countries.

In welfare policies, a catch-all party must respond to several pressures in maintaining a broad coalition. Electoral competition faces any political party in a democracy, and voters are likely to turn away from unresponsive parties. Since organized interests, most especially, make demands for change in economic or social policies, catch-all parties must meet demands that range more broadly than a party based on class or geography. Catch-all parties in theory are vulnerable to a wide range of demands which can be mutually exclusive. In addition, a successful catch-all party is likely to develop increasingly powerful interests in maintaining its power as an institution. Institutional developments of successful catch-all parties provide party posts in addition to ministerial posts that will benefit party members. Over time, vested interests develop inertia in maintaining this institutional structure of the party. In ways that differ significantly from political parties that represent a narrower spectrum of class, regional, religious, or ethnic groups and that must frequently face changes in government, the successful catch-all party develops stronger incentives and interests to stay in power. In this study, we emphasize the intensity of "self-interest" of the successful catch-all party in maintaining its control of government and party posts while balancing a broad coalition of organized interests.

Organized interests do not all share equal access to making their demands within the policy process. Studies of policy agendas, policy formation, decision-making, and implementation address this issue in the United States, and this study considers the variables affecting interest groups in Japan. Among the processes affecting interest group behavior include those of local government, the mass media, the groups' internal organization and party programs. The most crucial points of access, however, are within the patterned processes of national associations and deliberative councils.

In welfare policies, interest groups differ widely in terms of access. No simple means of identifying the relative influence of groups seems likely. Undoubtedly, economic resources and professional expertise make the Japan Medical Association influential on health care issues. But appeals by parents of the handicapped to the media or demands by veterans' representatives in deliberative councils are equally influential on other welfare issues. Interest groups exercise several means of access to policy processes.

To assess the evidence from policy processes for welfare in Japan, the following two chapters first introduce the development of policies of the welfare state. An emphasis is placed on how the Japanese welfare state results from political processes. Within its socioeconomic and historical context, the remainder of Part I will explore the background of contemporary policy processes of the welfare state in Japan.

CHAPTER 2

Socioeconomic Approaches to the Welfare State in Japan

Welfare policies are said to depend upon socioeconomic factors. In socioeconomic approaches to welfare policies, factors in the policy environment are determinants of both growth of government spending and development of public policies for welfare.¹ Many socioeconomic explanations exist for welfare spending and policy development elsewhere in the world, but these explanations are not easily applied to Japan. For example, social inequality is not a major cause of massive expenditures for Japanese welfare policy. Low income groups do receive "livelihood protection" and organize to protect their rights, yet public assistance to low income groups is not a central debate in Japanese welfare policy largely because the distribution of income has been fairly even by household, and households rather than individuals are often a basic unit of Japanese domestic policies. Public assistance for low income groups is often 15-20% of OECD countries' social expenditures, while only 11.4% of Japanese social expenditures.² However, other socioeconomic factors in the policy environment are important for understanding Japanese welfare policies.

Most socioeconomic approaches concentrate on government expenditures for welfare. A justification for studying expenditure patterns is that the effects of government expenditures are easily measured in an economy and roughly comparable across societies. In addition, a compelling practical reason for considering welfare spending

alone is that most welfare "problems" are defined in fiscal terms, and public attention focuses on welfare during periodic fiscal crises. Japan is no different from other advanced industrial democracies in that Japan faces a fiscal crisis, and is debating the control of welfare spending. This chapter will concentrate on explanations of welfare spending, will document the growth of welfare spending and national debt in Japan, and consider the problem of Japan's fiscal crisis.

Consideration of welfare spending alone, however, hides many of the policy differences across societies. Some variations of welfare spending can be accounted for by relationships with socioeconomic variables. Still, the compelling reasons for studying welfare spending and fiscal crises are not convincing reasons that spending should be studied in isolation from policy differences. Variation in both spending and policy content can be best accounted for by detailed description of socioeconomic and political factors. And while variables such as economic growth, demographic change, or cultural values do affect policy differences among industrial societies, a central argument of this study is that the proximate causes determining benefits delivered by welfare policies are a result of political processes.³

This section will consider major socioeconomic understandings of welfare state development in Japan under the three headings of economic, demographic, and cultural explanations. The first set of hypotheses implies that economic growth provides resources for welfare spending, and thus increases the levels of expenditures. The second set of hypotheses implies that demographic trends affect welfare spending, especially

shifts in the age structure of the population in Japan that increase demands from elderly populations for welfare supports. The third set of hypotheses implies that cultural factors affect the Japanese welfare state, particularly in terms of family, company, and neighborhood provision for welfare needs. While socioeconomic factors can explain broad trends within Japanese welfare policies, substantial variation remains unexplained and will be addressed in later chapters. Rapid socioeconomic changes experienced in Japan set the context for postwar policy development, and this chapter uses the socioeconomic context to introduce Japanese experience with welfare policies.

A. Economic Growth, Welfare Spending, and Japan's National Debt

The relationship between levels of economic development and welfare spending is in real terms or absolute levels. When an economy grows, so grows welfare spending. In Japan as Table 2-1 shows, economic growth and welfare spending are positively related. Even after adjustment for wars, disasters, local variations, and demographic changes, however, the data hide major problems with dealing in broad categories of welfare spending within Japan. Prior to 1945, Japan had begun major social welfare, health insurance, retirement, and veterans pension programs, but the conditions of eligibility and benefits were quite different from contemporary programs. For example, if prewar pensions are considered on the basis of expenditure statistics alone, they might be misunderstood as social security or entitlements. However, all benefits paid were based

on service to the state either as a veteran, public official, or employee in government enterprise. Postwar pension benefits came to be supplemented by the state as entitlements for private citizens.⁴

Table 2-1

National Welfare Spending, Net Domestic Product
(in Millions of Yen) and National Effort

Year	National Welfare Spending	Net Domestic Product (NDP)	Welfare as Percent of NDP "National Effort"
1870	0.71	620.0	0.11%
1880	1.95	760.0	0.25%
1890	1.02	1,077.0	0.09%
1900	5.28	2,274.0	0.23%
1910	28.98	3,628.0	0.80%
1920	61.49	13,671.0	0.45%
1930	160.44	13,062.0	1.23%
1940	436.03	35,641.0	1.22%
1950	37,303.00	3,384,000.0	1.10%
1960	322,240.00	12,833,000.0	2.51%
1970	1,451,879.00	57,033,000.0	2.54%
1980	9,791,842.00	187,176,000.0	5.23%
1985	11,362,119.00	231,000,000.0	4.92%

Sources: Emi Koichi, 1978, pp. 156-167, and Ōkurashō, Zaisei Tokei, Tokyo: Ōkurashō, 1980 and 1985. See Appendix I for more detail.

A more vital issue for development of a welfare state is the levels of welfare spending relative to national income, or what scholars call "national effort." Since 1868, Japanese welfare spending has increased in stages relative to various measures of national income, as illustrated by the relationship of Japanese welfare spending relative to net domestic product.⁵ Net domestic product (NDP) is defined as the value of goods and services within a country without including depreciation or foreign

transactions, and is the best contemporaneous indicator to gauge expenditure effects on the domestic economy. As shown in Table 2-1, the relative level of welfare spending slowly increased throughout Japan's modern period reaching one percent of net domestic product only once before 1927, then staying at 1% to 1.5% of net domestic product into the World War II period. Since 1952 and the end of Occupation assistance, total social spending stayed between 2-3% of net domestic product until 1973. Social expenditure as a percent of NDP increased sharply in 1974 to 3.47%, and grew until 1979 with a peak at 5.49%. This study is especially concerned with the trends since 1973 in Japanese public finance that saw a rapid increase and peak in welfare spending relative to national income.

Welfare spending itself has several measures in postwar Japan. The primary measure is the percentage of the Ministry of Health and Welfare share of approximately 20% of the general accounts budget of the national government. However, even this measure has problems due to differences of definition of the statistic and actual bureaucratic jurisdictions. The Japanese government includes the Ministry of Labor budget for unemployment insurance along with the Ministry of Health and Welfare budget under the statistic for "social security related costs," but excludes the Prime Minister's Office expenditure for special veterans' and officials' pensions (onkyū). The Ministry of Finance does, on the other hand, provide data as in Table 2-2 for the social security burden. Social security burden includes both public and private contributions mandated by law for social security against unemployment, illness,

retirement, or other needs. To avoid the ambiguity of definitions of "social security," "social expenditure," and similar terms, this study uses the term "welfare spending" to mean the social expenditures in the general account budget items for social services, health care, and public pensions under the Ministry of Health and Welfare.

Table 2-2

Social Security Burden in Japan, 1970-1985
in Billions of Yen and as Percent of GNP

Year	Social Security Burden	Burden as Percent of GNP
1970	3,309.9	5.4
1971	3,900.7	5.9
1972	4,566.3	5.9
1973	5,678.5	5.9
1974	7,841.2	7.0
1975	9,257.0	7.5
1976	10,951.9	7.9
1977	12,998.9	8.5
1978	14,616.3	8.8
1979	16,057.4	9.0
1980	18,184.5	9.4
1981	20,491.2	10.1
1982	21,950.1	10.4
1983	23,102.6	10.5
1984	24,810.0	10.6
1985	26,760.0	10.8

Source: Tachi Ryūichiro, 1985, p. 92.

The growth rates of the economy and welfare spending are often said to have a direct statistical relationship. One would expect a fairly steady relationship between economic growth and national effort towards welfare spending growth if welfare depends on the economy. The statistics in Table 2-3 show recent trends during the period 1970-1985 reveal limits to the relationship between economic growth (unadjusted for inflation) and social security. One possible explanation is that demands for welfare were deferred during Japan's period of high growth, and later emerged to force increased welfare spending. However, the question of timing and program content, too, requires explanation. Because Japan's economy has slowed to real growth rates under 6% throughout the period since 1973, the pattern of sharp growth and later contraction of welfare spending in the period of 1973 to 1985 cannot be explained simply by economic trends. And as Japan's economic growth has slowed, one of the primary macroeconomic effects of welfare spending growth was to increase Japan's national debt.

Table 2-3

Nominal Growth Rates of National Income
and Social Security in Percents

Year	National Income	Public Social Security Related Costs	Public and Private Social Security Burden
1970	19.7	18.6	----
1971	8.2	15.4	17.8
1972	17.9	25.2	17.1
1973	23.1	33.4	24.4
1974	17.3	40.8	38.1
1975	9.9	32.8	17.8
1976	12.4	17.9	18.3
1977	10.3	16.6	18.7
1978	9.3	18.4	12.4
1979	7.1	11.2	9.9
1980	8.6	9.1	13.2
1981	4.7	8.0	12.7
1982	4.1	4.1	7.1
1983	4.3	1.4	5.3
1984	6.0	3.9	7.4
1985	6.2	-1.1	7.9

Source: Tachi Ryūichiro, 1985, p. 92.

Defined in postwar Japan as "social security related costs" (shakai hoshō kankeihi), welfare spending has become a major issue of Japanese public finance due to its relation to national debt. A leading economist, Noguchi Yukio, argues that Japanese government revenues since 1975 have relied increasingly on public bonds because the structure of public finance was geared to a period of high growth. With the coming of low growth, government expenditures continued to grow incrementally with financing from public bonds. Bonds increased the national debt and created a fiscal crisis in Japan on a scale similar to the United States.

Table 2-4 compares Japanese and American national debt. Asking if current government expenditures are "necessary and indispensable," Noguchi encourages revenue increases through introduction of a value-added tax and suggests budgetary cuts that would "rationalize" expenditures. A value-added tax (VAT) is defined as a tax applied at each point of exchange of goods or services deducted by the value of invoices for the inputs of the exchange. As a form of indirect taxation in Europe, Japanese policymakers have studied VAT or general consumption taxes as a means to increase revenues. However on the expenditure side, targets for concern as a significant cause of national debt increases since 1973 and into the future are the "piecemeal and inconsistent" social security programs. More than military or foreign aid expenditure increases, which have been less significant in absolute terms, social security accounts for the major part of public expenditure increases.⁶

Table 2-4

National Debt in Japan and the United States
Ratio of Debt Outstanding to GNP

Year	Japan	United States
1971	11.3	38.5
1972	11.4	37.4
1973	10.5	35.7
1974	9.8	35.8
1975	9.8	35.5
1976	13.0	36.7
1977	16.8	37.0
1978	20.4	36.6
1979	25.0	35.1
1980	28.8	35.3
1981	31.7	34.1
1982	35.4	37.4
1983	38.6	41.8
1984	40.1	41.8
1985	42.0	46.2
1986	42.5	51.0

Source: Keizai Koho Center, Japan, An International Comparison, 1986, pp. 11-12, 82-83 and same tables from earlier years. 1985 and 1986 figures are estimates.

In the period since 1973, the relationship of economic growth and welfare spending growth has been skewed, a large national debt emerged, and a fiscal crisis ensued. Even over a longer period of time when Japanese welfare spending was characterized by stable, incremental growth that kept pace with the economy, certain major periods of change appear. The pattern of stages in welfare spending cannot be explained without reference to Japan's history of wars, domestic unrest, and party competition. Incrementalism due to Japanese economic growth may explain part of the changes in welfare spending. But especially in the period

since 1972, one cannot adequately use incrementalism to explain the timing and extent of major spending increases and program changes.

Further, compared to economic growth in other advanced industrial societies, Japanese economic growth shows no convincing signs of resulting in a process of convergence of Japanese welfare spending patterns with spending patterns of other industrial societies. By convergence, socioeconomic analysts point to trends in advanced industrialism where welfare spending has increased in similar fashion in various affluent societies. Granted, Japan has experienced major difficulties with a fiscal crisis that is partly driven by welfare spending, and Japanese experts also share similar concerns with experts in other advanced industrial democracies about the problems and potentials of social expenditures in the economy.⁷ But to deal with the issue in terms of expenditures alone does not explain the nature of Japan's fiscal crisis and the controls sought for future burdens in welfare entitlements.

Convergence theories, at the same time, raise the related issue of Japan being assigned the status of a "welfare laggard." Laggard status assumes first that all industrial societies head toward an identical model of similar programs including national retirement benefits, national health insurance, and public social services, and that all governments seek an optimal target of welfare spending as a percent of national income. Japan and the United States, the two largest advanced industrial democracies, are exceptional in that besides having the lowest welfare spending, program categories do not meet all of the categories

found elsewhere. But convergence theories are less concerned with explaining welfare policies due to variables from demographic, cultural, and political sources, than with explaining only welfare spending. Considering welfare spending alone over the past twenty-five years as in Table 2-5, Japanese social expenditure has grown most rapidly and recently reached social expenditure levels comparable to other OECD countries. With lower expenditures partly attributable to demographics, Japan merits attention as an example of a welfare state. At the same time, Japanese policymakers are setting a ceiling on public expenditures much like other advanced societies. While such general patterns are comparable, the Japanese welfare state nonetheless retains substantial spending and policy differences from other societies that challenge assumptions of convergence.

Table 2-5

Real Social Expenditure in OECD Countries'
Share of GNP and Annual Growth Rates

	Real Expenditure Share		Annual Growth Rates	
	<u>1960</u>	<u>1981</u>	<u>1960-1975</u>	<u>1975-1981</u>
Canada	12.3	22.1	9.5	2.7
France	13.4	29.1	7.5	5.9
Germany	20.4	29.2	6.7	1.9
Italy	18.1	26.2	7.0	3.8
Japan	10.2	13.7	9.7	7.3
United Kingdom	14.8	23.1	5.0	2.5
United States	11.3	20.2	7.7	2.8
Average	14.4	23.4	7.6	3.8

Source: OECD, Social Expenditure, 1960-1990. 1985, p. 28

Overall, economic growth appears to have a partial but inconclusive relationship with Japan's welfare spending. Since welfare spending is also related to factors other than economics, the major features of other variables in the welfare policy context can explain significant variations in Japan. As developed in later chapters, expenditures, or appropriations in American terms, also should not be considered without public policies, or authorizations. In this section, socioeconomic factors will remain the focus, and among such factors, economics should not be considered without other demographic and social trends.

B. Demographics of the Aging Society and Homogeneity

One factor setting Japan apart from other advanced industrial democracies is unique demographic trends that have been characterized as the "aging society." The expression "aging society" means that the ratio of older people in the total population of Japan is quickly reaching a level unprecedented in world history. The ratio of people age 65 or older in the total population will change from 10.1% in 1985 to 15.6% in the year 2000. Projections by government population experts foresee a peak in 2015 with 21.8% of Japan's population over 65 years of age.⁸

The rapidly aging population also means that previously Japan had one of the youngest populations among OECD countries during its period of highest economic growth. Most European societies have well over ten percent of their population over age 65. The United States and Japan still have populations younger than other OECD members as of 1986. The

real problem of aging begins in the 1980s and 1990s, and places increasing demands on the current array of welfare programs and entitlements. In other words, demographic shifts are causing progressively greater increases in Japanese welfare spending.

In Japan, the data support a rough relationship of demographic change to welfare state spending, and requires some elaboration. The most direct interpretation of Table 2-6 is that a "young" Japan required little welfare spending, while an "aging" Japan will require more welfare spending. This trend hides the qualitative changes in welfare policies over time, but it captures the essence of contemporary dilemmas. Broad entitlements were established for a youthful population upon retirement to receive social services, national health insurance, and public pension benefits, and soon payment will prove a problem. Greater demand for services, higher medical costs, and especially public pension maturity (the process of qualified pensioners reaching retirement) will mean increasing demands on government spending in Japan in the future.

Table 2-6

Population over Age 65 (Percent of Total)
with Social Security and Tax Burdens (Percent of GNP)

Year	Over 65	Social Security Burden	+	Tax Burden	=	"Citizens Burden"
1970	7.1	5.4		18.9		24.3
1975	7.9	7.5		18.4		25.9
1980	9.1	9.4		22.8		32.2
1985	10.1	10.8		25.2		36.0

Sources: Kōsei tōkei kyōkai, 1985 and Mimeographed data from the Budget Bureau of the Ministry of Finance.

Demographic trends were not the direct cause of higher welfare budgets in Japan in the seventies. Instead, data on aging became an electoral and administrative issue used to press for preparations for future elderly populations resulting from Japan's demographic shifts. An "old people's boom" was first a concern of bureaucrats and politicians about future problems that would rapidly bankrupt systems of social security and strain the capacities of health and welfare facilities. Ministry of Finance bureaucrats warned that excessive commitments to welfare programs would be financially unsound, but conservative politicians emphasized political considerations. In short, the political process made the problems of old people important before the demographic shift was felt.⁹ Future fiscal impacts of the demographic shift are also anticipated by advocates seeking control of welfare spending. With the "citizens' burden" of spending for welfare at 36% of 1985 national income, administrative reform committees assigned a target limit of 45% of national income to control the size of government in the economy.

Besides the increase in numbers of the aging, the Japanese population of over 120 million is said to be relatively stable and homogeneous. Homogeneity means that in terms of income, educational background, and ways of life, most Japanese are very similar.¹⁰ While many specific notions about homogeneity in family background, education, and lifestyles are correct, common understandings of Japan may overextend the similarities. Dissimilarities exist which have implications for welfare policies including some major differences among regions, social classes, and gender within the Japanese population.

Regional variation in Japan is often overlooked as a source of differences that receive attention from government through redistributive efforts. The dominance of industrial regions centered in Tokyo and Osaka is widely acknowledged, and efforts towards regional development in areas like Niigata and Fukuoka receive continuing assistance from central authorities.¹¹ At the same time, disadvantages remain in the southern islands of Okinawa with a weak tax base and large extended families, in Shimane and Tottori Prefectures with their large elderly populations, and in the far northern territory of Hokkaido with its agricultural base and history as a frontier. In terms of public expenditures, these areas receive higher than average subsidies from the central government to meet their respective needs. Welfare policies fall within the broader framework of regional subsidies and may be supplemented with other public policies to overcome such regional differences.¹²

Social class differences in Japan are lessened by citizens' perceptions of themselves as middle class. Broad differences exist among occupations, and the status assigned to these various occupations differs. However, citizens do not perceive themselves as other than middle class when asked to state their own social status and do not express dissatisfaction with their social position.¹³ One reason may be that income distribution is fairly even and reinforced by an extremely steep progressive income tax structure. The effectiveness of this tax structure has led wealthy business people and celebrities to seek revisions in the 85% rate for highest income levels.¹⁴

Gender is the final set of differences that affect welfare

policies. Perhaps the most noticeable change over the past twenty-five years is the number of married women at work in Japan. While the number of women in the labor force has remained constant at about 38% for over fifteen years, more women continue working after marriage. Though in 1970 only 51.7% of working women were married, after 1980 married women composed over two-thirds of women at work. As women have begun to return to work after their children reach school age, two noticeable effects occurred: day care services for children became scarce and family supports grew in importance. Child care after school hours remains a priority of local governments, and recent household surveys reveal that grandparents continue to meet the demands of working mothers for supplemental care for children.¹⁵

In sum, Japan's population has characteristics that include an increased percentage of elderly and extensive homogeneity, although common perceptions of these characteristics often overlook the timing of demographic shifts towards aging and the hidden diversity within the population. Characteristics of the population however can account for only the context of policies in Japan, and are related to the patterns of behavior which some social scientists describe as culture. The next section considers cultural explanations, and introduces other aspects of the Japanese context.

C. Culture and Ideological Values

in Households, Companies, and Communities

Japan's culture is quite different from other advanced industrial democracies. Ethnologists of Japan describe patterns of individual behavior in terms of obligation and dependence, and of group behavior in terms of hierarchy and familialism.¹⁶ Further, political scientists have elaborated how patterns of political behavior can be considered along the two major dimensions of personalism and holism. Personalism is said to "attach primary importance to face-to-face relations in the exercise of authority", in contrast to the more legalistic traditions of Western Europe. Holism is said to make the whole "greater than the sum of its parts so that the highest value must be attached to the goals and interests of the group." These features of Japanese society likely exist to a degree greater than elsewhere, and meaningfully capture certain patterns of social and political behavior in Japan.¹⁷

Japanese culture, however, cannot meaningfully explain the welfare spending patterns of the past twenty years. As welfare spending increased dramatically, changes have been challenged and justified in traditional terms from Japan's past. But rather than an explanation of events, culture is better understood in the symbolic meanings of events that transpired. In this study, prominent features of Japanese culture will be described partly in patterns of behavior and especially in the ideological values that emerge in institutional processes.

Ideological values that developed in Japanese welfare policies and

reflect upon Japanese society include emphases on households, firms, and communities as supports for needy citizens. A fuller account follows of the historical processes whereby these ideologies developed, but at the outset a list of select features of welfare issues in Japan can illustrate the ideological differences from elsewhere. First, households and not individual wage earners are a central unit of bureaucratic attention, and these households show remarkable resiliency compared to other OECD societies. Second, company-related mutual aid is a sometimes an important feature of welfare although it varies broadly and mixes with public spending. Third, community-based supports also supplement government programs. Households, companies, and communities are the three most commonly cited sources of non-governmental welfare in Japan.

The household is a basic unit of many government studies in Japan. While household units are considered elsewhere in the world, economic and social conditions in Japan especially support use of such units. Households composed of extended families are common, particularly of older people related to the household head. Since the increase of aging people as a percent of the population, the residence pattern of aging people as shown Table 2-7 indicates only slight declines in cohabitation with relatives. In March 1986, Japan's Economic Planning Agency announced a slight upturn in the percent of people over age 65 that lived with their relatives especially because they could assist in child care for working mothers.¹⁸ The stability of multi-generational households appears likely to continue even while underlying social roles change. Family structures still appear strong in Japan.¹⁹

Table 2-7

Percent of Those Over Age 60 and Over Age 65
Living with Children

Year	Over 60	Over 65
1980	66.7	69.0
1981	66.3	68.7
1982	65.2	68.0
1983	64.1	66.8
1984	62.6	65.3

Source: Ministry of Health and Welfare,
Kōsei tōkei kyōkai, p. 72.

Company-related mutual aid also influences public policies because it offers the potential to lessen reliance on government programs. But the potential is often overstated in reference to Japan where only about a third of all workers are beneficiaries of the lifetime employment, seniority, and company welfare systems of large industrial enterprises. "Company welfare" has been described as extensive non-wage benefits such as health insurance, subsidized housing, loans, subsidized company stores, and company-sponsored leisure activities. Further, these benefits have evolved through a process of conflicts and compromises of individual industries, and involved workers, managers, and bureaucrats to a degree that sometimes blurs the distinction between public and private.²⁰ Ultimately, public policies have been needed to supplement and extend such work-related programs. A survey of such company activity is beyond the scope of this study, but the diversity of these private programs is a reason for the need for public policies even for workers in large enterprises in Japan. For example, the mutual aid health services

of an electronics company and an automobile manufacturer can be very different. While one company may provide quite luxurious services, the other company may offer no more than a company dispensary with most workers relying on their health insurance to go to a nearby hospital or private physician.²¹

Another source of societal supports for welfare in Japan comes from communities. In part, citizens in local neighborhoods do provide many voluntary activities that supplement those of the government such as information gathering on needy citizens and mutual assistance for cleaning, festivals, and town events. But with increased urbanization and complexity of social services, voluntary activities have become increasingly insufficient. Further, charitable activities have proven inadequate such as a Community Chest organization introduced by the American Occupation which sought to develop substitutes for government activities to provide welfare.²²

Community-based supports along with households and firms are discussed as cultural factors in Japan to support the contrast of "welfare state" with "welfare society." The welfare state is supported by progressives who see social security as an issue of socialism or human well-being. The welfare state is seen by conservatives to be a foreign invention, originating in Europe and bringing about symptoms of an "English disease" of advanced industrialism where heavy reliance on social security has affected international economic competitiveness. To support progressive views, the welfare state should be "expanded" along equitable lines to improve the health and well-being of citizens. To

support conservative views, the welfare state should be largely supplemented by a welfare society that relies on family, company, and neighborhood for citizens' well-being.²³

This section has briefly introduced some patterns of behavior related to welfare supports in households, firms, and communities that appear as evidence in contemporary debates in Japan among advocates of the welfare state and welfare society. Supporters of the welfare state argue factors such as economic success, the larger number of aging people, and changes in family structure require higher government welfare spending. Supporters of the welfare society argue that family, company, and neighborhood are sufficient supplementary supports for current welfare needs. As this chapter showed, extensive welfare state programs have long existed in Japan and received major increases in national effort toward welfare spending in the period since 1973. This chapter has argued that economic, demographic, and cultural factors can only partly account for welfare policies that depend in more proximate terms on political processes. The theme guiding this study is that most of the variance in explaining trends of welfare state development can be reasonably linked to politics. The following sections will review the political history of Japan with special attention to the roles of elite actors in originating policies of the welfare state.

CHAPTER 3

Elitist Origins of the Welfare State in Japan before 1945: Bureaucrats, Military Officers, Welfare Interests, and Politicians

In Japan, elites dominated the early development of processes whereby policymakers began to provide for citizen's welfare. In contemporary Japan, the general welfare can be accounted for by a range of social, labor, educational, and economic policies. Within the Ministry of Health and Welfare, however, the specific areas of social services, health care, and public pensions are arguably the most representative of welfare policies, and most scholars view these policies across societies as the core policies of the welfare state.¹ As the origins of the Japanese welfare state, this chapter argues that elite bureaucratic authorities first responded to a series of social disruptions and protest to determine the extent and limits of the core welfare policies.² At the same time, to place the Japanese case in comparison to similar cases found in Europe and America, the major political actors and processes concerned with welfare must also be introduced within the context of Japanese politics and public policy. Current welfare policies cannot be understood completely without analyzing their national origins and history.

By "policy," political scientists most often mean a process of action and inaction by government-related actors. These processes involve decisions to do or not to do specific activities under the aegis of the government, and policies are expressed in terms of budgets,

institutions, and ultimately the effects on citizen's lives.³ To best understand the politics of Japanese welfare policies, the following political history considers initial conditions that led to public policies. The earliest origins of contemporary institutions and actors can largely be traced to Japan's Meiji, Taishō, interwar, and World War II periods with such institutions further shaped in postwar reforms of welfare policies.⁴

An assumption of this chapter is that continuities exist in institutions which arise from their unique development and histories. Hugh Heclo has described such processes whereby institutions develop a set of programs and activities as "policy learning." Continuities in policy development in Japan will reveal differences from other advanced industrial societies. For example, the differences that exist for social workers in Japanese communities stem from the development of an institution of volunteer welfare commissioners. Similarly, the differences for Japanese doctors persist due to the development of high professional status in most Japanese communities that, while difficult to measure, is probably higher than in the West. Further, differences for Japanese pensioners remain because pensions, unlike in other advanced societies, have only lately become their primary income as retirees.

The following description of the origins of social processes is shaped by questions of explanation, for example, of how certain institutions and actors are identified as part of the welfare state, of how such practices are important to policy impacts, and especially, of how change can occur in Japan. The purpose of the history presented here

is to provide a basis for the analysis in Part II, and stresses the importance of prewar origins of many Japanese welfare institutions.

The historical review in this chapter will introduce central features of early welfare state development in Japan. Particular attention will be given to elite policymakers' efforts to provide social services, health care, and public pensions, and to their major initiatives in terms of expenditure increases or program adoption. Martha Derthick described the policymakers behind social security in the United States as a "small group with great staying power."⁵ Likewise, Japan's welfare bureaucrats entered new organizations, but ones limited in jurisdiction compared to the predecessor organization. The bureaucrats pursued opportunities to establish a position now called "welfare administration" (fukushi gyōsei). Bureaucrats' contemporary influence extends over localities' social services, over national health insurance, and over public pension systems for all citizens. Welfare program jurisdictions emerged, however, only as welfare bureaucrats developed their roles from a position of limited jurisdictions relative to other bureaucrats, to the Japanese and American military, to organized interests of business and labor, and to politicians. And at first, past social practice provided the basis for development of a Japanese welfare state.

A. The Origins of Welfare Policies in the Nineteenth Century

In late nineteenth century Japan, the primary government response to welfare problems and poverty was to encourage reliance on non-governmental institutions such as the family. Dependence on relatives for mutual support (shinzoku sōkyū) was a social practice drawing upon the Five Family Unit System (Gojūngumi Seido) of the Tokugawa government (1600-1867). The System required mutual aid and obligations among and within family units based on primogeniture. Originating in China's seventh century Tang Dynasty traditions, the Five Family Unit System grew into a powerful unit of both support and social control, and some Japanese scholars fault the system for problems that arose from excessive government intervention through these family units. While Japanese Imperial government expenditures partly went to relieve the poor and hungry, the funds helped only the most isolated or extremely destitute. Charitable activities were supported by local aristocratic or business leaders, by Buddhist temples especially for destitute women, and by Christian groups for the poor, but these activities were limited. Bureaucratic requirements called for mutual reliance among relatives or close neighbors and set limits for government activity during most of the Meiji period (1868-1912).⁶

To build upon the Five Family Unit System, the government encouraged neighborhood mutual aid (rinpo aitasukeru). For social analysis, the relationship of government and social groups is partly illustrated by such state intervention. The government sought to enforce

reliance on relatives and develop an ideology whereby citizens participated in resolving their own welfare problems. The sociologically critical factor is that government policies attempted to draw upon the traditions of family practices to create the practices of village councils in the countryside or of neighborhood associations in the cities. Besides the police, local associations composed of citizens within the community were the most prominent extension for local services of the domestic bureaucracy known as the Home Ministry (Naimushō). Into the World War II period, the Home Ministry included among its responsibilities the same functions as current welfare, labor, agriculture, construction, local government, and police bureaucracies. As such, the supply of government services and expenditures came from a single powerful bureaucracy, but a bureaucracy limited in size. These limits meant that instead of government officials within the community, neighborhood associations of residents chosen by the Home Ministry were assigned tasks ranging from maintenance of shrines to responses to disasters. Historians have found that the five family system and neighborhood associations of urban areas were often ineffective, and that families in rural areas faced social problems with almost no governmental involvement.⁷

The creation of the 1874 poor law indicated that mutual aid organizations were ultimately unable to meet all problems of disruption and conflict due to industrialization. Beginning in 1875, the Japanese government enforced practices under poor relief regulation based upon studies of the English Poor Law and its "principles of less-eligibility."

Japanese social welfare experts acknowledge the influence of the 1834 English Poor Law which required "that (the pauper's) situation on the whole shall not be really or apparently so eligible as the situation of the labourer of the lowest class." "Eligible" in this case means more desirable, or a circumstance where a laborer would wish to become a pauper in order to receive public assistance. Japanese students in social welfare programs are provided with an English document on the principle of less-eligibility to explain the beginning of a means test, that is, the investigation of a recipient's income when requesting public assistance.⁸

For the most part, state ideology in late Meiji Japan subjected poor relief recipients to the social stigma of being "bad citizens." While good citizens worked and relied on family if problems should arise, the poor were considered bad people (*damin*) because they put demands upon the state. An official ideology labeling recipients as bad discouraged use of the few public supports. In effect from 1875 to 1931, Japan's Poor Relief Regulation (*jukkyū kisoku*) provided assistance to the poor, aged, and sick who could not be cared for by their families, but government expenditures for relief never reached significant levels except after the 1923 Great Earthquake.⁹

In addition to poor relief, bureaucrats saw increasing needs to supplement employees' income and support employers' notions of paternalism by addressing social problems as the sources of civil disturbances and labor strikes. A Finance Ministry official who supported factory laws stated, "We cannot find security in the fact that

our nation's people are rich in compassion." In the 1880s and 1890s, officials from the Finance Ministry, the Industrial Bureau of Agriculture and Commerce, and the Health Bureau of the Home Ministry became spokesmen advocating that the state take some role in addressing social problems.¹⁰ The government faced repeated conflicts that required welfare measures to deal with various social conflicts caused by industrial growth.

At the same time, health care policies encouraged Westernization of medical care. Similar to Japanese industrial organizations borrowing from Western models for development, the government emphasized Western medical education and techniques. While East Asian medical practices and drugs were used by the populace and by many traditional therapists and physicians trained in European methods, Western medical techniques became the official form of practice in Japan. Japanese medical care drew its early lessons partly from England, but mainly from Germany. The organization of medical schools, licensing procedures, and hospital management actively involved physicians and granted autonomy to these physicians over their work and hospitals at an early point in the organizational development of the medical profession.¹¹ Beginning in 1875, public policies for medicine were the responsibility of the Home Ministry and its Health Bureau. The Health Bureau (Eisei kyoku) was to become the source of later proposals for health insurance, factory laws, and employees' mutual aid associations.

In the late nineteenth century, the government also began the first public pension programs to reward officials, soldiers, and other citizens who were of service to the state. The system of onkyū or

"gratitude payment" pensions began in 1868, but the etymology is from medieval Japanese society where governments of the shogun gave land grant rewards "by the favor" of lords to various retainers who had performed services for them. Total coverage of the Meiji period system was always limited to direct service to the state. Still, pensions for veterans after the 1905 Russo-Japanese War were the biggest reason that welfare spending exceeded one percent of net domestic product. Due to the extent of government enterprises and frequency of war in Japan until 1945, the onkyū pensions for officials and veterans are still a significant if declining part of public pension policies in contemporary Japan.¹²

B. Welfare Policies Under the Home Ministry in the Twentieth Century

As Japan entered the twentieth century, urban residents in particular were unable to escape poverty and hardships. Government policies provided for mutual assistance, the poor law, private medicine, and restricted pensions, and these measures were inadequate to meet many social problems. In 1898, Yokoyama Gennosuke published the classic study of Japanese poverty problems, Nihon no Kaisō Shakai (The Lower Strata of Japanese Society). In this first empirical study of the poor in Japan, Yokoyama writes,

Especially since the end of the Sino-Japanese War (1895), the sudden rise to prominence of the machine industry has brought about labor problems, and quick price rises have caused poverty problems

that are gradually becoming closer to the social problems of Europe and America.¹³

At the turn of the century, philanthropic activities for children and the poor also remained limited and inadequate to stem the increasing poverty. Around 1900, mention of social work (shakai jigyo) began to appear in press and government accounts. With an internal crisis in Japan, social critics turned to European and American examples of how to resolve social problems. Buddhist and Christian organizations became active in maintaining institutions for children, and the Reformatory Law of 1900 assigned prefectures with the responsibility of assisting such institutions. But the limitations of welfare programs and overall social tensions would worsen in the volatile business cycles Japan experienced. Outside of the booms brought about by the wars of 1895, 1904-1905, 1915-1920, economic recessions resulted in periodic labor unrest and disturbances over food prices.¹⁴

In Japan, the bureaucrat who most shaped early twentieth century welfare policies was Gotō Shinpei (1857-1929). Trained in medicine and head of Aichi Prefecture's hospital and medical school, Gotō joined the Home Ministry in 1883 and went in 1890 to study medicine in Germany. Direct experience with the effects of Bismarck's social insurance and Krupp's paternalism gave Gotō examples of possible solutions to Japan's emerging social problems. His first experiences with welfare policies were as head of the Home Ministry's Health Bureau in 1892-1893 and 1895-1898 where he wrote a law for funding poverty relief and proposed Japan's first workers' health insurance. Gotō also served as head of civil

administration of Taiwan from 1898 to 1906 and as first president of the Southern Manchurian Railway from 1906 to 1908. Gotō's broad experience ranged from training in the techniques and administration of public health to planning the civil administration of an entire colony.¹⁵

As a prominent elite bureaucrat, Gotō Shinpei helped to shape the administrative structures of Japan's early welfare policies to reflect principles of German social policies. According to Gotō's views, social policies such as social insurance and industrial paternalism were means to control the forces of socialism and unionism. Gotō's ideas are representative of bureaucratic views because his experience included a variety of posts in government. On the one hand, Gotō as the social administrator noted that "The central core of Bismarck's political theory lay in the establishment and maintenance of the state," but on the other hand as manager of the railways Gotō asked employees to be "obedient and patient" as members of one large family. As the earliest public programs to meet welfare needs and address labor unrest, the government first encouraged voluntary enrollment in workers' health insurance. Public initiatives first appeared in 1905 at the Yawata Iron Works and in 1906 at the Monopoly Bureau where mutual aid associations (kyōsai kumiai) were established, but these efforts were limited and voluntary. Gotō would extend the early mutual aid efforts.¹⁶

After nationalization in 1905, the predecessor of the current Japan National Railways faced serious labor difficulties and Gotō was asked to build upon the success he had managing the Manchurian railways. In 1907, Gotō became head of the Imperial Railroad Agency (Tetsudō in) and applied

his ideas for social policies to counter unionism. Instead of voluntary insurance, compulsory enrollment for workers of the railways in a mutual aid association established a precedent for Japanese practices. Gotō also applied social insurance principles from Bismarck to encourage gratitude among labor by high contributions from the state: workers would contribute 3% of wages matched by 2% of wages supplied by the government. Coverage of risks for employees involved work-related injury, illness, and death, and a lump-sum retirement benefit was provided upon retirement. In the fifteen years after 1907, twelve similar mutual aid associations were established to cover public workers in Taiwan, Sakhalin, the military, post offices, mints, and government enterprises. In 1909 as Minister of Posts, Gotō directly established the post office mutual aid association based on his earlier experience with the Imperial Railway Office workers' mutual aid association. In Japan, bureaucrats provided incentives for workers to accept a benevolent paternalism of the government enterprises, and private enterprises were simultaneously developing similar institutions.¹⁷

State ideology and managerial ideology gradually came to converge with the passage of the Factory Law in March 1911. While bureaucrats sought state regulation and response to social problems, strikes, and disruptions, officials also saw their activities as compatible with the "beautiful customs" (bifū) that employers contended should guide Japanese industrial relations. The managerial ideology of Japanese paternalism stated that customs for master-servant relationships required sympathy from above and obedience from below, and as a Mitsui trading company

official is quoted as saying,

(industrial paternalism) has its roots in our family system and will persist as long as that system exists. Because of this relationship, the employers loves the employee and the employee respects his master. Interdependent and helping each other, the two preserve industrial peace.

Bureaucrats could not "find security in the fact that our nation's people are rich in compassion," but bureaucrats in open conflict with these managerial values experienced delay in the passage of all social legislation. The 1911 Factory Law that eventually emerged had no teeth: its prohibition of night work for women and children was postponed. When the first enforcement began in 1916, the Factory Law was seldom applied and then mainly for factories of more than fifteen workers. Factory legislation was an attempt by bureaucrats to regulate welfare through conditions at work, but it was fully in line with the prevalent ideology of paternalism that allowed great discretion to employers.¹⁸

In 1917, two organizations were established that were to become key organized interests in Japanese welfare policies. One was the prototype organization for volunteer welfare commissioners that began at the prefectural level. The other was the organization started for the first national meeting of the Japan Medical Association.

In Okayama Prefecture, the 1917 Senior Reform Advisor System (Saisei Komon Seido) was the first example of a Japanese welfare commissioner system. To prepare for a visit of the emperor, the centrally appointed governor of Okayama, Kasai Shinichi, chose local

citizens as advisors to assist local government with welfare policies and to identify and assess needs of residents that request public assistance. Welfare commissioners were not paid. Strictly speaking however, the citizens were not just volunteers as much as local notables chosen by mayors and police chiefs and assigned as "friend, father, and teacher of the poor." The tasks of these advisors included employment counseling, financial advice, family counseling, intervention against excessive drinking, gambling and laziness, and public sanitation. Based on a system borrowed from Elberfeld, Germany, the Japanese system differed in that in Japan, first, advisors were unpaid assistants, not civil servants as in Germany; second, advisors could refuse to participate if they so decided, while German advisors faced mandatory participation; third, advisors could visit clients at any time, while German civil servants made appointments; and fourth, advisor did their own record keeping, while German officials did paperwork at city hall.¹⁹

In 1917, the Japan Medical Association (JMA) was established as the national organization for physicians. The president, Kitasato Shibasaburo, was a famous microbiologist who had helped the young bureaucrat Gotō Shinpei during their stay in Germany in the laboratories of Robert Koch, the discoverer of tuberculosis and cholera bacilli. Kitasato is credited with setting high standards for the doctors' organization as a learned society rather than a trade association. But Kitasato also became involved in jurisdictional disputes among bureaucracies over rural medical care and the economic issues of assuring physician reimbursement in the first national health insurance schemes

after 1922. For the most part until the postwar, the dominant form of physician's practice was a community-based medical care and largely self-regulated by regional medical societies. Thus, many issues about medical care were decided in localities where physicians "had a social status as high as the mayor of a village or a chief of police."²⁰

The Rice Riots of 1918 were a serious blow to Japan's elites, and demonstrated the inadequacy of existing welfare policies. Gotō Shinpei as Home Minister had established in 1916 the poor relief section (Kyūhōka) of the Home Ministry to extend better livelihood assistance measures to the poor, but the section was not capable of responding to rapid increases in the numbers of poor. Rice prices of July 1918 were 170% above the levels a year earlier, and riots and demonstrations that required police and army intervention were recorded in over 300 locations with 700,000 participants. One bureaucratic response was noteworthy. By 1920, Gotō also began the Social Bureau (Shakai kyoku) in the Home Ministry which became the source of various welfare and labor proposals. Second, the "Homen iin" system of welfare commissioners emerged in Osaka and spread throughout Japan. Based upon Okayama Prefecture's experience with welfare advisors, welfare commissioners came to be both advocates and regulators of the poor. Compared to Okayama, the main differences in Osaka's system were that selection was systematically aimed at choosing commissioners to investigate threats to the maintenance of law and order (chian iji), and that the organization of local commissioners kept careful card file records of clients in categories of the destitute, the poor, the deserving poor, and the non-deserving poor. Adoption of the

system followed in the early 1920s in Kyoto, Nagasaki, Saitama, and Tokyo, and spread throughout Japan by 1930 as the Home Minister urged all other prefectures to begin welfare commissioner systems.²¹

Although Japanese welfare expenditures in the period from 1918 to 1942 grew steadily in real terms, the significant expenditures were targeted for officials' and veterans' pensions and for major disasters. Onkyū pension payments for military and government service were the largest public expenditure. In 1922, the first Health Insurance Law passed the Diet and covered a large part of the population with compulsory measures for most workers and voluntary enrollment for others. However, even in 1923 when disaster relief, health insurance, and pensions were increased by a factor of twenty-five, welfare spending had not reached one percent of Japan's net domestic product. Welfare policies of this period limited state involvement in terms of welfare spending.²²

The Great Kanto Earthquake of 1923 increased further social conflicts that demanded responses from Japanese welfare policies, and again the bureaucrat Gotō Shinpei returned as Home Minister at the center of these activities. Immediately after the earthquake, mob violence erupted based on rumors of plots by Koreans and Socialists. During the confusion, the police under Gotō's Home Ministry arrested or killed Communist and anarcho-syndicalist members of labor and socialist groups. At the same time, relief efforts and rebuilding strengthened the hand of the Social Bureau to present a range of social policy initiatives. Cleavages emerged within the bureaucracy over the scope of social

policies, with the "social bureaucrats" of the Social Bureau favoring the more progressive political parties of Kenseikai and Minseitō while bureaucrats favoring a limited state role allied themselves with conservatives of Seiyūkai.²³

In the twenties, social bureaucrats pursued several lines of policy with direct ties to contemporary welfare policy practices. Japanese welfare measures developed in the 1920s included: social work activities led by the welfare commissioners in the local community; the mutual aid societies created for workers in their firms that attempted to encourage a sense of gratitude through large employer or government contributions; health care measures that placed control over medicine largely in the hands of private physicians; and public pensions of limited amounts for retired soldiers, civil servants, and their families in return for direct service to the state. The bureaucrats beginning domestic welfare and labor programs in the 1920s were, however, soon confronted with the larger forces of war and military control.

C. The Military and Establishment of the Ministry of Health and Welfare

Welfare activities in the thirties were influenced by the military's interests in mobilization and public health. For example, the Homen-iin welfare commissioner system reached a peak of prewar activities with a national campaign for poor law reform supported by Shibasawa Eiichi, a business and political leader. The commissioners with their

local and prefectural organizations succeeded in implementing a new "Poor Relief and Protection Law." From January 1, 1932, the welfare law provided categorical aid to the poor for relief, medical care, childbirth expenses, occupational needs, and funeral expenses, but commissioners sought to limit access for the employable, "non-deserving" poor. The welfare commissioners supported social work that they thought would help the deserving needy, and in 1933 formed a national league to pursue common goals in assisting the poor. At the same time due to increasing military influence in 1932-33, the police were arresting leftists and liberal professors were attacked. By 1936, welfare commissioners' activity was first sanctioned by national law, but the military also used the opportunity to control commissioner politics. Commissioners found their functions limited to neighborhood work and even their moderate political activities were silenced under wartime mobilization. The military's primary concern was assuring the health of recruits.²⁴

The Army Surgeon General, Koizumi Chikahiko, proposed the most important plans to establish an independent Ministry of Health. The military leadership led by Tōjō Hideki had been troubled by the poor health of draftees, and envisioned a domestic Ministry of Health (Eiseishō) which they first formally proposed in the fall of 1936. For their part, the bureaucrats of the Social Bureau of the Home Ministry had six years earlier suggested an independent agency and objected to the military basis of a new welfare bureaucracy. Bureaucratic objections were championed by Prime Minister Konoé Fumimaro. After elaborate negotiation among the concerned bureaucracies, a tentative decision was

reached on a new Ministry of Health and Social Affairs (Hoken shakai shō) to begin October 1, 1937. The key problem was the management of insurance funds which concerned the Ministry of Commerce and Industry and the Ministry of Posts and Communications. Amid the controversy on July 7, war began in China.²⁵

Jurisdictional disputes, disagreement over the organizational name, and competition over the position of Minister of Health and Welfare reemerged to delay the start of operations until February, 1938. Conflicting bureaucratic interests continued to affect the early activities of the welfare bureaucracy such as the creation of the 1941 law for an Employee Pension System. Employee Pensions would raise investment funds and pacify labor, but at the same time compete with postal savings and life insurance annuities supported by other ministries. Mobilization increased military influence over the early activities of the welfare bureaucrats, and in July 1941, the Ministry's initiator, Army Surgeon General Koizumi, became Welfare Minister for the duration of the war.²⁶

Although the bureaucrats in charge of welfare policies were experienced social administrators, the war made the new Welfare Ministry an accessory to wartime mobilization. Yamazaki Iwao, the first director of the Social Affairs Bureau of the Ministry of Health and Welfare with twenty years Home Ministry experience, praised the efforts of his agency on behalf of families on the home front.

Since the outbreak of the incident, the Government has been not only improving and perfecting various systems for relief of

soldier's families, but it has also started the national spiritual mobilization movement for fully acquainting the people with the present situation, adopting various measures, and urging the public to further endeavors.²⁷

Another indicator of the war's influence was the final selection of a name for the new ministry. The tasks of the new ministry were called "welfare activities" (kōsei jigyo), although the original work of welfare commissioners and officials in communities was considered "social work" (shakai jigyo). The Japanese word "kōsei" came from ancient Chinese practices or perhaps a translation of the English for welfare, while social work and related terms from "shakai" had nuances associated with socialism. Therefore since the latter terms were anathema, the former were used in the new welfare ministry. Scholars suggest that the military authorities suppressed the nascent social work and welfare commissioner activities related to the Social Affairs Bureau, and journalistic accounts confirm that the primary reason for selection of the name, "kōsei," was to avoid socialist connotations.²⁸

Bureaucratic efforts to support social work and labor legislation did not imply that bureaucrats were opposed to playing a role in the war effort. The new agency played dual roles of providing for the people's needs and for the military's requirements. Again, a lengthy quote from the Yamazaki Iwao, Director of the Social Affairs Bureau, establishes the place of the new ministry within wartime mobilization.

The Welfare Ministry was already decided upon, even before the outbreak of the China incident (July 7, 1937), for the

improvement of the public health, and the increase of social welfare in order to promote the spiritual and active powers of the people. When the incident occurred and its future became difficult to ascertain, the Government suspended establishment of the Welfare Ministry. But as it became evident that the incident would continue for a considerable time and the Government recognized the need for perfecting military relief, conserving human resources for military preparation, adjusting the replacement of soldiers sent to the front, and removing anxiety for public livelihood, the Welfare Ministry was established on January 11, 1938 for controlling all such government enterprises.

The official history of the Ministry of Health and Welfare confirms this series of events and notes that "During wartime, welfare of the people was given second priority and was sacrificed to the war effort."²⁹ At the same time, Satō Kyonosuke, writer for a weekly magazine, recorded the bureaucratic politics that delayed the opening of the ministry, and illustrated the conflicts existing among the Insurance Agency, Ministry of Finance, and Ministry of Trade and Industry over control of pension funds; between the Home Ministry and Ministry of Education over regulation of health care for recruits; and between the Home Ministry and Army over importance of both social institutions and public health in the new ministry. While war efforts were pressing, independent bureaucratic interests did not disappear.³⁰

Three major functions concerning labor, fund raising, and medical care were the constituent parts of the 1938 Ministry of Health and

Welfare. First, labor management and social work was the responsibility of the Bureaus of Labor and Social Affairs that emerged from the Social Bureau of the Home Ministry. Second, large-scale fund raising was assigned to the Board of Insurance that came from the Postal Life Insurance and Postal Pension Division of the Ministry of Posts. And third, medical care was provided for by the Bureaus of Physical Training, Health, and Prevention of Disease that derived from the Health Bureau of the Home Ministry and the Medical Bureau of the Army. The new Ministry also had a Secretariat, a Division of Military Assistance and managed national health institutes for hygiene, nutrition, and sanatoriums.³¹

Among the Ministry's different wartime functions, bureaucrats concentrated on labor policies. For this period of Japanese social history, analysts emphasize the importance of "social policy" (shakai seisaku) as a means of regulating workers and identify the primary tasks of the Ministry as the management of labor. A postwar split of labor and welfare bureaucracies separated functions for labor from welfare, and the important issue for present purposes is the creation and survival into the postwar period of the Ministry of Health and Welfare as an institution. However, labor policies tended to dominate the welfare ministry wartime agenda, and not until 1945 with the American Occupation was entitlement to welfare benefits considered as a right of inhabitants.

Two notable exceptions to the wartime focus on direct labor controls were the passage of the National Health Insurance Law (1938) for factory workers and the Employee Pension System Law (1941). The legislation provided precedents for the postwar welfare bureaucracy,

though the design of the programs was primarily for wartime goals. The health insurance program sought to keep factory workers and farmers physically fit for soldiering especially by reducing occurrence of tuberculosis. The pension programs sought to satisfy factory laborers and generated funds from their contributions that would not bring benefits for decades when the pensions would mature.

A difference of programs after 1945 was that bureaucratic dominance declined in the postwar. A comprehensive study of Japanese public pension policies concludes:

Japan's welfare systems established in the postwar period are of a different character. Although the old welfare systems are still used to promote economic growth, the new systems are more directed towards people's welfare even if the people are not soldiers or economic producers. The establishment of postwar welfare laws is also tied more closely with political party competition, and tied less closely with bureaucratic initiative; indeed many postwar welfare proposals have met with bureaucratic reluctance.³²

Postwar differences are not complete breaks with past institutions, but have involved increased political intervention.

Since many Japanese welfare institutions originated before 1945, the goals of welfare policies have changed in tenor but not in entirety. Japanese writers have made this point about "administrative culture" in Japan, arguing that the sense of control (*osamari*) developed by bureaucrats is crucial to understanding continuities in bureaucratic

behavior.³³ Welfare policies are no different. For example, welfare bureaucrats first sought roles for welfare commissioners in the maintenance of law and order, and these roles were modified in the postwar organization of commissioners. Continuities of similar kinds also appear in the roles of health professionals, pharmaceutical producers, and insurance companies in their dealings with the welfare bureaucrats.

As political forces from both competing bureaucracies and the military asserted themselves in the Ministry of Health and Welfare, bureaucratic controls also changed in welfare policies. Japanese scholars usually regard the postwar period as the start of social security entitlements and major financial commitments to welfare spending. This chapter has described the origins of representative welfare policies in Japan associated with the welfare bureaucracy, and introduced institutional and ideological forces that shaped the beginnings of the Japanese welfare state. Certain continuities appear in the institutions of family, mutual aid, welfare commissioners, competing bureaucracies, and low budgets. However, changes brought by the Ministry of Health and Welfare through program adoption and incremental change must be explained by different elements. The wartime military intervention of the Ministry of the Army represents part of the answer, and a similar postwar military intervention from America reinforces this assertion. In short, the politics of intervention by military forces was the initial reason for change in the Japanese welfare state both before and after the war ending in 1945. An elitist approach best accounts

overall for the early development of Japan's initial welfare state policies as the product of both bureaucratic and military elites.

The postwar Japanese welfare state involved far greater interplay of bureaucrats and politicians, and far greater involvement of the government in insuring citizens' well-being.³⁴ With Article 25 of the postwar Constitution guaranteeing rights to "minimum standards of living," a basis was set for the legislative mandates of the "Six Laws of Welfare" (Fukushi Roppo). By 1962, Japan completed such a legal basis for a welfare state. In spite of such legislation, the political system also maintained a consensus on limiting welfare expenditures relative to national income. During the early 1970's, welfare became a national political issue in Japan only after internal political pressures of local governments' adoption of welfare programs. National politicians then acknowledged the international comparisons identifying Japan as a "welfare laggard" because of minimal welfare expenditures. Between 1973 and 1979, Japanese expenditures for social security doubled relative to national income and government programs for welfare were broadened. Analysis of the politics of postwar welfare policies will develop the priorities of welfare as independent of priorities of military or revenue raising matters. In the postwar, a more open political process came to affect the welfare state that formerly was decided by elites.

PART II

Political Leadership in the Welfare State in Japan

1. Continuity and Change in the Welfare State in Japan

Compared to other bureaucracies in postwar Japan, the welfare bureaucracy developed policies for citizen's social security from a position of limited authority. The Ministry of Health and Welfare created during wartime was checked by overlapping jurisdictions and intervention from the military and other bureaucracies. During the American occupation, Japan's welfare bureaucrats gained status and legal powers. But welfare spending remained a secondary priority of finance and domestic bureaucrats who accepted the emphasis of the ruling party conservatives on achieving economic growth. Ruling party leaders would use welfare policies especially during periods of intense electoral competition as part of their strategies to increase popular support for conservative rule, and at such times the welfare bureaucrats would be actively involved in the politics of creating programs and increasing spending of the welfare state in Japan.

Part II focuses on examples of policymaking activities of welfare bureaucrats and politicians. In creating contemporary welfare policies, the ruling party politicians took effective initiatives in major policy changes more often than the Ministry of Health and Welfare. But as policymakers without expert staff, politicians have depended upon welfare bureaucrats to provide technical expertise.

Part II also considers the welfare state in light of contemporary understandings of Japanese politics and public policies. Welfare policies are less distinctive in their political processes from frequently studied economic and industrial policies than is commonly asserted. In budgetary terms, the costs of social security are included in budget processes with costs of other government programs, and some policy instruments used for entitlements programs are much like those for economic programs related to business. Findings from other studies of public policy can thus apply to welfare policies. Study of welfare policies can also refine the conclusions of those earlier studies. The representative welfare policies considered in this study are the activities of the Ministry of Health and Welfare which may be characterized as a standard domestic bureaucracy. Unlike the elite economic bureaucracies of trade and finance most often studied to date, the welfare bureaucracy exercises its influence on a select set of welfare programs rather than through comprehensive industrial or macroeconomic policy. This study seeks to add to the recent research on non-economic policy processes in Japan.¹

The central purpose of Part II is to analyze the politics of Japan's recent experience with representative welfare policies. Before 1973, welfare policies were piecemeal and inexpensive with welfare spending kept under three percent of national income. Thereafter, ruling party politicians supported major increases that doubled Japan's national effort in welfare entitlements to close to six percent of national income in 1979. As examples of welfare spending, analysis considers three

representative policy areas of social services, health care, and public pensions that each account for approximately a third of Japanese government welfare spending. As examples of policy change, analysis focuses on specific cases such as child allowances, free medical care for old people, and a cost-of-living index for pensions. But the problems of comprehensive health insurance and pension reforms were beyond the powers of the welfare or finance bureaucrats alone. Not until 1980 did consensus begin to emerge as organized interests in welfare underwent changes in their positions on the costs of welfare. Thereafter, policymakers contained welfare spending growth and reformed health care and public pension laws. The remainder of this study will analyze these changes, first toward expansion and later toward control of welfare policies. Part I addressed socioeconomic approaches, and argued that the proximate cause of increases and control of welfare spending is politics. In Part II, a political analysis of Japanese welfare policies finds that while welfare bureaucrats often initiated and planned comprehensive reforms, major changes were largely the result of leadership by conservative ruling party politicians.

2. Differences among Patterns of Welfare Policy Processes

Bureaucrats, organized interests, and politicians differ in their activities across Japanese welfare policies due to the patterned processes in different bureaucratic jurisdictions. These patterns are regularities of Japanese politics in national associations and

deliberative councils that affect public policies. In addition to their formal institutions, the patterned processes shaping Japanese policies have prominent informal features related to welfare bureaucracy jurisdiction, special traits of welfare related interests, and two types of conservative politicians.

First, formal and informal limits of bureaucratic jurisdictions in Japan differ significantly by welfare policy problem. The content of policy issues influences politics even where the central bureaucratic and political actors remain largely the same. The political process greatly differs across policy areas and among formal and informal definitions of welfare policy problems. Bureaucrats face limits depending on the formal administrative structures in different issue areas. Taking the formal structure of the Ministry of Health and Welfare as a focus of policies of the welfare state, "welfare bureaucrats" will mean the Ministry's officials in central government who influence welfare workers, managers of facilities, welfare commissioners, and ultimately clients. Numerous divisions occur across issues handled by welfare bureaucrats. For example, the administrative divisions differ when welfare bureaucrats respond to policy problems of children along with the Ministry of Education; of women along with the Ministry of Labor; and of scientists performing biotechnology research along with the Science and Technology Agency, the Ministry of Agriculture, and the Ministry of International Trade and Industry. A question driving this research concerns politicians: For what reasons, if any, do Japanese politicians become involved in mediation among bureaucrats and organized interest groups?

Within representative areas of welfare policies, informal variations also exist in the organization of interests groups and professional associations that affect politics. Welfare policies toward social services, health care, and public pensions can be most affected by the political activities of social workers, health professionals, or labor unions; this study reviews the evidence about such welfare politics in Japan to address questions about Japanese policy processes. Exactly where do the cleavages between segmented policy processes fall, or how many jurisdictions or "subgovernments" exist for welfare? What are the implications of these different organizational jurisdictions for understanding the Japanese polity? What, if anything, causes bureaucrats and organized interests to turn to politicians for mediation during conflicts?

Organized interest groups in Japanese welfare policies are distinguished by their sources of power in collective organizations and individual discretion. Organized interest groups have long been the concern of political scientists studying the informal processes of collective behavior. In welfare policies, interest groups frequently organize to pursue specific material interests similar to groups active in policy processes related to business and industry. But in addition, professional autonomy is prominent as an issue in welfare policies. Autonomy is given to a professional to exercise control over their own work, and professionals develop sources of power in the broad discretion they exercise over public resources. Doctors are the obvious example in that their medical associations perform collective political functions,

while their individual discretion over resources of national health insurance and other public benefits such as disability is, when aggregated, a significant source of political concern. In Japan, notions of professional power will be helpful in understanding health care policies, but not especially applicable to social services or public pensions policies.

For the collective activity of welfare interest groups, opposition parties in the Japanese Diet are of secondary importance. In the upper house, recent Diet-related activity involves the small opposition parties formed for the proportional representation system elections of the House of Councilors. In 1983, a "Welfare Party" elected a single member advocating handicapped and needy people's rights, and in 1986, small parties included a "Pension Party" seeking to safeguard public pensions.² However, few of these small parties are serious contenders for many Diet seats, and in welfare policies, none of the small parties have close connection to experts or staff in organized interests related to welfare. In the lower house, major opposition parties are sometimes effective in legislative efforts related to welfare. Mochizuki suggests the opposition can initiate, alter, or block legislation in the Diet. A prominent example is the 1976 Employment Insurance Law which Socialist politicians altered to reflect union desires for employment security.³ In spite of such exceptions, the opposition is usually blocked in its efforts to change budgets or the details of programs for welfare policies.

Opposition parties articulate differing views on welfare policies, but their independent effectiveness is limited apart from contacts with bureaucrats and the ruling conservatives. Informal contacts with the bureaucracy allow bureaucratic experts to guide and suggest revisions in the conservatives' proposals. Bureaucrats claim credit for legislative strategies that include providing information to the opposition. Informal contacts also exist between conservative and opposition politicians. A declining conservative majority has provided opposition parties with leadership in parliamentary committees and required greater efforts by conservatives to compromise in Diet management. In spite of the possibilities of coalition government, informal contacts are the only regular, effective means whereby opposition politicians influence legislation. Under continued conservative dominance, the Diet legislative processes have been "normalized" when compared to the 1960's because during the 1970's and 1980's fewer occasions of opposition non-cooperation have stopped activity in the legislature. Opposition parties can informally channel the articulation of welfare interests in these normalized legislative and other policy processes. But in postwar Japan, opposition parties have not aggregated such interests within a broader consensus and formed politically effective coalitions. As policymakers, the opposition is limited to informal and indirect advocacy and to formal delays in legislative procedures. Opposition powers cannot be ignored, but the opposition powers are limited.

Since 1955 and the founding of the Liberal Democratic Party (LDP), the politicians most effective in policymaking for welfare have been

usually of two types: conservative specialists and conservative leaders. During more than thirty years of rule by conservative politicians, the LDP has regularly affected the content of welfare policies and directly mediated between the bureaucracy and organized interests in welfare policies. Most importantly since 1973 during the period of doubling of welfare spending, ruling party politicians have predominated. Within a group of nine such politicians who served as Welfare Ministers for a period of longer than six months since 1973, a distinction can be made in this group of politicians between specialists and non-specialist or generalist leaders. Specialists of the "welfare and labor family" (sharō zoku) are members who had prior experience with policymaking, but were less powerful as party leaders. Generalist leaders are high level members of the most powerful conservative party factions who for a time held the top position at Health and Welfare.⁴ The former specialist's group is known for expertise about the interests, contents, and patterned processes involved in welfare policies, while the latter leaders' group had greater influence during the efforts to introduce cost containment and the 1984-85 health and pension reforms that directly confronted the interests of health professionals and labor unions.

The effects of bureaucratic jurisdictions, organized interests, and types of politicians will vary across representative cases of Japanese welfare policies. In the areas of social services, health care, and public pensions, the following chapters discuss the three major areas of the budget of the Ministry of Health and Welfare. Rather than attempting a detailed account of all welfare policies, the discussion is especially

directed to give evidence of the political processes involving the bureaucrats and politicians determining welfare policies. Analysis of the origins and problems of the welfare state will provide evidence of processes of public policy in Japan where influence increased for ruling party politicians.

CHAPTER 4

Social Services Policies and Politics in Japan

Japan's social services policies are comparable to the government responses of other advanced industrial democracies to problems of poverty and needs. In social services policies, Japanese welfare bureaucrats administer programs largely related to the tasks of social work. In Japan, the term most used is "social welfare services" (shakai fukushi jigyo, a Japanese term with medieval roots), although social service (sosharu saabisu, an English loanword with postwar origins) is also used with a similar meaning. In Japan, "social services" refers to public assistance and services related to social work. Social workers, however, are supplemented by an institution of volunteer welfare commissioners. Within the Ministry of Health and Welfare, social services also include benefits for families with school age children and for war victims. The services are administered by three bureaus for children and families, war victims' relief, and social welfare. In budgetary terms, these categories accounted for 5.5% of fiscal 1985 government spending or 30% of the welfare budget.¹

Social services policies, like other public policies in Japan, are often assumed to be largely determined by the central bureaucrats. The central bureaucracy is said to either exercise formal or institutional dominance or to guide interests towards consensus.² But politicians intervening in recent policy changes have affected the leadership of bureaucrats.

This chapter argues that politician's activities in social services policies challenge central bureaucrats' prerogatives. The politics of social services policies in Japan involve more than jurisdictional disputes among the central ministries of welfare, labor, education, and finance, because the related processes also include the organizations and activities of welfare groups, welfare workers, welfare commissioners, managers of facilities, local governments, experts, and politicians. Further, the impacts of welfare policies in terms of service delivery and benefits are also affected by the organization of social work in Japan. But since 1972, ruling party politicians expanded and shaped the social services policies originally initiated by welfare bureaucrats.

A. Postwar Social Services Policies

For central welfare bureaucrats, social services policies became a postwar jurisdiction where they would direct welfare commissioners and welfare workers. The first group of commissioners are volunteers that assist in the delivery of services. The second group of workers are employees in welfare offices. Occupation officials and bureaucrats drew heavily on past Japanese practices like use of commissioners to guide the creation of a basic framework and budget for social services. American social work practices also influenced postwar reforms and local governments were granted greater autonomy in deciding programs, planning budgets, and rebuilding facilities. Local governments would gain greater autonomy as legislative changes and economic recovery provided them with

tax resources, but the first initiatives remained with the national bureaucrats.³

The system of welfare commissioners is the most distinctive institution of welfare policy in Japan. Welfare commissioners are private citizens who receive no salary, yet have official status as appointees of the Welfare Minister. Commissioner activities in contemporary Japan can only be understood in reference to their historical forerunners. The prewar "Homen-iin" welfare commissioners were used by government instead of social workers, and the central bureaucracy continues to use local notables from a community to assist in welfare service delivery. Their functions include identification of eligible recipients and preventive efforts to deal with potential recipients.⁴ To qualify for services, citizens in any community in Japan require the assistance and approval of their local welfare commissioner. Bureaucrats led in establishing the social services delivered by welfare offices, welfare workers, and welfare commissioners and assigned these institutions complementary functions.

In the immediate postwar period, the Ministry of Health and Welfare had two primary groups to serve: poor civilians and poor veterans. The first was needy as a result of wartime deprivation, while the second especially made their needs known because of their greater political power. Since the military could not be targeted for specific assistance due to Occupation prohibitions, welfare policies and relief efforts became a surrogate means to assist returning soldiers. Because they were included as beneficiaries of welfare programs, veterans were a primary

reason for the speed and priority with which legislative changes occurred to assist the needy. Another reason was that the organizations requesting assistance for the needy included the welfare commissioners.

In order to implement timely relief efforts, the Occupation had ordered the Ministry of Health and Welfare to mobilize Home-in welfare commissioners in efforts to assist the needy. The Occupation was especially concerned about civil unrest and disease in providing relief to repatriates and civilians. The Occupation officers' overall strategy was to use the bureaucracy for rebuilding Japan, although they first purged bureaucrats who had war-related responsibilities and conducted a reorganization of local government and bureaucracy. While welfare ministry personnel removed in the purge came to only 23 individuals, American military officers at first relied on the Home Ministry to supervise relief because the Americans were reportedly skeptical of the welfare bureaucrat's abilities to manage welfare activities. The welfare bureaucrats were in regular contact with the Chief of the Health and Welfare Section, Col. Crawford Sams, and his staff. Together, the welfare authorities jointly decided to allow welfare bureaucrats to supervise relief if they relied on welfare commissioners.⁵

After December 1945, based partly on reports from the prefectures, the Occupation established precedents for both welfare commissioners and welfare bureaucrats. A U.S. Army officer and social administrator, Donald Wilson, describes the situation in localities:

While serving as Public Welfare Officer in Tochigi-ken during the winter of 1945-46, I met with many groups of (welfare

commissioners) and became convinced that the system should be continued for the short-term period. (Welfare commissioners) were especially needed in the rural areas where transportation was difficult. I also felt strongly that it would not be good policy to abolish the existing system when there was not adequate personnel available to do the work of volunteers.⁶

At this crucial stage of reconstructing a postwar bureaucracy, the Homen-iin welfare commissioners became the official representatives responsible for distributing food, blankets, and clothing within the community. Wilson also reports that the commissioners were difficult to deal with because they "would allow personal views rather than policy (to) determine who was to receive assistance," while at the same time groups of commissioners in "local and prefectural organizations would put pressure on the government to provide more adequate assistance."⁷ The Occupation authorities reestablished the welfare commissioners despite problems as an institution of social services.

Early during the Occupation, welfare commissioner activities were formally mandated as part of the social services activities of the Ministry of Health and Welfare. On October 1, 1946, Diet legislation established training, orientation, and a definition of tasks for the current "Minsei-iin" welfare commissioners. Significantly, all Homen-iin commissioners were reassigned as Minsei-iin, and without change of personnel, welfare commissioners were not significantly professionalized.⁸ Legislative revisions in the commissioner system (1948), public assistance (1950), and social welfare offices (1951)

empowered welfare workers and reorganized managers of facilities for social services, but welfare commissioners have remained influential after the Occupation. In the 1950's, Ronald Dore noted their aspirations in urban areas as rising young politicians and local bosses. Because the welfare commissioners controlled public benefits, Dore stated, "They are the all-powerful."⁹

The Occupation established other formal structures that would affect the future autonomy of localities in their policies for social services. As a general principle, the 1947 Local Autonomy Law established prefectural and community level governments, but in practice these local authorities had no independent taxing authority. In 1949, a commission of American experts wrote the Shoup Report to guide tax reorganization and implementation of the Dodge Line of tight fiscal controls at the end of the Occupation. The 1950 Local Tax Law establishing independent tax bases and the system of "30% autonomy" whereby local governments secured three tenths of their own revenues. Under the continued constraints on finance and administration, complete local autonomy was never fully established.¹⁰

The formal measures for partial autonomy of localities lasted long after the Occupation. In the 1950 "Kobe Report," social welfare experts specified the implications of the Dodge Line and Shoup Report for categorical welfare policies. The current division of authority over welfare policies among central, prefectural, and local authorities is almost identical to the divisions specified in the Kobe Report. The center is the Ministry of Health and Welfare; intermediaries are the

prefectural governments and welfare bureaucrats on assignment; and localities have welfare facilities operated by full-time managers and welfare offices run by city, town, and village authorities. In the Kobe Report and deliberative council reports that followed, the provisions for local autonomy granted some independence for initiatives beyond basic requirements of the central bureaucracy. From the late 1960s, local governments sometimes offered new services while the national bureaucracy provided 80% of the funding for categorical welfare programs.¹¹

In informal practice, welfare bureaucrats attempted gradual implementation of Western methods of social work by placing welfare workers in the government offices of localities. In 1951, the Ministry of Health and Welfare established welfare offices in local communities of greater than 100,000 residents, but implementation revealed tensions among the new welfare workers and commissioners. Welfare commissioners viewed the establishment of public offices as duplicative and an invasion of their traditional duties; at the same time, leftist politicians were suspicious of government initiatives because prewar welfare institutions were used for labor control and policing. Bureaucrats smoothed establishment of welfare offices and administration of welfare laws through concessions arranging that welfare workers cooperate with commissioners. Important concessions also occurred in granting special household (katei) funds for the discretionary control of welfare commissioners apart from public workers.¹²

Even during the Occupation, most of the responsibility and initiative for drafting laws governing welfare policies came from the

central welfare bureaucrats of the Ministry of Health and Welfare. Entitlement to welfare as a right became a legal ideal that emerged in the constitution, in six major laws of welfare policy, and in increased local autonomy. In the 1947 Constitution, Public Welfare Director Crawford Sams is reported to have drafted Article 25 that grants rights to social security, although welfare bureaucrats developed their independent concerns about implementing the "right to existence" (seizonken). In the postwar period, the bureaucrats drafted the legal basis of state efforts to maintain welfare in the "six laws of welfare" (fukushi roppō) that serve the poor (1946, revised 1950), children (1947), the physically handicapped (1949), the mentally retarded (1960), the aging (1963), and mothers (1964). This categorical structure is the same as the English Poor Law, and shows that unlike the United States, Japan long provided legal protection for the physically and mentally handicapped.¹³ Within these laws, the principle of providing services is a legal right based in the constitution and followed in the drafting of later legislation.¹⁴

Japanese bureaucrats concerned with American and British social security practices imported the notion of social welfare as a citizen's right. Welfare bureaucrats directed most efforts at creating a basis for social security even under the periods of greatest influence and advice from the Occupation staff. The American Occupation experts are commonly viewed by contemporary Japanese as supporters of Roosevelt's New Deal. The "New Dealers" are said to have often encouraged policies far more liberal than could be attempted at home and many of the American ideas on

social security were progressive for their time. But in addition, welfare bureaucrats were also influenced by their independent study of William Beveridge's wartime report on social security. Welfare bureaucrats had both legal and institutional precedents in social welfare policies, and creation of the legal basis for postwar services also provided an institutional basis for the bureaucrats' jurisdictions. Occupation influence and constitutional imperatives were part of the postwar environment. The welfare bureaucrats were, however, ultimately responsible for establishing their own jurisdictions and authority.¹⁵

Welfare recipients dissatisfied with the implementation of individual rights to welfare eventually took court actions to demand adequate provision of social services policies. On August 8, 1957 in the most famous legal case concerning welfare, a recipient of public assistance named Asahi Shigeru took his claims to court. Asahi had suffered from tuberculosis and had long been hospitalized in a state facility in Okayama Prefecture. In the suit, Asahi claimed that the welfare payments of ¥600 monthly given him by the Ministry had failed to guarantee his constitutional right to a minimum standard of wholesome living. In 1960, the Tokyo District Court initially supported the petitioners' claim of constitutional rights to adequate welfare benefits. On May 24, 1967, the Supreme Court ultimately ruled that individuals could not sue to compensate for inadequate welfare allowances although the state has the responsibility to provide benefits that are "realistic." The Asahi case did not establish precedents for suits on behalf of welfare recipients, but at least it reasserted a legal

foundation for the government provision of minimum levels of welfare as a right. The judicial directives from the Asahi case did not result in immediate legislative or executive response with higher welfare spending as court rulings often do in the United States. Still, the Asahi case was an affirmation for advocates of welfare and the notion of a "national minimum," of constitutional rights to and institutional legitimacy of social security.¹⁶

Advocates of increased welfare spending and broader program initiatives adopted the expressions "national minimum" or "civil minimum" to symbolize Japanese society's need for safety-net welfare policies. As defined by Japanese experts, a "national minimum" is the state activity assuring security for all citizens through social insurance or other public policies. Drawing on initial definitions from English Fabian Socialists, the term "national minimum" appeared in the 1942 Beveridge Report and influenced the wording of Article 25 of the postwar Japanese Constitution. In Article 25, a citizen's "right to maintain the minimum standards of wholesome and cultured living" is assured.¹⁷ Following the decisions in the Asahi Case, opposition parties after 1962 led by Kōmeitō supported measures to assure a national minimum. First at the local level and later in national politics, a national minimum was a focal point of interests related to welfare policies in Japan.

With the economic recovery of Japan, politicians and citizens seeking changes in social services policies broadened their focus from the needs of absolute impoverishment to needs resulting from relative deprivation. Relative deprivation is a term commonly applied in advanced

industrial societies meaning a condition when certain citizens fall below average standards of living.¹⁸ By 1965, administrative definitions of poverty in Japan were based on relative measures of living standards. High economic growth meant an expanding fiscal pie, and Japanese citizens also sought a broader range of government services. Social services policies received increased funding under existing legislation known as Japan's "Six Laws of Welfare," but increased public spending for social services would soon expand definitions of needs, a national minimum, and categorical goals of social services.¹⁹ The process whereby politicians and citizens sought broader coverage from social services worked both within earlier patterns for policymaking and from without in challenging existing arrangements. The following sections examine the organized interests and policy changes for Japanese social services policies.

Table 4-1

Japan's Categorical Services Under the Six Laws of Welfare

<u>Category</u>	<u>Official Name of Law</u>	<u>Year of Passage</u>
1. <u>Low Income</u>	Daily Life Security Law (sometimes Livelihood Protection Law) [Seikatsu hogo hō]	1946 revised, 1950

Entitlement: Seven kinds of assistance payments for livelihood, education, housing, medical care, childbirth, occupational needs, and funerals.

2. <u>Children</u>	Child Welfare Law [Jidō fukushi hō]	1947
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Entitlement: Access to facilities and playground services.

3. <u>Physically Handicapped</u>	Law for the Welfare of the Physically Handicapped [Shintaishōgaisha fukushi hō]	1949
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Entitlement: Access to facilities and training. Supplemented by 1960 law to encourage employment. In 1976, the law was revised to create a fund financed by fines and providing subsidies in order to encourage firms to meet handicapped hiring quotas (about 1.5% of all employees).

4. <u>Mentally Retarded</u>	Law for the Welfare of Mentally Retarded [Seishin hakuajakusha fukushi hō]	1960
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Entitlement: Access to facilities and training.

5. <u>Old People</u>	Law for the Welfare of Old People [Rōjin fukushi hō]	1963
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Entitlement: Physical examinations, residential care, day care, home helpers, old age clubs.

6. <u>Mothers with Children</u>	Law for Maternal and Child Welfare [Boshi fukushi hō]	1964
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Entitlement: Access to assistance centers, special pensions, and temporary residential care.

Source: Nakamura Yūichi, Kojima Yōko,
and Lawrence H. Thompson, 1981.

B. The Policy Process for Social Services in Japan

1. The Organization of Interests

In Japan, social services policies exhibit both routinized patterns and more pluralistic, open processes. Organized interests have several routine, patterned ways to affect social services policies in Japan through a national association and deliberative councils that affect budgetary and legislative processes. Bureaucrats or ruling party politicians have not, however, always responded to interest group demands within processes of associations and councils. At times, Japanese social services interests have turned to the opposition, localities, and the media to articulate their demands.

A national "peak" association of interest groups is a focus in Japan for patterned processes of social services policies. Established in 1950, the National Council of Social Welfare (Zenkoku shakai fukushi kyōgikai) is an umbrella organization of groups of managers, welfare workers, welfare commissioners, and welfare clients. Under the 1951 law governing social welfare services, prefectural organizations were also organized, although in most cases these offices were formerly the offices of prefectures' welfare commissioners that merely changed door signs. At the prefectural level, commissioners and institutional managers continue to lead the Councils of Social Welfare. At the national level, the National Council similarly offers the main channel for political activity of welfare related occupational groups. The National Council budget committee sets annual priorities for presentation to bureaucrats and

ruling party politicians.²⁰ But the political consensus developed by the National Council is limited, and many organized interests do not rely on the organization to advance their views.

Instead of a corporatist process focused mainly on the national association, a major survey of interest groups indicated that interest groups in social services seek help from politicians slightly more often than from bureaucrats. Using survey data, Muramatsu Michio of Kyoto University compared the activities of groups in "welfare policies" to activities of other organized interests in Japan. Based on larger study by a group from Kyoto University, researchers asked groups to name the "actor taking effective initiatives" (yūkō na ugokikake no aite) on their behalf. Groups in categories of "welfare," "labor," and "professions" were likely to turn first to politicians more than to bureaucrats. Further, social services groups indicated the frequency of contact ranging from "frequent" to "never" meeting with politicians. Seventy percent of the interest groups said meetings with the Liberal Democrats were "frequent" or "often" but seventy-four percent met with the Communists "almost never" or "never."

Table 4-2

Kyoto University Study on Organized Interests in Japan
Data on Groups Related to Welfare Policies

A. Extent of Contact with the Liberal Democratic Party
By Percents of Answers

Groups (Number)	"Frequent"	"Often"	"Somewhat"	"Almost Never"	"Never"
Welfare (30)	37	33	17	0	13
Labor (52)	0	12	29	23	37
Professions (9)	56	11	11	22	0

B. Extent of Contact with the Communist Party
By Percents of Answers

Groups (Number)	"Frequent"	"Often"	"Somewhat"	"Almost Never"	"Never"
Welfare (30)	0	10	17	27	47
Labor (52)	4	17	17	12	50
Professions (9)	0	11	0	11	67

C. Actors Taking Effective Initiatives

Groups (Number)	Parties	Administrators	Courts	Other
Welfare (30)	53	47	0	0
Labor (52)	69	25	4	2
Professions (9)	56	33	0	11

Source: Muramatsu Michio, 1983, Tables 7, 8, and 9 on p. 259.

According to lists published in supporting materials of the study conducted at Kyoto University, the groups surveyed as "welfare groups" (fukushi dantai) are largely the same as the social services interests in Table 4-3. However, a problem with the lists used in the study is that four of the nine professional groups surveyed and excluded from welfare groups are associations of health care professionals.²¹ Regardless of precise definition of categories, the Kyoto University study provides the best evidence of interest group activities. The 1981 report published by the Toyota Foundation concludes that although the opposition parties strongly advocate welfare policies, opposition influence is indirect. In addition, a wide range of elites, "subelites," and citizens are interested in social services, but few have the political resources of the National Council of Social Welfare in efforts to seek assistance from politicians and bureaucrats.

Rather than the opposition, interest groups in social services have more extensive contacts with ruling party politicians and bureaucrats in national budgetary and legislative processes. One might expect that the organized interests of a country known as a public welfare laggard might give rise to ties between organized interests and opposition parties, but this is not the case. In 1985, interviews conducted with bureaucrats and the Liberal Democratic Party's policy staff refined the list used by Kyoto University researchers and found that organized interests numbered about 21 groups in addition to the national peak association. These groups were often in contact with the Liberal Democratic politicians known as the four leaders of the "social-labor" specialists concerned

with social services. The bureaucratic contacts for these interest groups are the welfare bureaucrats in the Minister's Secretariat, Social Welfare Bureau, and Children and Families Bureau as well as the finance bureaucrats in the Budget Bureau section for social security.²²

Table 4-3

Twenty-One Major Interest Groups for Social Services in Japan, 1985
(major interest represented in parenthesis)

National Council of Social Welfare (umbrella for social services interests)
National Council of Institution Managers for the Physically Handicapped (managers)
National Senior Citizen's Clubs Federation (clients)
National Council of Child Care Workers (practitioners)
Japan Council of Day Nursery Institution Managers (managers)
Japan Association for Education of the Mentally Retarded (parents)
National Welfare Federation for Children with Mental and Physical Handicaps (parents)
National Association of Parents and Children for Autism (parents)
Japan Association of Multiple Dystrophy (clients)
National Association of Institutional Leaders for the Handicapped (managers)
Japan League for Societies of the Blind (clients)
All Japan Federation of the Deaf (clients)
National Association of Families of the Mentally Handicapped (parents)
National Federation for Special Education (practitioners)
Parents Association for Handicapped Children (parents)
National Parent Teachers Association (PTA) for Schools for Handicapped Children (parents)
National Council of Social Welfare Institutions for the Blind (parent)
Japan Society for Handicapped Children (parents)
National Parents Association for Handicapped Children (parents)
National Federation of Organizations for Physically Handicapped People (umbrella organization for associated interests)
National Association of Families of Handicapped Children (parents)

Source: Interviews with three Directors of Ministry of Health and Welfare and staff of the Policy Affairs Research Council, Liberal Democratic Party.

For organized interests, participation in the national association and deliberative councils create routine patterns that emerge in the budgetary process for social services. Welfare spending is monitored within the Budget Bureau of the Ministry of Finance by a staff and Director (shukan) for welfare and labor related spending. The finance bureaucrats are versed in the details of programs, but are of course most concerned with the costs of social security. As part of macroeconomic policy, finance bureaucrats use the budgetary process as the primary means to contain social expenditures. Finance bureaucrats also have access to the Fiscal Investment and Loan Plan to fund social welfare institutions, although in 1985 the total amount was ¥595.7 billion or only 3% of total FILP expenditures. Still, the FILP funds for social welfare (kōsei fukushi) increase the total government welfare spending to over ¥10 trillion, and add a significant increment to budgets of social services facilities. Supplying information about demands for public expenditures is necessary to receive a budget from the Ministry of Finance officials, and welfare bureaucrats are active in organizing support for their requests during the budgetary process.

Within the budgetary process, the welfare bureaucrats have been extremely active in seeking client support. At times, bureaucrats have met even with Communist Party members although such contacts are exceptional. Welfare bureaucrats and legislators seek to generate support for different categories of needy citizens in many industrial democracies. In the United States, policymakers enlisted support from community organizations, citizens' boards, and the media for support

during budgetary processes for health care, urban renewal, and other Great Society programs.²³ The activities of policymakers in Japan contributes further evidence of such efforts to support budgetary initiatives. Japanese welfare bureaucrats have sought to generate citizen support through organized groups for different categories of needy citizens and their participation in the routines of budgeting.²⁴

In legislative processes, patterns also emerge for organized interests, the national associations, and deliberative councils related to social services. In Japan, welfare bureaucrats often organize and directly manage the activities of social services interests in support of legislation and budget requests. Examples include bureaucrats initiating and supporting old people's clubs, groups for parents of handicapped children, and organizations for handicapped adults. As bureaucrats competing in their claims on the national budget, welfare bureaucrats have mounted several campaigns that sought to involve organized interests. On particular issues, representatives of groups and policy experts are often included in deliberative councils such as representatives for atomic bomb victims, war victims, children, handicapped and retarded people, or old people.²⁵

Among the interest groups not regularly included by bureaucrats in routine patterns of policy processes for social services are Communist Party and "progressive" study groups. Client groups such as the National Association to Protect Life and Health for public assistance recipients and study groups such as the National Study Group on Problems of Old People's Welfare are known for efforts to publicize issues which are not

addressed by the government. The Communist Party also conducts research that is published by the party, but most welfare study groups are not connected to the Communists. Collectively known as "progressive" (shinpoteki or kakushinteki) organizations, study groups for welfare issues are often rumored to receive funding from political party sources, although the image of such groups among experts is more as research groups than political affiliates. As policy research groups, the groups produce reports and collections of documents without commentaries that provide critical perspectives. Experts and opposition politicians acknowledge that progressive publishing and research activities fulfill a role of articulating problems not addressed by government.²⁶

When bureaucrats or ruling party politicians do not respond to interest group demands within the national peak association or other patterned interactions for budgeting or legislation, another frequently of Japanese social services interests is the media. Media involvement in expanding benefits to severely handicapped children is an example of support for a specific interest. Until 1964 there had been no policy for severe mentally or physically handicapped children, although groups of parents had organized to ask for government assistance. A famous novelist and single parent of a handicapped child, Minakami Tsutomu, wrote letters to newspapers and authored two books and several essays about his difficulties. The publicity from Minakami's writings aroused public opinion supporting increased expenditures for handicapped children in the late sixties, and resulted in increased emphasis within the national welfare budget.²⁷

As another source of initiatives, local government is a frequent supporter of social services interests. In the 1960s, increases in social services spending stemmed not from interest group pressures in patterned processes at the national level but from local government initiatives. With the austere welfare budgets of the Ikeda and Satō cabinets (1960-1972), welfare policy initiatives shifted from national to local arenas. At the time, "progressive parties" was a term to characterize the opposition parties including the Socialists (JSP), the Komeitō (sometimes called the Clean Government Party), the Democratic Socialists (DSP), and the Communists (JCP). In localities, progressive parties seized on welfare issues as a means to demonstrate policy differences with the ruling Liberal Democrats. With the goal of assuring a "civil minimum," progressive mayors and governors implemented social services and health care programs. Programs originated in various locations, but adoption in the Tokyo Metropolis was often a model for many other localities. For example in April 1967, child allowances began in Musashino City in Tokyo, and by July 1, 1970 had diffused throughout Japan in 289 local government programs. Similar examples will be seen for services and free medical care for the elderly. As the center of the Japanese nation, Tokyo's example of innovative programs often diffused throughout Japanese localities. The breakdown of patterned policy processes among bureaucrats, ruling party politicians, and organized interests resulted from a failure in responsiveness of the national policymakers. Bureaucrats and ruling party politicians were unable to satisfy citizens who began to offer electoral support to the opposition

parties delivering policy initiatives in local opposition governments. The ruling party leadership would have to respond unambiguously and aggressively to these electoral challenges through own initiatives to develop welfare policies.

2. Local Initiatives and Electoral Competition:

Toward the First Year of Welfare

From 1972, the initiatives of localities increased pressures on central officials to raise national welfare spending in Japan. For welfare bureaucrats, initiatives in any one locality brought concerns about equity among localities. Welfare and finance bureaucrats have incentives as national civil servants to create national programs that assure equal treatment for all citizens. For the media, support for progressive measures took the form of using favorable terms when comparing localities to national government. In welfare policies, the localities were advanced (sakidori), while the national government was late (tachiokure). For politicians such as conservative party leader Tanaka Kakuei, welfare became an issue of electoral competition. The localities delivering new welfare benefits were controlled by the progressive opposition, while the national government criticized for lackluster performance was continuously controlled from 1955 by the conservatives. Leaders among politicians believed welfare spending would influence voters, and welfare was transformed from a local to a national issue in the early seventies. As their own efforts, the ruling party

leaders recognized the demands to improve welfare policies, responded to interests in social services, health care, and business, and produced new welfare policies. Two representative examples of policy change in social services are child allowances and services for old people.²⁸

a. Child Allowances

Among recent welfare policy changes, child allowances were the first expensive social services program to gain broad recognition and become national law. Beginning in the early 1960s, politicians of both conservative and opposition parties had supported child allowances and the welfare bureaucrats began to organize support in a ministerial deliberative council. In October 1964, a committee of the Central Deliberative Council for Child Welfare reported on the need for a new program funded by contributions from employers and given to families with children. According to the Child Allowance Committee, child allowances would assure children's rights, improve families' income security through support for child educational costs, rationalize the wage structure by protecting the young, and ensure the welfare of youth as laborers for the future. Welfare experts saw educational costs as the most crucial issue. In 1963, welfare bureaucrats found that, within non-necessary items of an average household's expenditure, education costs for two children amounted to 31% and for three children amounted to 39%. Political considerations prevailed in January 1965 when Prime Minister Satō Eisaku requested that the welfare bureaucrats establish a "Preparation Room" for

legislation. Both politicians and welfare bureaucrats encouraged early support of child allowances.²⁹

By 1968, child allowances came before the Diet where opposition grew against the program. The welfare bureaucrats had foreseen problems from finance bureaucrats, business interests, and mixed public opinion. The Welfare Minister and later Prime Minister, Suzuki Zenko, expressed support for the bill as a response to "the recent trends in population structure, the decline in the birth rate, and the decline in reproduction." While the influential Suzuki linked child allowances to the need for population policies, most conservative politicians were lukewarm to the program. Business representatives and finance bureaucrats argued that the reasoning was not compelling, and the cost too high.³⁰

At the same time in 1968, child allowances became available in Musashino City in the Tokyo Metropolis and Kyūga City in Iwate Prefecture as the innovations of localities. While opposition parties led by Komeitō publicized the issue nationally, the local programs spread rapidly throughout the country. According to a 1969 Prime Minister Office survey, 86% of citizens were aware of proposals for child allowances, and by September 1969, 137 localities had some form of child allowance. As the popularity of the program grew, requests for national support of the program developed from the local initiatives.

Negotiations at the national level blocked the adoption of child allowances for several years. Welfare bureaucrats and their deliberative council experts defended the proposed program against increasing

opposition. On October 23, 1969, at a meeting at the Japan Federation of Employers' Associations (Nikkeiren), business leaders opposed the proposed employer contributions. Nikkeiren representatives questioned whether child allowances would be an effective means of population policy and whether child welfare could not be achieved by different and more effective means.³¹ In response in the 1970 White Paper, the welfare bureaucrats changed their proposal to target only families with three or more children, to require contributions from the self-employed and farmers as well as employers, and to specify the remainder be covered by government payments. The welfare bureaucrats showed an ability to compromise in developing the proposals.

Ruling party leaders decided to support national legislation that would identify the conservatives as the producers of child allowances. In 1971, politicians' concerns about electoral competition became the proximate motive for passage of a bill for child allowances. In the Liberal Democrats' monthly magazine, a survey appears of the provisions throughout Japan in different localities' child allowances. Noting concerns about upcoming elections, the article declares "As a public commitment, the Liberal Democrats will support national initiatives for child allowances." The final plan for child allowances went to the Social Affairs Subcommittee of the Policy Affairs Research Council where differences between business and welfare bureaucrats were reconciled. First, no contributions would be required of the self-employed and farmers. Second, an income limit would be imposed on households that receive the child allowances. Third, child allowances would be paid not

only to families who had three children in the home, but also to continue payment until the youngest child finished schooling. With the new provisions, conservative politicians shaped and expanded the program to assist their rural and salaried constituents.³²

Finance bureaucrats made the finishing adjustments in program details for child allowances. In the final November 1970 proposal of the Ministry of Finance, child allowance benefits would be available for all families with an income under ¥2 billion (\$5,555.56 in 1970) and contribution levels would depend on type of employment. Child allowances would be implemented in stages: in 1972, children up to age 5 would qualify; in 1973, children up to age 10 would qualify; and from 1974, all children in school would qualify. Farmers and the self-employed would be supported by a two-thirds national and a third local government contributions, while employees of both public and private enterprises would be supported by 70% employer, 20% national, and 10% local contributions. The change of contributions from the original proposal of complete government support was the direct request of business representatives.

The Diet created and funded the child allowance program as an initial effort supported by ruling party politicians in national welfare policies. Established on May 21, 1971, the Child Allowance Law took effect on April 1, 1972, and was the first in a series of laws that would be supported by the Liberal Democrats to increase welfare spending. While the child allowance law was advanced as population policy, direct benefits resulted for families burdened by educational costs. The

details of the final program were adjusted to assist families with children in school.³³

As a prototype, the child allowances program was the first example of the ruling party politicians building on bureaucratic and local initiatives. First, the proposed national program stalled in 1968 when supported only by welfare bureaucrats and a few politicians without outside backing of other groups. Second, localities became a source of support and initiatives, particularly where progressive leaders controlled local government. Third, ruling party leaders responded aggressively to the challenges of progressive local governments in elections by efforts where the Liberal Democrats adopted the child allowance program as a social services policy of the conservatives' own making.

b. Social Services for Old People

Welfare bureaucrats initiated the plans for services to assist old people. Bureaucrats gradually developed support of organized interests and political parties over the course of five years, and succeeded in passing legislative proposals.³⁴ In 1963, the Old People's Welfare Law became the sixth of the categorical Six Laws of Welfare for social services, but received little funding. The programs' initial budget was ¥6.9 billion (about \$23 million or 1.3% of 1963 welfare spending) or enough for only 250 home helpers and 2 institutions nationwide. A group

of supporters and experts began to develop around the new area of programs for old people.³⁵

The bureaucrats, experts, and some practitioners in social services gradually emerged as a group with common interests in services for old people. In the 1963 law, politicians and bureaucrats recognized the symbolic impact of support for old people by establishing September 15 as the annual "Respect for the Aged Day." Concrete measures included the subsidies for local old peoples' clubs and local Councils of Social Welfare, establishment of a Welfare for the Aged Division in the Social Affairs Bureau, and expansion of staff at the peak association, the National Council of Social Welfare. Increases in resources attracted the attention of managers of facilities, local governments, policy experts, and scholars. The welfare bureaucrats of the Division of the Welfare for the Aged further encouraged the increase of interest in the old people problem.³⁶

As a focus for policy initiatives, a 1968 nationwide survey of elderly citizens drew national attention to the difficulties of old people. As early as 1966 at a meeting in Kanazawa City, the problems of elderly confined to their homes was the topic of discussion among welfare commissioners. Reportedly prompted by the initiative of a welfare bureaucrat, the National Council of Social Welfare mobilized 130,000 staff and welfare commissioners to mark the fiftieth anniversary of commissioners with a national "Survey of Bedridden Elderly." Written by a team of scholars, practitioners, and bureaucrats, the survey found 191,352 bedridden elderly nationwide of which 65.2% were immobile so as

to need assistance in toilet use. Besides the bedridden, many elderly lived in solitude and suffered chronic illnesses.³⁷

Following the 1968 survey of elderly, old people were given priority by welfare bureaucrats seeking social services initiatives. In the 1969 budget then under deliberation, four late spending requests of the Social Affairs Bureau were approved by the Ministry of Finance to deal with the apparent problems. John Campbell notes that the bedridden elderly survey "can be considered the first shot of the 'old people boom' of the early 1970s. Leadership in publicizing the old people issue in national policy processes was assumed by Ibe Hideo, a high ranking welfare bureaucrat. With four years as Director of the Pension Bureau and later head of the Social Insurance Agency, Ibe was among the top officials of the Welfare Ministry when he became the director of the Social Affairs Bureau. To further publicize the problems of old people, he used the American model of the White House Conference on Aging to organize the 1970 "National Conference for an Affluent Old Age." The conference is considered by experts to have been extremely important in raising public consciousness of the problems of demographic shifts increasing the population of old people and of the needy people among them. Among the policy recommendations of the conference, a consensus among experts and welfare bureaucrats emerged that sought to extend more services to old people. In a section meeting on health, the social welfare experts favored services while avoiding expressions of support for the free medical schemes that were gaining popularity in localities.³⁸

Prior to the national conference, localities had begun services and health care to help the elderly. The Tokyo Metropolitan Government's 1969 budget was subtitled "The First Step Toward a 'Civil Minimum'" which included services for the elderly. On December 1, 1969 under Governor Minobe Ryōkichi who was elected by a progressive coalition, the Tokyo Metropolis began its free medical care program for people over age 70. Localities such as Tokyo were able to keep one step ahead of national programs by supplementing the upgraded national standards with their own programs. For example in 1973, Tokyo lowered its age limit for free medical care to 65, below the national level of 70; and in 1982, Tokyo provided special allowances to 26,000 bedridden elderly amounting to ¥15,500 a month (about \$70) to supplement other sources of government support.³⁹

With local and national government efforts to address the problems of elderly, an "old people boom" became a media event. "Boom" is a foreign loanword that has entered the Japanese language and represents a social phenomenon of mass society in Japan that influences and reflects concerns of citizens and officials. Beyond the regular attention of the media to problems of old people, the efforts of progressive localities with services for old people was an electoral threat to conservative politicians. Electoral competition placed the issue of benefits for old people in the national arena.

As a national issue, services for the elderly faced opposition from bureaucrats and politicians alike. The services approach was backed most strongly by welfare bureaucrats like Ibe Hideo in the Social Affairs

Bureau and policy experts who had worked to publicize old people's problems. Because of the existing structure of the Social Affairs Bureau and the organized interests in the National Council of Social Welfare, opinion leaders in social services favored increases in old peoples' institutions, home helpers, and health examination services. But the services approach ran into resistance from other bureaus of the Ministry of Health and Welfare where bureaucrats had independent jurisdictions and organized interests in insurance, public health, medical affairs, and pensions. Finance bureaucrats also opposed any increase of spending for services, but the deciding move against a primary emphasis on services was taken by conservative politicians. As early as 1969, a Welfare Minister and LDP faction leader declared, "I will risk my political fate to bring about medical care for the aged." Liberal Democratic specialists in welfare policies agreed with welfare bureaucrats who opposed the free medical care proposals. Leading conservative politicians still overruled the services approach recommended by the welfare specialists and Social Affairs Bureau.⁴⁰

To provide benefits for old people, the Liberal Democratic leadership rejected an emphasis on social services favored by specialists and welfare bureaucrats, and instead supported free medical care. Localities began various welfare programs, but free medical care was the most widely and rapidly diffused program for old people. In the January 1972 issue of the LDP monthly magazine, a conservative spokesman noted the diffusion of local programs and made public commitments to free medical care for the elderly.⁴¹ While medical care will be discussed

below, a striking difference of social services and health care policy areas is the strength of health professional associations. Free medical care was support for the elderly who are the costliest of patients and may require treatment outside the public health insurance programs. Increasing numbers of elderly thus constitute a threat to health care financing. In contrast, if social services received greater emphasis it would benefit no organized interest group, and if anything raise the opposition of welfare commissioners.

In 1972 and 1973, interest group politics provided the context for the ruling party politicians' efforts. With the weakness of the social services interests, health care professionals benefited from the introduction of the free medical program that guaranteed the financing of costs for increasing numbers of aging people. Business interests also favored improved programs for the retired; an "aging society" meant top heavy management staff and managers that were increasingly expensive due to the Japanese seniority system. Nikkeiren, the federation of managers, issued several reports in this period acknowledging the need for adequate public supports for retirement. Business representatives recognized that inadequate public programs might discourage retirement and generate support for an increased retirement age that would saddle businesses with the increasingly aging workforce. With forecasts of moderate inflation and limited national debt in the early seventies, business was optimistic about future financing for modestly improved welfare programs in the public sector. Thus the interest group politics of business also favored new initiatives by the ruling party.

Furthermore in 1972, electoral competition was the most important consideration. The linkage in Japan of electoral competition and public spending resembles that found in other advanced societies.⁴² In 1972, Tanaka Kakuei made commitments to social welfare as a Liberal Democratic priority along with his "Plan for Rebuilding the Japanese Archipelago," and initiatives to support small business. The two primary welfare programs with popularity in localities were child allowances and free medical care for the elderly. In the 1973 budget, therefore, social services for old people received no special emphasis from conservative leaders who had compelling reasons of local precedents, organized interests, and electoral competition that favored free medical care.

For the political process of social services, policy changes to provide welfare for old people confirms the finding that ruling party politicians built on bureaucratic and local initiatives. First, welfare bureaucrats took an early leading role and gathered support from the organized interests active in social services policy. Second, localities were the primary sources of new and effective initiatives as progressive leaders made old people's problems the concern of local governments, and electoral challenges arose from progressive local initiatives for old people. Third, the leadership of the ruling Liberal Democrats ultimately accepted and adopted progressive programs for free medical care, and in turn rejected the experts' priority on social services favored by specialist politicians and welfare bureaucrats. In 1972 and 1973, ruling party leaders became the crucial actors in shaping the initiatives in social services programs and spending.

3. The Leadership of Politicians: Reconsidering Welfare

Since 1972, the intervention of conservative politicians in the policy process for social services expanded. In the proportionally small budgets before 1973, politicians' intervention in social services policies were for the relatively limited requests of interest groups or for initiatives requested by welfare bureaucrats for legislative mandates without large appropriations. In 1973 when national spending for social services increased by 37.7%, organized interests and welfare bureaucrats found themselves with larger stakes in the budget. But the interests in social services lacked influence and soon experienced limits as finance bureaucrats sought to "reconsider welfare" (fukushi minaoshi).

Policymakers' efforts to "reconsider welfare" sought to control costs of overall welfare spending. Originating within the Ministry of Finance, bureaucrats coined the phrase to support their intentions to cut social expenditures and to adapt to a smaller tax base for national revenues. After the first oil shock, higher spending and lower tax revenues had combined to increase reliance on government bonds for public finance that increased the national debt. Finance bureaucrats alone, however, could not resolve the fiscal problems.

In the mid-seventies, bureaucrats, ruling party politicians, and business forced a shift in positions on welfare. With inflation over thirty percent in 1974, finance bureaucrats and ruling party politicians were actively hoping to influence public opinion; some ambitious welfare

bureaucrats specializing in health insurance and pension policies were also in agreement that the 1973 policies had gone too far in committing the national government to uncontrollable welfare spending. Rather than cost overruns driven by localities like in the United States, Japan's problems of social services costs were largely driven by inflation. The reconsideration did not come quickly, but with the administration of Prime Minister Ōhira Masayoshi in 1979, study groups began to emphasize Japanese-style policy alternatives. Specifically for social services, a report on the enrichment of the basis of the family (katei kihon no jūjitsu) explored ways to reinforce family life rather than to introduce state supports.⁴³ In the United States, the Moynihan report on the black family was somewhat equivalent in its emphasis on social origins of public programs. In Japan, however, the symbolic value of family, bloodline, and "Japaneseness" tie such issues into what critics link to the traditions of the emperor system. Emphasis on nuclear families by Americans has taken the form of critiques of minority alternatives; emphasis on families by Japanese seeks mainly to maintain a largely homogeneous status quo of mutual aid among relatives.

Following the first oil shock, business interests changed emphasis in their positions on welfare issues by calling for private sector alternatives. Abandoning their views of cautious approval of public programs to assist retirees, the rapid inflationary effects of social security led business groups to reassess and recommend cost controls. By 1981-82, the business-led Administrative Reform movement introduced recommendations for comprehensive reforms of national health insurance

and public pensions as well as recommending income limitations and increased local responsibility for child allowances. For social services, the overall results of reconsidering welfare was the controlled spending that was first experienced in shifts away from services within old people's programs. The further implications of reconsidering welfare will largely wait until later discussions of health care and public pensions policies; in this section the basis in debates about social services is introduced as the origins of cost containment efforts in Japanese welfare policies.

In social services policies after 1974, ruling party politicians contained demands of interest groups while encouraging welfare bureaucrats to support fiscal restraints. During this period, the two groups of specialists and generalist leaders among ruling party politicians that dominated as Welfare Ministers took different approaches to social services. The first group as specialists had ties to welfare interests that tended to hamper their efforts to control budgets. The second group as generalist leaders were most effective in implementing budgetary cuts and resisting demands of special interests in social services policies. While the leadership group alone is prominent in cost control efforts in the areas of health care and public pensions, the specialist politicians share prominence during cost containment efforts in the area of social services policies.

Specialist politicians were at first either frustrated in or resistant to implementing cost controls. As Welfare Minister in 1979, Hashimoto Ryūtarō had experience in welfare policies and a bright future

as a young member of the largest faction of Tanaka Kakuei. But Hashimoto also endorsed cost controls early during his tenure as Welfare Minister, and thus alienated interests that might have supported his positions on welfare policies. While his greatest battles were with doctors, Hashimoto also directed the start of budget cuts for social services which found little favor among the special interests of experts, workers, and commissioners. After his tenure as Welfare Minister, journalists reported that Hashimoto hurt his chances of rising to the upper levels of the government in spite of his youth and prior experience. Hashimoto received many party and ministerial leadership posts thereafter, and may have used the confrontations with welfare interests as a means of proving himself free of capture by these interests, and worthy of joining the ranks of ruling party leaders.

Specialist politicians also directly intervened on behalf of constituent groups. A staff member of the National Council of Social Welfare reported that in 1979, former Welfare Minister Tanaka Masami intervened on behalf of 2660 home helpers to be cut from the budget after Hashimoto's tenure. Noted for his knowledge about welfare policies among the conservatives, Tanaka (not to be confused with the former Prime Minister) is closest to social services interests. A welfare specialist for over two decades, Tanaka was defeated in the House of Representatives election in 1978. Tanaka then chose to run for the House of Councilors, and received the support of the large faction of Fukuda Takeo and the National Council of Social Welfare. Tanaka was elected in the 1980 national constituency for the upper house and relied almost entirely on

support from managers of social services in his successful 1986 reelection bid.⁴⁴ Because of his knowledge and experience, Tanaka remains active in welfare policy processes for the Liberal Democrats despite his weaker position in the Japanese political system that gives most formal powers to lower house rather than upper house members.

With specialist politicians increasingly active in welfare policies, two examples from the policy process for social services show these politicians' continuing interactions with interest groups and bureaucrats. As initiators of social services policy, politicians have not entirely replaced bureaucrats and related interests. First, the movement to protect rights for the handicapped illustrates the limits on specialist politicians due to continuing involvement of interest groups and bureaucrats in social services policies. Second, the 1985 revisions of cost sharing for social welfare programs illustrates some control over social services spending are still held by national bureaucrats without intervention by politicians.

For the handicapped, experts, bureaucrats, and opposition politicians initiated proposals and organizations to seek increases in government spending. Drawing upon public opinion and media support for welfare spending, a movement for the handicapped emerged in the seventies through a coalition of experts, bureaucrats, parents of handicapped children, and handicapped adults. Partly to overcome low public funding, this movement drew on an internationally initiated movement. The movement used international forums to publicize its cause: the 1981 International Year of Disabled Persons called for a national organization

in response to United Nations' declarations. Specialist politicians such as Hashimoto Ryūtarō addressed these concerns, but government funding for such activities remained scarce. Grants from charitable or religious organizations and other private groups largely supported the administration and publications of the national committee for the handicapped.

Among bureaucrats, the movement for the handicapped experienced disagreements about jurisdictions among bureaucrats. The Ministry of Labor champions handicapped adults and concentrates on rehabilitation and training, a field where Japan is an international leader. In contrast, the Ministry of Health and Welfare champions handicapped children and their parents to ensure their rights, access to public institutions, and their "normalization." The language differs by agency, and representation is split among corresponding interest groups. When facing the Ministry of Finance in the budget process, a retired welfare bureaucrat reports that organized groups have cooperated on strategies despite the divisions among bureaucrats' organizational jurisdictions. Politicians have been especially effective in facilitating such cooperation, especially specialists in contacts with group leaders, client representatives, and bureaucrats. Through coordinated efforts, labor and welfare bureaucrats have championed handicapped rights, but must ultimately consult politicians in the budgetary process in order to gain resources for handicapped citizens.⁴⁵ As one employee of the National Council of Social Welfare noted, the politicians responded to handicapped adults and parents of handicapped children, to the media

publicizing the problems of the needy, and finally to the competing bureaucracies in welfare, labor, and education seeking to develop new program initiatives.

In the 1986 welfare budget process, bureaucrats of different ministries achieved a consensus on social services through a process that minimized involvement of politicians. To lower national government costs, the Ministry of Finance recommended that ten percent of social services costs shift from central to local governments. A ten percent shift in the balance of fiscal responsibility for welfare programs meant, dependent on the categorical service, a change from approximately 80:20 to 70:30 ratios of central to local support. For welfare bureaucrats, the major concern was that equity among localities might be lost because of differences in tax bases. While the move affects the Ministry of Health and Welfare, the shift is mainly directed at the generally healthy finances of local governments to relieve the national fiscal crisis. According to a bureaucrat in the Ministry of Home Affairs, the shift of ten percent of social services costs was in part a general compromise with finance bureaucrats who objected to the imbalance between local surpluses and national deficits.⁴⁶ While crucial changes in social services were avoided, welfare bureaucrats had little input in decisions about financing social services which involve interests of the Ministry of Home Affairs and Ministry of Finance.

The movement to "reconsider welfare" illustrates the extent of shifts toward intervention by politicians in social services policies in Japan. Constraints on effective interventions by bureaucrats in

handicapped rights results from interest groups seeking to achieve focused goals. Specialist politicians intervened in support of their clients, later responded to business-led interests with the leadership needed to reconsider the costs of welfare spending. A second aspect of the movement involves bureaucratic leadership. Bureaucrats led a movement for the handicapped and yet encountered split interests among the Ministry of Health and Welfare and Ministry of Labor. Similar examples exist between welfare and education bureaucrats on issues of child care and day nurseries, or among the many different ministries that began initiatives for old people. A third aspect was the limits on independent initiatives of welfare bureaucrats. On questions of public finance, the finance bureaucrats shifted ten percent of social services costs in concert with the Ministry of Home Affairs; welfare bureaucrats and politicians were uninvolved although their interests were affected. Budget management provides continuing independent powers for finance bureaucrats. But for the most part, politicians led in preserving social services programs while containing further expansion of costs after 1973.

C. The Discretionary Powers of Welfare Workers and Commissioners

In Japan, welfare commissioners and workers make decisions as individuals that affect the distribution of social services and benefits. Organizational theory of human services bureaucracies points to power of "street-level bureaucrats" in making decisions about public resources; for the individual beneficiary, social services often involve

discretionary power that is granted to bureaucratic agents.⁴⁷ In Japan, the discretionary decisions of welfare commissioners and workers allows them to act as gatekeepers for citizen's access to categorical services and benefits under the Six Laws of Welfare.

A distinctive characteristic of social services in Japan is that welfare workers are not professionalized and are supplemented by welfare commissioners. Relative to other advanced industrial societies, the striking lack of professionalization is in part the outcome of activities of three groups: welfare bureaucrats, welfare commissioners, and managers of facilities. In contrast to Japan's policies towards health care, professionals are not prominent actors in the social work tasks that are here considered as the core of social services. Instead, the individuals that perform social work tasks have no professional identity beyond that of being workers or "practitioners" (*jujisha*). A major comparative difference between Japan and other industrial societies is the lack of a developed profession of social work, and the absence of collective representation of a social work profession. But professional standards have not developed for Japanese welfare workers despite the efforts of academic advisors and social administrators. In Japan, professional workers would receive greater latitude in deciding services only at the expense of a smaller role for welfare commissioners.

Legally, the tasks of welfare commissioners are diverse and ambiguous; they are to assist the welfare office, to express community needs, and to provide guidance to the needy. In rural communities, welfare commissioners are often the third highest local official after

the mayor and the head of the agricultural cooperatives.⁴⁸ But since 1945, the domination of welfare commissioners by those seeking positions as local bosses has declined. Women have come to compose 38% of all commissioners and observers note that commissioner functions have changed to focus more on welfare services. The commissioners are not paid except for a monthly ¥15,000 (about \$60) sum for transportation costs. Thus, the Ministry of Health and Welfare refers to them as "volunteers," although welfare commissioners are appointed by the ministry, occupy a position of high status within the community, and usually serve several three year terms in succession. Welfare bureaucrats state that welfare commissioners succeed in giving social services a base of middle class support and legitimacy in the community. Contemporary welfare commissioners are only partly equivalent in function to institutions in other societies. The variations are partly geographical. Rural Japan involves patron-client relations resembling those of Italy or elsewhere; low income urban Japan most closely conforms to machine politics like in the United States; and middle class urban Japan reflects the growth of citizen participation in local affairs. An important distinction for Japanese welfare commissioners compared with elsewhere is their complimentary and often times conflicting roles with regard to public workers.

Public workers in social services are largely non-professional. From among graduates of social welfare degree programs, hospitals have medical social workers on their staff, and private agencies hire holders of social work degrees. But for most welfare workers in public

institutions in Japan, the practice of Western-style social work has been mainly an educational and theoretical issue. Since 1946 when bureaucrats and Occupation officials established the Japan College of Social Work, an academic community of social work theorists has pursued research on professional social work. In practice, however, welfare workers have faced opposition to professionalism. First, welfare commissioners as well as local and national officials oppose professionalization that will grant workers more powers. Second, welfare workers who seek to use social work techniques to help individuals rather than organize the needy have also faced resistance from leftist party activists. The basis for opposition to professionalism arises from workplace conflicts among welfare commissioners and welfare workers.

Welfare commissioners exercise gatekeeping powers in granting access to services that are controlled by social workers in many other societies. As casework has developed for Japanese social services, a common theme in the experience of workers with training in Western methods is recurring frustration in gaining the approval of the welfare commissioners. The signature stamp (hanko) of the appropriate welfare commissioner is required for any recipient to gain access to services in Japan. Use of an unpaid, largely untrained volunteer appointee to screen social services is unmatched in other industrial democracies. There is anecdotal evidence of exclusion of eligible persons from the welfare measures guaranteed them as a right by both constitutional and legal mandate. Some welfare workers complain of a tendency of commissioners to restrict services that the workers feel might benefit their clients.

Although welfare commissioner activities hamper professionalism, evidence on their attitudes and behavior indicate a commitment to providing for the well-being of the needy.

Survey evidence about social background and attitudes shows that welfare commissioners' motivations have changed from an emphasis on personal gains in status to increased concern with the problems of the needy. While political bosses may have dominated in the fifties, the welfare commissioners are now far more heterogeneous. One explanation offered by an expert is that greater urbanization allowed fewer salaried employees the time or commitment to involve themselves in local community activities. In 1983, commissioners were largely members of independent occupations such as farmers, shop owners, homemakers, or priests of temples or shrines. A survey by Nagata Katsuhiko of Hokkaido University found almost all commissioners were supportive of the rights of citizen's to social services. While a majority of the commissioners are older than 45 and largely conservative in their attitudes about sometimes denying welfare as a right, such was not true of younger female members.⁴⁹

Welfare commissioners vary by gender and location: in cities, women are a large majority among commissioners reportedly because white collar male workers have no time to serve, and in the countryside, men are in the majority because their independent, self-employed status allows participation as commissioners. For example in urban Setagaya ward in Tokyo, the welfare commissioners are virtually all women; staff members note that husbands work long hours as white collar workers and cannot participate. Such urban areas show evidence of citizens'

movements and participation reminiscent of American welfare programs. In contrast in rural Shimane prefecture, Takahashi Ryūtarō, a Buddhist priest and commissioner for over 30 years is widely known as a trustee of the National Council of Social Welfare and powerful regional political figure much like the commissioners of the fifties. These areas retain their patron-client politics. With the variety of backgrounds and attitudes, welfare commissioner activity which conflicts with worker efforts, however, does not alone account for the low status of welfare workers.⁵⁰

Besides the continuing activities of welfare commissioners, a key to control over service delivery is the continuing effort to make social work more professional. In Japan, the occupations performing social work tasks are usually referred to as welfare workers, not social workers. The Japanese term (sosharu waakaa) from an English loanword for social work is a postwar term with connotations of professionalism and foreign methods that differs from earlier terms (like shakai jigyo-sha) which were seen before 1945 as reminiscent of socialism.⁵¹ In 1971, a proposal to certify professional welfare workers by granting licenses for different levels of training appeared under the title of a Proposal for a Legal Formula for Social Welfare Workers (Shakai fukushi hōsei teishiki an). The proposal underwent extensive discussions and in 1973 a symposium was held to examine the options. While welfare commissioners objected, the most vigorous opposition arose among the managers of social welfare institutions. Managers of facilities had become a class of employers whose interests conflicted with those of welfare workers. The welfare

bureaucrats, who as central government officials supervised the activities of managers still held the deciding vote, shelved the proposal in 1976. Similar proposals emerged later within the Tokyo Metropolis, however these efforts to create licensing and accreditation for social workers have also failed.⁵²

Among welfare workers in Japan, resistance to professionalism arises due to leftist political views as well as the workers' self-perceptions as laborers. According to political views of some Japanese socialists, supporters of professionalization in social work are "reformists" with unacceptable ideologies. Academic experts note that highly trained social workers experience opposition from the leftists who view them as counterrevolutionary tools of the state bureaucracy. In addition to broad political values, perceptions of work among the welfare workers themselves hinders professional views. Employees of welfare offices and institutions consider themselves welfare workers or practitioners (*jujisha*), a Japanese word with connotations that emphasize their role as labor. Welfare activity is performed by workers; a type of working class consciousness is professed by welfare practitioners. In the extreme, welfare workers have been known to relate their perceptions of themselves as guardians of the rights of vulnerable welfare recipients to their perceptions of the welfare workers' personal rights as laborers. When a proposal about the obligations of welfare workers emerged in a National Council of Social Welfare description about the ethics of casework, workers objected to the demands inherent in these obligations that ran counter to their rights as laborers.

According to studies on welfare workers, support for social work professionalism is further discouraged by leftist party membership among workers. Although data are scarce, a union survey in one private social service agency indicated that 30% of its workers belonged to the Socialist or Communist party. For party members, the financial and leisure time demands of party membership are high in Japan. Thus if a quarter to a third of workers are party members, welfare workers exhibit a high degree of political participation. But the implication for professionalization is unfavorable: leftist party activists view work with the needy as social reform in a pejorative sense, and regard social work with professional casework methods as a form of individual, medically based therapy that ignores underlying social ills. In short, welfare workers who are leftist party members have been unsympathetic to further professionalization.

Despite resistance in welfare organizations, academic experts support proposals to introduce professional standards. Academic analysts as members of deliberative councils have encouraged licensing and accreditation schemes. In June 1986, partly as a means to encourage professional standards, academic experts also organized the first international conference held in Japan under direction of the International Council of Social Welfare (ICSW). Japanese supporters of professional social work are well aware of the role of foreign pressure to apply standards of international organizations for labor and social security to Japan.⁵³ Drawing on international comparisons and gathering international educators and experts from the social work profession,

Japan's experts seek another source of pressure on reluctant workers, managers, commissioners, and officials who resist efforts to organize social work as a semi-profession. But little support has appeared in 1987. Although social work is an innovation introduced in 1946 by the American occupation in Japan, professional social work has yet to diffuse widely or gain broad acceptance in Japanese social services.

D. Impacts of Social Services Policies

Japanese social services policies provide for benefits to specific categories of the needy. As in other advanced industrial societies, the welfare bureaucrats administer the national legal and regulatory processes for social services. Under Japan's Six Laws of Welfare, a regulatory framework exists that sets eligibility requirements and benefit levels throughout Japan. Young bureaucrats from the Ministry of Health and Welfare on assignment in local offices oversee implementation of the programs for the poor, children, the physically handicapped, the mentally retarded, the aging, and mothers with children. Adjustments are made for local cost-of-living, but national standards are emphasized by the welfare bureaucrats. Besides the six major programs, Japan also provides social services benefits for child allowances, for atomic bomb victims, and for war victims relief.

According to the International Labor Organization, Japan spends slightly less on social services than other advanced industrial democracies. ILO data published in the series entitled The Cost of

Social Security include public assistance, social welfare, and children or family allowances as a percentage of all public spending for social security benefits (what is has been called "welfare spending" in this study) among representative welfare states. Table 4-4 places Japan ahead of only West Germany in the percent of welfare spending spent on these social services broadly understood, but the discussion to follow on health care will note the early development of national health insurance programs and related expenditures in these two countries that may substitute for spending on such social services programs. While Japan and West Germany also share a history of defeat in World War II, the two countries shared an even earlier history of insurance societies and national health insurance as programs that better explain their emphasis on health care rather than categories of social services.

Table 4-4

Public Assistance, Social Welfare, and Child Allowances
As a Part of Welfare Spending

Year	Japan	United States	United Kingdom	West Germany	France	Sweden
1959-60	12.7	15.4	16.2	8.6	29.1	22.9
1964-65	11.6	17.2	15.5	9.8	24.9	21.2
1969-70	11.5	22.7	20.4	7.3	21.6	19.8
1974-75	14.3	24.0	18.7	10.3	20.7	22.1
1977-78	13.2	24.0	21.3	9.1	20.7	20.6
1978-79	13.0	25.6	23.4	9.3	26.1	21.7
1979-80	12.7	24.7	24.7	9.1	26.4	22.0

Source: ILO, 1981.

One trend of welfare spending in Japan and elsewhere is the steady decline in shares given to war victims. The data shows a decline across representative countries that Japanese officials often use for their own comparisons. Within Japan, aid to war victims largely takes the form of the "gratitude pensions" (onkyū) which are expected to decline steadily. Table 4-5 shows that Japan continues to rank ahead of other major OECD members in expenditures for war victims. A visible though less expensive aspect of activities for war victims are the investigations to reunite relatives with war orphans left in China after the war. In 1985, of the 2135 individuals identified, 240 people had returned to Japan and 631 people had found relatives in Japan. The visits of Japanese orphans remaining in China receives extensive media coverage that indicates the significance of such government activity.⁵⁴

Table 4-5

Assistance for War Victims
As a Part of Welfare Spending

Year	Japan	United States	United Kingdom	West Germany	France	Sweden
1959-60	20.3	15.2	4.0	7.8	7.9	0.1
1964-65	11.5	12.7	3.1	7.5	6.1	0.2
1969-70	8.5	8.7	2.1	6.3	n.a.	0.0
1974-75	6.4	6.1	1.6	4.4	n.a.	0.0
1977-78	6.7	6.3	1.3	3.9	n.a.	0.0
1978-79	6.5	6.5	1.2	3.8	n.a.	0.0
1979-80	6.6	5.3	1.2	3.6	n.a.	0.0

Source: ILO, 1981.

A characteristic of Japanese government publications on social and economic policy is the emphasis on the household that includes several generations of a family. In part, policies for households and family are directed at women; unlike other industrial democracies, Japanese feminist movements have not organized effective demands on government for special women's policies such as improved access to modern contraceptive techniques.⁵⁵ Household measures in social services policies mean that supply of benefits are largely awarded to family groups and demands arise from households as a whole. In 1983, single person households fell to 18.1% of all households which indicates the continuing trends of support for both nuclear and three-generation families. Ministry of Health and Welfare data show that single person households have declined after a peak in 1981 at 19.6% of all households. A 1985 survey of the Economic Planning Agency also claimed an increase of three-generation households after a long decline to close to 1 in 6 households. While OECD countries usually show less than a third of people over age 65 living with relatives, as of 1983 Japan had over two-thirds of older people living with relatives.⁵⁶

In Japan's contemporary poverty programs, able-bodied poor are seldom granted public assistance benefits under the livelihood protection law. Entitlement to benefits is the law in Japan. In practice, public assistance in Japan goes to categories of needy that cannot work while the "able-bodied" receive assistance under employment insurance and other labor related programs. Households of elderly, the ill or disabled, and fatherless families compose over 90% of public assistance or "livelihood

protection" (seikatsu hogo) recipients. For 1984, the average public assistance benefit amounted to about 62.4% of the income of an average workers' household in Tokyo, but benefits are actually provided according to categories of need. Thus in 1984, while 1,469,000 households received assistance, 1.3 million received livelihood supports, 970 thousand received housing allowances, 270 received educational allowances, and 910 thousand received medical allowances. As 3.9% of all households in Japan, the characteristics of public assistance recipients have changed to include mainly groups of elderly or the mentally ill who are long term recipients. While in 1964 only 29.3% of the households that received public assistance had been recipients for more than five years, in 1984 the long term recipients of over five years composed 47.7% of all those on public assistance.⁵⁷

With the decline of war victims relief and poverty programs, welfare related services and benefits in contemporary Japan are addressing new "needs." Taking their cue from European examples of categories of welfare programs, welfare bureaucrats emphasize that social services are no longer just for the poor. As fees for service are introduced, social services are becoming extended services for a wider clientele among different income levels. Among experts, scholarly discussions speculate on the emergence of a trillion yen "welfare industry" or "silver industry" of products and services such as home helpers for the elderly, prosthetic devices, and emergency monitoring systems. Business circles in Japan also recognize current trends toward increased numbers of aging people in a market-oriented economy where

minimal state intervention is desirable, and note the privatization debates occurring in America. In the 1990s, private sector social services are likely to develop in Japan although experts resist the increased emphasis on private organizations that might lead to abuse or low quality of services.⁵⁸

Policymakers in social services regard public opinion surveys as evidence of ambiguous attitudes among Japanese citizens towards social services. While a comprehensive survey of policy impacts and demands is beyond the scope of this work, a result of a Prime Minister's office survey is indicative of the mixed signals received by policymakers. When asked what the major desires of citizens were for "what government should be doing," the second place response at 32.2% was to "assure social welfare and social security." At the same time, the first place response at 40.7% was to decrease taxes. Policymakers face continuing demands for social security while encountering public resistance to increased revenues.⁵⁹ Although the movements toward a welfare-tax backlash like those in America and Britain are less prominent in Japan, the efforts to reform administrative practices and to lower the national debt have resulted in part from public opinion. The chapters to follow explore policy processes of health care and public pensions, areas that receive total spending from both public and private sources that is double the spending for social services received largely from public sources. For reasons of taxing and spending as well as other aspects of the policy processes, health care and public pensions will appear more often as the targets of recent reforms than social services.

E. Summary and Conclusions

In Japan, social services policies are decided through both patterned and more pluralistic, open processes. The processes of policy formation and change for social services are shaped by organizational jurisdictions over peak associations and deliberative councils. Bureaucrats and ruling party politicians, however, were on occasion unable to satisfy interest group demands within the processes of the institutions of umbrella organizations and councils for budgeting, and legislation. Organized interests in Japanese social services turned to opposition parties and the media to articulate their demands in the late 1960s. Japanese voters also offered support to candidates taking initiatives in local governments controlled by "progressive" opposition parties, and this support posed a threat to the dominance of the conservative catch-all party that rules Japan. A breakdown of patterned processes followed the emergence of policy alternatives from the opposition in "progressive parties," the media, and local government.

Politicians were the leaders in shifting national priorities in social services policies. As a prototype for welfare policies, the 1971 legislation introducing child allowances was the first case where politicians from the Liberal Democratic Party built on bureaucratic and local initiatives. A related example of progressive legislation that slightly predates the welfare initiative and reflects the atmosphere of the period is national legislation to cope with pollution. The 1970 "Pollution Diet" also involved adaptation by the ruling Liberal Democrats

when they adopted progressive local initiatives as their own measures.⁶⁰ But compared to spending on the 1970-71 progressive legislation, spending of the 1972 Diet meant for larger budgetary commitments to welfare programs. As the primary coordinators, politicians built on bureaucratic and local government initiatives to produce social services policies that resemble other advanced societies.

The Liberal Democratic leadership faced several prominent sources of opposition to its proposals in social services policies. Opposition parties, of course, had specific measures developed in the localities they controlled, but these were frequently adopted by the Liberal Democrats as in the cases of child allowances and free medical care for the elderly. Welfare bureaucrats especially opposed the latter measure, and enlisted support of specialist politicians from the ruling party to encourage an approach to assist older people by using social services rather than medical care. The party leadership prevailed in passing free medical care because of the popularity of similar local programs, the benefits to organized interests of health professionals, and the immediate electoral advantages.

Table 4-6

Primary Coordinators of Major Changes
in Social Services Policies in Japan, 1970-1985

<u>Policy Change</u>	<u>Bureaucrats</u>	<u>Politicians</u>	<u>Other</u>
Localities' Child Allowances (1967-71)			Local Opposition Parties
Child Allowances (1972)		Conservative Leadership	
Increased Spending for Social Services (1973)		All Conservatives	
Social Services for Old People (not adopted, 1973)		Conservative Leadership	
Local Subsidies for Social Services (1985)	Finance Bureaucrats		

In the period since the "First Year of Welfare" in 1973, politicians and bureaucrats have both coordinated the policy tradeoffs that affect social services in Japan. Bureaucrats independently managed changes on occasions such as in the 1985 budget process for social services when various ministries reached a consensus with minimal involvement of politicians. In 1985, bureaucrats shifted costs from the national to local authority budgets, and further efforts at cost containment may follow this procedure. Without major changes, specialists among politicians were also quite active in the patterned processes of deliberative councils for budgeting, and legislative processes. The coordination of major initiatives, however, remained with

the party leadership. From 1975 bureaucrats considered other proposals to "reconsider welfare," but these proposals stalled without support of the ruling party leadership and their coordination of organized interests including business groups whose position shifted to oppose any increases in the aggregate costs of social security. The next two chapters will examine the organization and results of administrative reforms, and argue that politicians acted most often as primary coordinators of the moves to control welfare spending and programs in Japan.

CHAPTER 5

Health Care Policies and Politics in Japan

Japan's health care policies allow East Asian medical techniques within government activities that give priority to institutions and techniques resembling other developed societies. Western scientific techniques and institutions have been, however, only supplemented by techniques derived from China in the models which bureaucrats used to guide their policies for health care. Health care programs are the oldest and largest in terms of employees among the measures administered by welfare bureaucrats. In 1985, national hospitals and clinics employed 88.5% of welfare ministry personnel, and health care budgets accounted for 7.6% of fiscal 1985 national spending or 41.5% of welfare spending. Welfare bureaucrats manage five health related bureaus for health care, medical affairs, drugs, environmental sanitation, and health insurance. The last is most often controversial because the Health Insurance Bureau decides reimbursement rates for treatment and drugs.¹

Health care policies in Japan have received most attention from political analysts emphasizing the role of organized interests of health professionals. Japanese health care is thought to be dominated by interest groups led by the Japan Medical Association (JMA) which coordinates its positions with dentists, nurses, and pharmacists to influence health care through four health professional associations.² Japanese analysts have offered alternative explanations that assume health care policies are dominated by the central bureaucrats. Like in

social services policies, bureaucrats are said to dominate the health field through formal or institutional means, and to guide interests in forming consensus.³

This chapter argues that politicians' activities built on central bureaucrats' prerogatives and took advantage of changes in the organization of interest groups to shape health care policies. In 1972, ruling party leaders revised welfare policies originally initiated by welfare bureaucrats to offer free medical care to the elderly. Thereafter, the politicians seeking to contain health costs also reassessed their commitments to health professionals whose interest groups weakened because of internal changes. By 1981, the interest group politics of health care were further affected by welfare bureaucrats seeking to contain costs and reorganize health care. The leadership of ruling party politicians, however, was the primary factor allowing policymakers to implement pricing and cost changes.

A. Origins of Private Practice and Postwar Health Care Policies

In the nineteenth century, the government set regulations allowing medical professionals to practice only if trained in Western medical techniques. The preexisting medical techniques included some methods borrowed from the Dutch traders in Nagasaki, but Chinese methods were most prominent in medical practice in mid-nineteenth century Japan. In 1874, the Medical Affairs Bureau of the Ministry of Education described the basic policy for medical providers in the "Seventy Six Articles of the Medical Care System." The articles acknowledged the need for economic protection of physicians while encouraging their charitable activities, and allowed physicians to practice medicine in private medical organizations if they held a license. Professional accreditation was achieved by entering recognized medical schools and by learning medical techniques largely borrowed from German sources. Despite resistance from practitioners of East Asian medicine, the Medical Affairs Bureau adopted the Western standards of medical care described in the Seventy Six Articles and assured provision of medical care through private practice.⁴

Through the Medical Affairs Bureau, the government provided fee-for-service cash payments to private practitioners. After the Bureau moved to the Home Ministry, bureaucrats also protected public health by establishing sewerage systems and sanatoriums. But the establishment of cash payment to private physicians provided a crucial precedent. The

alternative to cash payments is an institutional direct payment to physicians, though direct payment has the potential of increasing controls over physicians' practice. As in other countries, private practitioners in Japan have resisted direct payment schemes. Through efforts of the regional and national Medical Associations, the doctors achieved health insurance programs with largely fee-for-service payments.

Health insurance societies also protected the independence of private practitioners. Based on German models of the sickness funds of Krupp and Bismarck, Japanese societies for health insurance appeared first in 1905 as a private mutual aid organization at Kanegafuchi Textile Company and then in 1907 as a public, compulsory organization under the direction of bureaucrat Gotō Shinpei at the Imperial Railway Agency. Unlike the experience in Germany, physicians were not hired by Japanese health insurance societies to challenge the dominance of private practitioners. While German sickness funds hired doctors who developed interests separate from and sometimes opposite to doctor's professional associations, Japanese health insurance societies did not employ doctors. Private practitioners have lost little economic and professional independence to health insurance societies that used fee-for-service payments to reimburse rather than employ physicians.⁵

Health insurance programs also preserved independence of physicians. Under the 1922 Health Insurance Act, factory workers entered compulsory government health insurance under fee-for-service arrangements. Implemented in 1927, Employee Health Insurance (EHI) established employment as the basis for qualification in imitation of

Bismarck's social insurance. In 1938, the National Health Insurance (NHI) program emerged as a voluntary program to cover the remaining Japanese workers in agriculture, forestry, and fishery. Primary divisions in health insurance between employee (EHI) and community (NHI) programs began before World War II, with the community programs experiencing recurring financial difficulties. Arrangements with doctors, however, were on a fee-for-service basis.

During wartime, private practice was preserved in spite of the military's priority on health care issues. The Japanese Army was particularly concerned with the health of recruits, and sought to establish an independent ministry for health instead of a combined ministry covering health, social welfare institutions, and labor.⁶ The Army also supported the 1938 National Health Insurance legislation which helped ease its passage into law. Doctors were drafted to meet the military's wartime needs, but no fundamental change occurred in the system of private practice.

Unlike many areas of welfare and economic policies, health care based on fee-for-service private practice was accepted by the postwar Occupation. In addition to relief efforts, the Occupation was active in developing public health policies. The military authorities introduced drug assay standards, sanitation improvements, and milk distribution through a school lunch program to improve children's nutritional intake. In medical care, the training of health personnel was a major concern of the American officials who reported:

The looseness of medical education standards allowed a great number of entirely unqualified persons to engage in the practice of medicine in Japan during and immediately preceding the war years.⁷ In 1948, the Diet passed four laws to cover the major health professions that required licensing for doctors, dentists, nurses, and pharmacists. But Occupation officials faced opposition from both Japanese and American physicians and politicians in trying to institute national health insurance for all citizens including dependents of workers. The Chief of Public Welfare, Crawford Sams, states in his memoirs that he returned to the United States to answer critics' charges that he was fostering "socialized medicine." American doctors and politicians who opposed the Occupations' efforts to establish national health insurance in Japan meant Colonel Sams lost support within Occupation circles for his efforts to introduce extensive reform in medical care. Occupation programs were finally unable to change the arrangements of private practice of physicians or to establish a true nationwide health insurance scheme to cover all citizens.

Health insurance legislation that covered the self-employed and others became a goal of policymakers seeking to assure social security in post-Occupation Japan. Prewar health insurance was largely instigated by labor leaders and bureaucrats who wanted unemployment insurance to support workers suffering from uncertain job security. Employers were more agreeable to health insurance than unemployment schemes, although the 1938 NHI law left about one-third of the population uncovered by any scheme. In the postwar after the conservative Liberal Democratic party

was established in 1955, welfare bureaucrats secured support for planning public health insurance for all citizens. Bureaucrats efforts were regularly opposed by physicians protecting professional autonomy through the Japan Medical Association. Beginning his twenty-five years in office in 1957, President Takemi Tarō noted, "I declared war on (the health insurance) system."⁸ But the conservatives were supported by physicians in the Diet who argued that a National Health Insurance program would undercut support for the Communist Party. In 1958, the government passed legislation so that by April 1, 1961, all citizens had some coverage under "health insurance for the whole nation." In terms of both spending and program comprehensiveness, health insurance programs have become well-established features of Japanese welfare policy.

In contemporary Japan, the most prominent problem of health care policy is cost containment in medical care. Welfare bureaucrats set many goals such as maintaining public health, monitoring food and drug quality, and providing adequate medical treatment. The costs of public programs, however, have escalated due to the costs from elderly patients and other program initiatives of the seventies. As a percent of national income, Japan's medical care costs rose from 4.1% in 1970 to 5.26% in 1975 and peaked at 6.55% in 1982. While this remains below 1980 figures for other advanced industrial democracies ranging from 6.59% for the United Kingdom to 10.18% for West Germany, Japanese policymakers are concerned about the future demographic trends. Between 1985 and 2000, the elderly population with greatest demand for medical care will increase by over fifty percent and further increase health care costs.

Especially as members of the Health Insurance Bureau, welfare bureaucrats have initiated many cost containment efforts, and are joined by concerned officials from the Ministry of Finance and the Economic Planning Agency whose 1985 Economic White Paper devoted twenty pages to the subject of medical care.⁹

In Japan, medical practice is supplemented by East Asian medical techniques that remain popular in spite of their expense. In Japan, Western medical techniques have not completely displaced indigenous medical and health care practices. Emiko Ohnuki-Tierney argues that Japanese views of health are embedded in traditional patterns of behavior, and this in turn affects cleanliness, diet, patients' views of personal illness, and other issues that affect health care. Margaret Locke describes how Japanese physicians practice alternative medical techniques from East Asian medicine (kanpō, also referred to as Chinese medicine) that are fully consistent and increasingly integrated with medical practices. Japan's contemporary health care policies are government responses to a variety of social practices that the anthropologists call "medical pluralism."¹⁰ Users of kanpō seek to include East Asian medicines under national health insurance schemes in spite of the problems of medical costs.

Contemporary Japanese policymakers initially sought to control costs of medical care through improved preventive public health measures. A distinction between health care and medical care is that the former are comprehensive matters of the prevention of illness and disease of the population while the latter are more specific and costly aspects of

professional activity and medical care facilities. The division between health and medicine, like that of public and private sectors of society, is extremely difficult to specify. A rough division can be made between public health concerns of welfare bureaucrats and private medical concerns of practicing health professionals, and experts on health care have contended that Japanese bureaucrats ensure the nation's health, while professionals practice medicine.¹¹ In Japanese welfare policies, the distinction of health and medicine grew more pronounced as welfare bureaucrats have emphasized public health care programs in part as a means to lower utilization of costly medical care. But health professionals retain significant powers in medical care, particularly because physicians have privileges as owner-administrators of hospitals and sellers of drugs. After 1973, policymakers sought new measures to limit the privileges of private physicians and health interest groups such as the Japan Medical Association in order to control rapidly increasing costs.

Table 5-1

Major Health Insurance Programs in Japan, 1986

System	Group Covered	Years Adopted	Members in 1984
Employee Health Insurance (EHI)	Workers and families of factories and firms (including seamen)	1922, revised 1958	79,576,000
Subdivisions:	Society-managed, (primarily large firms' "Health Insurance Societies")	1922	28,620,000
	Government-managed (small and medium enterprise)	1958	31,928,000
	Seaman's Insurance	1939	631,000
	Day Laborers	1953	394,000
	Mutual Aid Associations (MAA)		
6,799,000	National Public		1958
	Servant MAA		
	Local Public	1962	10,213,000
	Servant MAA		
	Private School's MAA	1953	991,000
National Health Insurance (NHI)	Universal (those not covered elsewhere including farmers, construction, doctors, workers in firms of less than 5 employees)	1938	44,838,000
All Health Insurance	Total Enrollment		124,414,000

Note: Double enrollment possible for dependents.
Source: Social Insurance Agency, March 1986.

B. The Policy Process for Japanese Health Care

1. Interest Groups

a. The Organization of Interests

Health care interests in Japan are organized in national peak associations headed by the Central Social Insurance Medical Care Council. An affiliate of the Welfare Ministry and best known as the Central Medical Council (Chūikyō), the peak association controls rate setting for public health insurance, the listing of health care products and treatments on price schedules, and the ultimate regulatory power over health care. Established in 1950, the composition of the council includes 20 members: 6 doctors, 1 dentist, 1 pharmacist, 3 labor representatives, 2 industry representatives, 2 health insurance society representatives, 1 bureaucrat, 2 academics, 1 lawyer, and 1 journalist. The purpose given by bureaucrats for the composition is that the first eight members represent health professionals; the second eight members represent health consumers, health societies, and industry; and the final four members are to gauge the public interest. Affiliated with the Health Insurance Bureau, the Council has final authority over medical education, facilities, and reimbursement fees for treatment and drugs.¹² Organization of interests in national peak associations with legal, compulsory membership is supportive of a corporatist approach to explain the politics of health care.

Pluralist analysis has emphasized the interest group activities of health professionals. Besides professional association activities in national and local politics, health professionals are well known for their support of opposition parties. Doctors have been important supporters of the Socialist and Communist parties at both national and local levels, although the doctors' national and regional professional associations are supporters and contributors of the Liberal Democrats. At the local level, Kyoto is an example of doctor's political activity. During the long tenure from 1950 to 1978 of Ninagawa Torazō as Kyoto's Governor, his Socialist-Communist coalition relied on the swing votes of small business and doctors to stay in power. Among Kyoto Medical Association doctors, two-thirds supported the LDP while only a third supported the JSP or the JCP, yet Kyoto doctors were solid Ninagawa supporters. The doctors provided half of the funds for Ninagawa's support group and actively participated in campaigns and organizations to elect local leftist candidates.¹³

In comparisons of income, Japanese doctors and dentists are the wealthiest among physicians in advanced industrial societies. Income of these health professionals ranks the highest along with West Germany, and most importantly the differential from other workers' wages is the greatest. The Health Insurance Bureau reports that in 1980 doctor's income was 8.6 times the average employee income, compared to 5.1 times for German doctors, 3.8 times for United States' doctors, and 3.3 times for French doctors.

Doctors and dentists lead health professionals in Japan in providing money to politicians. In 1984, the Ministry of Home Affairs reported for the income of the top ranking funds among "political groups" that the Japan Dentist's Political League was first and the Japan Doctors' League was second. The first is the political affiliate of the Japan Dental Association and the second is the same for the Japan Medical Association. Pharmacists (13th) and nurses (14th) were only outpaced by the funds of LDP leaders such as mediator Tamaki Kazuo, Tanaka-affiliate Takeshita Noboru, and Prime Minister Nakasone Yasuhiro.¹⁴

Another reason for health professional's political influence is their control over votes. Doctors participate in local efforts to support campaigns and political organizations. When asked if doctors influenced politicians with their financial contributions, a welfare specialist among Liberal Democrats, Tanaka Masami replied, "Money? The doctors have the votes!"¹⁵ Japanese journalists report that the high status of health professionals in their communities allow doctors and dentists to influence voters.¹⁶ Most prominent in collective political activities are the fund raising and campaign organizing of health professional associations, but these activities receive a disproportionate amount of press coverage for organized interests. Several other groups also affect health care in Japan.

Business is another source of organized interests in health care, although their interests are more divided than in other advanced democracies. In Japan, goals differ among pharmaceutical manufacturers and distributors, medical equipment producers, and insurance interests.

Japan's pharmaceutical producers must use a system of distribution in which most producers do not own their wholesalers. Drug wholesalers in turn negotiate extensive discounts directly with doctors, pharmacies, and hospitals to supply pharmaceutical supplies. Another feature of the industry is that medical equipment producers are large companies like Hitachi and Toshiba which primarily produce electronics products. Unlike American or European industries, Japan has no "health care companies." One growth industry is insurance, where insurers offer special health insurance designed to supplement public health insurance programs that introduced greater individual cost burdens in recent reforms.

The largest organized "business" interests in Japanese health care are the health insurance societies. Under Japanese health insurance, the employee's programs and societies (EHI) include workers and their households representing roughly 60% of the population, and community-based programs (NHI) include self-employed and retired persons representing about 40% of the population. In general, EHI offers better benefits than NHI. Employee Health Insurance (EHI) programs can be further subdivided into two types: public-managed health insurance societies or mutual aid associations, and private health insurance societies. The private societies' programs are centered around private companies and offer the best benefits. Both labor and management have guarded the funding surpluses of societies which contrast with the deficits under national community-based programs (NHI). At one extreme then, private EHI societies offer good benefits with financing in the black, while at the other extreme NHI programs face deficits.

The National Federation of Health Insurance Societies, or "Kemporen," is the foremost representative of business with regard to health insurance and health care debates. To protect the interests of the private EHI societies, Kemporen is often in conflict with health professional associations led by the Japan Medical Association that seek to raise reimbursements under health insurance. However unlike West German sickness funds, health insurance societies have not implemented countervailing checks on the routines of largely private practitioner, fee-for-service insurance systems, except for encouraging more frequent and careful reading of doctor's reimbursement forms. Kemporen does pursue research activities on costs facing its health insurance societies, but lobbying for adjustments in insurance programs is the organization's primary political activity. For example, during debates in 1985-86 over bureaucratic proposals to shift part of the rising costs for old people's health care from NHI to Kemporen's EHI societies, business interests at Kemporen and the managers' federation, Nikkeiren, opposed the transfer as a hidden "tax increase."¹⁷ The differences among Kemporen's EHI societies, smaller firms' EHI programs, and the community NHI programs are a concern of welfare bureaucrats seeking equity for all citizens. Along with overall costs, the shifting burdens for retired people's health care also became a point of controversy.

In health care policies since 1972, politicians have increasingly mediated among interests to introduce changes in health insurance. Costly medical care issues faced the Health Insurance Bureau of the Ministry of Health and Welfare that were only partly contained within

procedures of the national peak association, the Central Medical Council. Initially, insurees were provided with total health care coverage for only the basic contribution fees, and health insurance costs from the high utilization of medical care in Japan became an issue for politicians. When costs rose rapidly, politicians acted to reform physicians' tax privileges and insuree contribution levels for government-mandated health insurance. After more than a decade with a series of influential welfare ministers and broad public support of administrative reform, conservative politicians with the cooperation of welfare bureaucrats would shift part of the financial burden for Japanese health care to individual citizens. During politicians' mediation of these changes, the internal dynamics of the doctors' association proved especially important.

b. Decline of the Japan Medical Association

As politicians and welfare bureaucrats developed new initiatives, the position of the Japan Medical Association (JMA) was weakening. Changes in membership and leadership made the JMA less representative of Japanese doctors.

In Japan, autonomy of private practice remains the dominant form of physician practice in spite of a fairly rapid change within the medical profession shifting toward salaried physicians. After 1976, salaried physicians became a majority of all Japanese physicians. By 1982, physicians who open or administer their own clinic or hospital had

dropped to 39.1% of all physicians, while employed physicians rose to 60.9%. But the dominance of private practitioners has not disappeared; in 1983, the self-employed physician still composed 63.9% of the members of the Japan Medical Association although the representativeness of the physicians' organization had declined.¹⁸

JMA membership declined most among younger, salaried doctors. From 1970 to 1981, the JMA reported a drop in membership from about 93.5% to 65% of all physicians, largely because salaried physicians became the majority and failed to join the JMA. Although membership among private practitioners is still high, fewer young doctors become private practitioners because they cannot afford to establish independent practices, clinics, and clients. As employees of hospitals and clinics, younger salaried doctors have largely remained outside of the JMA which is controlled by owner-administrator physicians. Until 1970, the JMA was successful in organizing about 50% of the salaried physicians as well, but by 1982 the percentage fell to 30%.¹⁹ With 61% of all physicians working as salaried doctors and researchers in 1983, a Japanese scholar calculates that by 1984 JMA membership fell to 57.9% of all physicians.²⁰ The steady decline in private practitioners has undermined the strength of the medical association.

Coupled with a change in constituency, JMA leadership has changed. Because of illness in 1980, Takemi Tarō decided to end his term as JMA president after 13 terms spanning 25 years. Takemi had been on close terms with almost every postwar prime minister including Yoshida Shigeru and Tanaka Kakuei, and was a major Japanese political figure whose

nickname was "Kenka" or "Fighting" Tarō. Takemi's wife was Yoshida's niece, and Takemi's oldest son married the daughter of prominent Tanaka faction member, Ezaki Masumi. A prolific writer and campaigner, Takemi was the de facto leader of all health professionals and a prominent media figure until his death in 1982.²¹ Takemi's control best represented the Tokyo-based factions in the JMA, and was sometimes controversial because of strong stands protecting private practitioners. Those doctors opposed to the continued control by Tokyo-based doctors campaigned against the Takemi faction's continued control. On April 1, 1981, the JMA elected a new president, Hanaoka Katsuo, from a faction critical of former leader Takemi. The JMA has since faced factional struggles within the JMA along cleavages of school ties (gakubatsu) and related affiliations to the regional medical associations. As health care reforms developed after 1980, politicians note that the Japan Medical Association grew increasingly less influential.²²

2. Leadership of Politicians

a. Free Medical Care for Old People

In the early 1970s, leading welfare bureaucrats had sought to improve government supports for old people through social services rather than medical care. From January 1971 to June 1972 as Director of the Social Insurance Agency, Ibe Hideo led the campaign he began at the Social Affairs Bureau to encourage the use of services rather than free medical care for old people. In the second highest position for welfare

bureaucrats. Ibe had a strong chance to become Vice Minister because his position allowed him a comprehensive view of the management of welfare spending. Ibe was the bureaucrat in charge of administering all social insurance programs, and after leaving the position of Agency Director he had a strong chance to achieve promotion to the top position in the Ministry. Three quarters of former directors of the postwar Social Insurance Agency before 1982 became Vice Minister of Health and Welfare.²³ A combination of ill health and his association with the services approach to old people, however, caused Ibe to leave the ministry without becoming Vice Minister. But Ibe was not alone in resisting a national program for free medical care.

At the national level, people who knew most about health care opposed proposals for free medical care for old people. According to the welfare bureaucrats, the program was extremely disadvantageous: economic costs were expected to rise and medical care services were likely to be disrupted. As an microeconomic proposition, a program with no incentives for old people to hold down costs through co-payments would increase demand indefinitely. In terms of treatment, utilization of medical care by older people also troubled bureaucrats because Japan had increased daily patient visits to medical facilities from 77 in 1960 to 125 in 1970; and the chronic illnesses of older people would likely increase already high utilization rates. Among politicians, the specialists in welfare and labor were convinced of likely disruptions and opposed a national initiative for old people's free medical care. Health professionals also offered lukewarm support, particularly because private

practitioners in localities already with free care argued that their offices were becoming "old people's salons" where patients would spend a day visiting, playing go, and waiting to see doctors. Ultimately, the JMA as the physicians' association sought to assure their insurance reimbursements, but took no public position on the free medical care program.²⁴

Within the Liberal Democratic Party, conservative politicians led by Tanaka Kakuei saw electoral advantages in a new program for old people. Localities had adopted programs for people aged 70 or older beginning in 1968 with subsidized medical care in Kanagawa and Akita and in 1969 with free medical care in Tokyo under Governor Minobe Ryōkichi. The Liberal Democrats' public relations magazine carefully indicates the diffusion of such public subsidies by April 1, 1972 to 42 prefectures, 621 cities, and 927 towns and villages.²⁵ Led from June 1972 by Tanaka Kakuei, the Liberal Democrats pursued initiatives that built on positions supporting the child allowance program and demonstrating their further support for welfare. In campaigns for the December 1972 election, Tanaka made his priorities include the ambitious "Plan to Reconstruct the Japanese Archipelago" and welfare programs. Within the Tanaka faction, support for the medical care initiative was questioned by specialists like Ozawa Tetsuo and Hashimoto Ryūtarō, but Ozawa as financial lieutenant for the faction was most likely in the best position to direct initiatives for welfare programs. The Tanaka faction understood the benefits for health professionals in creating welfare initiatives that were, more specifically, medical care initiatives.²⁶

As the alternative to social services initiatives, ruling party politicians saw that free health care for old people furthered both the interests of older health care patients and the established interests of physicians and health related groups. In 1973, the implications of high costs and fiscal problems seemed remote because relatively high economic growth appeared likely to continue. While the policy environment was favorable for new initiatives, most newspapers at the time note the political debates among both progressives and conservatives about social welfare. In retrospect, bureaucrats also acknowledge that the free medical care program was adopted for "political reasons."²⁷

Of the recent initiatives in welfare spending, old people's medical care became the single most expensive program. Based on Tanaka's campaign commitments, 1973 public spending increased for public works by 41.1% and for social security by 28.2%.²⁸ While the former efforts to reconstruct the Japanese archipelago were not fully implemented, the latter programs would receive higher funding and new program initiatives. But the costs of free medical care for old people was the most conspicuous increase and became the target of Ministry of Finance attempts to control costs and "reconsider welfare."

While total costs increased due to the 1973 law, the costs of free medical care for old people differed across health care schemes in Japan. Welfare bureaucrats first became increasingly concerned with the uneven burden of different health schemes among public sector health societies, private sector health societies, and community-based National Health Insurance. The last had the greatest numbers of elderly and thus the

greatest burden of chronically ill patients. In 1981, the population aged seventy or older were only 5.9% of all beneficiaries, but accounted for 21.2% of medical costs. As bureaucrats predicted, the resources of the National Health Insurance program were the least adequate. In 1981, people over age 70 accounted for 4% of beneficiaries and 12.4% of costs for EHI public sector health insurance societies and mutual aid associations, and 2.7% of beneficiaries and 12.5% of costs for EHI private sector health insurance societies. But National Health Insurance (NHI) supported more than double the EHI figures. In 1981, old people were 9.8% of NHI beneficiaries and accounted for 32% of NHI costs, thus threatening to bankrupt the community-based program. Within the total cost increases for health insurance, the aging accounted for the greatest increases that troubled both welfare and finance bureaucrats.²⁹ But medical care costs and financing encompassed issues related to health professionals as well, and policymakers also reexamined the privileges of doctors and dentists in moves to encourage cost containment.

b. Physicians' Taxes and a "Japanese-Style Welfare Society"

The two most distinctive privileges of Japanese physicians concern taxes and drugs. First, in 1954 doctors were granted tax exclusions that made only 28% of their income taxable. Second, physicians are allowed to sell pharmaceutical products directly to clients.

Physicians received tax exemptions as a response to their demands for increased fees for medical treatment under national programs. In

1954, administrators could not financially support increases in the fee schedules for National Health Insurance, and the compromise was to exempt physicians income under national programs to allow a deduction of 72% of gross income for expenses. In the 1958 revision of National Health Insurance programs, private practitioners' income for most treatment and drugs were included in the exemption scheme.³⁰

After the 1973 oil shock, bureaucrats argued that fiscal conditions required reform of doctors' tax privileges. By 1975, the Board of Audit and Ministry of Finance found that physicians' expenses averaged only about 52%, and argued that 20% of private practitioners' gross income was tax free. With total annual compensation from social insurance averaging ¥37 million (about \$125,000) in 1979, private practitioners on average made at least ¥7.2 million (\$24,000) from tax advantages.³¹ On September 27, 1974, the government announced plans to revise the tax schedules for physicians while a Tanaka faction member, Saitō Kunikichi, was Welfare Minister. Although among leading conservatives Saitō was thought to have the closest relationships with doctors, the Welfare Minister announced plans for reform of doctors' taxes. However, Tanaka Kakuei soon came under increasing criticism for his role in the Lockheed bribery case, and on November 26, 1974, the Tanaka cabinet resigned. The efforts to restructure doctor's taxes were stalled.

Because the campaign to reform physicians' tax privileges was not limited by party faction, ruling party politicians continued to seek reforms. After Miki's selection as conservative leader on December 4, Tanaka Masami was named Welfare Minister. A longtime specialist on

welfare and a Fukuda faction member with no family relation to the exiting Prime Minister, the welfare specialist Tanaka had long struggled with physicians and the medical association. In 1961, Tanaka first negotiated with the JMA during his days as Parliamentary Vice Minister of Health and Welfare during a physicians' "one-day holiday" strike.³² On key medical care issues, the JMA organized resistance both persistently and effectively. In July 1971, the physicians resigned for 29 days from public health insurance programs to secure increased reimbursements and subsidies for medical schools. In 1974, the JMA again organized opposition to the tax proposal. When Tanaka announced the doctors' tax schedule would introduce several income levels, the JMA began to organize efforts to stop tax revisions.

On May 13, 1975, the JMA president announced plans for a strike to stop the revision of physicians' tax privileges. President Takemi Tarō released a statement stating that if the system of taxing only 28% of physicians' income was to end, then physicians would begin giving services for only eight hours a day and taking regular holidays and two day weekends. Takemi's theatrical statements and appearances were regular features of weekly magazines and newspapers, and his efforts to persuade politicians brought about delay in the tax reform. As Welfare Minister, Tanaka Masami proved especially vulnerable to criticism from physician supporters of the LDP who felt their trust had been betrayed. Tanaka was one of the welfare specialists whose routine contacts with the JMA placed him in a difficult position. The JMA made extra political contributions to the welfare specialists, and the doctors reminded LDP

politicians of these political favors when tax reform was seriously contemplated. As the election approached in 1976, the ruling party was unable to risk further alienating supporters including physicians, and tax reform was dropped.

The ruling party politicians continued efforts to reform physicians' taxes after the change of cabinets and a new Welfare Minister. In December 1976, the "Lockheed" election left the LDP with a House of Representative majority only by virtue of unaffiliated Diet members who joined with the ruling party. Prime Minister Fukuda gave the welfare post to Watanabe Michio, an aggressive and able conservative leader who tried to attack the problems of public health insurance programs by publicizing physician's high levels of income. Perhaps testing the weakness of the LDP in a Diet with an "even match of conservatives and progressives" (hokaku hakachu), JMA leader Takemi was uncooperative from the start. In an initial courtesy call on Watanabe, Takemi attacked plans for reforms. The JMA would resist any move of Welfare Minister Watanabe to address the tax issue or the efforts of welfare bureaucrats such as Yoshimura Hitoshi to plan changes in health insurance. Where the specialist politicians had failed, a generalist with bright future prospects was able to do no better in the area of doctors' tax reform.

In 1978-79, the efforts of Tanaka faction members noted as welfare specialists were the primary reason for introduction of changes in physicians' tax privileges. The politics of the late seventies brought increased attention by conservatives and business to the growing fiscal

deficit and need for administrative reforms. But the politicians in the position of Welfare Minister, Ozawa Tetsuo and Hashimoto Ryūtarō, were Tanaka faction members that most directly cultivated and organized support of health care professionals. In the Fukuda Second Cabinet, politicians introduced a plan for a five level schedule for physicians' taxes. Ozawa led the Diet deliberations, but delays occurred repeatedly as the JMA's Takemi lobbied with faction leaders. With the election of Ōhira Masuhiro as Party President, the Tanaka faction fielded Hashimoto as Welfare Minister. Hashimoto had been the youngest Diet member when he entered the Diet at age 27, and thus acquired seniority and a cabinet post at the early age of 41. His father had also been Welfare Minister which gave Hashimoto special motivation to seek the welfare position. To enhance his future prospects, Hashimoto looked to use the welfare position to further the new efforts in fiscal reforms.

Under Ōhira, ruling party efforts to reemphasize private sector supports of family and industry began as concerns about fiscal deficits and encouraged a campaign to develop a "Japanese-style welfare society." This concept was defined in negative terms as measures that avoided increased social expenditures characteristic of Western Europe. In 1979, LDP publications stated that the "English Disease" was Britain's excessive commitments to welfare benefits which caused poor economic performance. The conservatives argued that the notion of a welfare state undermines individual initiative, and concluded the following propositions should characterize a Japanese-style welfare society:

1. A free society is based on the market system and related

liberal institutions.

2. The institution of the family is the smallest such unit which functions as a system of steady security.

3. The vitality of industry is especially necessary to support an individuals' life cycle and family.

4. The government must control tendencies toward its expansion and corpulence due to the illnesses of the welfare state, Parkinson's law, and Keynesianism.³³

By 1979, conservative politicians had formed general guidelines about a "welfare society" that would control programs and spending of the welfare state. The politicians confirmed their sense of fiscal crisis, and developed policy alternatives for controlling costs. But a crucial difference exists in the Japanese emphasis on control and the American emphasis on abolishment. David Stockman's vision of reducing budgets and ending programs was not seriously considered as an alternative in Japan. The Japanese response to national debt was moderate, incremental, and yet deliberate on the ceilings set for welfare spending. The part of welfare spending for health care was immediately addressed through reforms in health insurance programs and physicians' taxes.

Welfare Minister Hashimoto succeeded in passage of a new tax schedule for physicians, but he did so only at great political and personal cost. On January 28, 1979, a bill was passed to tax physicians based on a progressive five-level schedule that would apply a maximum of 72% allowable expenses only to the lowest income physicians. On April 1, 1979, most private physicians experienced a tax increase which they

blamed on welfare bureaucrats in general and Hashimoto in particular. While Hashimoto had earlier been a broker for welfare interests, he tried to change his image to that of a supporter of administrative reforms. Hashimoto remained a powerful member of the LDP with seniority for faction and party posts, but his reputation within conservative circles suffered because he was perceived to handle the physicians' tax reform in a clumsy manner.³⁴

Tax reform of physicians' privileges illustrates the difficulties for welfare specialists among LDP Diet members in seeking to manage health care interests. Until 1979, JMA physicians had been able to retain past privileges against the threats of policymakers seeking to reform health care and control costs. While the conservatives ultimately resolved the tax issue, welfare specialists would be less prominent than leading generalist conservatives in further challenges to the interests of health professionals.

c. Drug Sales by Physicians

In the cost containment efforts, policymakers did not directly affect the privileges that doctors exercise over drugs. The arrangement where physicians in Japan dispense drugs directly to patients (iyaku bungyō) allows pharmacists to sell ethical drugs, but drugstores in Japan rely mostly on income as retailers of over-the-counter and East Asian medicines. Critics of physician's control and profit from the sale of drugs argue that physicians have incentives to overprescribe medication

and sell expensive drugs. In 1980, Japanese citizens consumed drugs valued at \$113 per capita which was 30.1% of health care spending. According to 1980 OECD statistics, American consumption of pharmaceuticals (\$12.61 billion) was second to Japanese consumption (\$13.15 billion). In 1986 with yen appreciation at close to ¥160 to US\$1, total pharmaceutical sales exceeding ¥4 trillion (\$25 billion) make Japan the world's largest pharmaceutical market.³⁵

In the seventies, politicians publicized calculations to show the need for rationalization of drug dispensing practices. The JMA claimed that drug purchases accounted for about 45% of gross income under government-mandated health insurance programs. These calculations were based on the listed prices of pharmaceutical products established for public health insurance by bureaucrats and deliberative councils affiliated with the Pharmaceutical Affairs Bureau. However, the practice is to give discounts of as much as half of the listed price because of competition and the independent organizations of pharmaceutical wholesalers and distributors in Japan. Drug wholesalers offer no standard discount, but market analysts suggest that pharmaceutical manufacturers eventually receive only 50-55% of the listed price, with wholesalers taking 15%, and physicians receiving an average 30-35% discount. As Welfare Minister, Watanabe Michio argued that the 28% tax exemption also encouraged private practitioners to push for a discount of at least 28%, thereby assuring that drug costs could be fully deducted from taxes on gross income taxable only to 28%.³⁶ Politicians and welfare bureaucrats saw the need for tightening accounting systems for

drugs and health insurance, but plans were resisted within the Central Medical Council and the Diet.

The drug question was part of an overall reform plan that policymakers dropped in first dealing with the issue of comprehensive health insurance reforms. Two leaders in the tax reforms for doctors also were prominent in health insurance reform proposals. First, the Dietman Hashimoto had hoped to push through health insurance reform including a clause for coinsurance and adjustment of financing provisions for the plan. Second, a leading welfare bureaucrat named Yoshimura Hitoshi had staked his future on the insurance issue. Beginning in 1976 as an aide to Welfare Minister Watanabe, Yoshimura set his sights on a health insurance reform package. JMA president Takemi identified Yoshimura as a "ringleader" because of his small study group of bureaucrats seeking options for reforms. Yoshimura would in fact become the key bureaucrat in health care reforms. But health reforms were at first stalled by efforts of organized interests in health care.

3. Shared Initiatives in Reconsidering Welfare

By 1975, policymakers began a process of "reconsidering welfare" to encourage cost containment. Starting from the late 1960s with the Ministry of Finance, policymakers saw their most serious cost concerns as the three K's of rice (kome), the public railroads (kokutetsu), and health insurance (kenpo) that showed the largest line item increases in the national budget.³⁷ With the start of nationwide free medical care

for the elderly, finance bureaucrats began to press welfare bureaucrats and politicians to seek controls on all social security costs.

Politicians pursued the consideration of cost controls. From late 1978 under the Ohira government, bureaucrats pursued studies simultaneous with the conservative party efforts. The themes encouraged greater reliance for welfare needs from non-governmental supports such as family, company, and community practices. In a series of reports, think tanks affiliated with the Ministry of Finance and the Economic Planning Agency offered recommendations on the Japanese-style welfare society and suggested alternatives to publicly funded programs characteristic of Western European welfare states. While insisting on equitable provisions to maintain services, specific strategies to cope with medical cost questions were not unlike other advanced societies. The central proposals included measures for coinsurance (fees charged individuals for programs formerly provided by institutions), co-payment (fees for visits and services), and rationalization (cost containment) in health insurance.³⁸

By 1980, leaders among welfare bureaucrats partly accepted cost control strategies in their efforts to reform health insurance. In earlier approaches to budgets and costs, welfare bureaucrats often sought to expand programs and budgets while avoiding major controversy and embarrassing examples of inequity or irresponsibility. But with slower economic growth, high deficits, and more prominent politicians, the leadership among welfare bureaucrats also changed. For 27 months from May 1980, Yoshimura Hitoshi was Director of the Welfare Minister's

Secretariat and developed his contacts with the conservative politicians in charge of welfare policies. Yoshimura was different than typical postwar Japanese welfare bureaucrats; he aggressively courted the politicians and behaved more like an American bureaucrat cultivating contacts in the executive and legislature rather than merely listening to older bureaucrats in the ministerial leadership. Within the Ministry, Yoshimura cultivated some younger bureaucrats to assist with planning health insurance strategies and understanding the political situation in the Diet. Taking cues from Ministry of Finance proposals for coinsurance as a means to cut costs, the welfare bureaucrats developed cost controls for several health programs including free medical care for old people, employers' health insurance societies, and pharmaceutical regulation. Japan's welfare bureaucrats all shared interests in public health as a comprehensive means to reorganize medical care and to increase service equity throughout the country.

After the June 1980 double election victory, the Suzuki cabinet could claim a mandate to pursue control of government spending including measures for "reconsidering welfare." On July 22, the future Prime Minister, Nakasone Yasuhiro, presented a plan for establishment of the Special Administrative Reform Commission (Rinji gyōsei kaikaku) or "Rinchō" to address government reorganization. Administrative reform through the Rinchō was the proximate response to increased government spending and sought to privatize government enterprises such as the tobacco monopoly, telephone company, and national railways. With the start of administrative reform efforts of the Rinchō led by business

leader Dokō Toshio, programs including social security were targeted and specific controls on spending recommended. As perhaps the biggest organized political intervention of postwar business, the Rinchō developed consensus and gave legitimacy to cost-cutting politicians and bureaucrats, including those attempting to confront organized interests of health professionals and insurance societies.³⁹

From 1980, welfare policymakers pursued three major initiatives: health care for old people, reform of national health insurance, and cost containment for pharmaceuticals. While the legislative efforts received extensive press coverage and concerted opposition, substantive changes were largely limited to financial measures for contributions among funds and individual beneficiaries who previously enjoyed total coverage. Thus despite efforts of welfare bureaucrats to introduce new initiatives for public health programs and institutions, the recent politics of health care reflected concerns among politicians and finance bureaucrats about welfare spending rather than program adoption. Further, the prominent position of specialist politicians assured that cost containment would be accomplished in ways least damaging to organized interests of health professionals and pharmaceutical companies.

a. Health Care for Old People

Policymakers viewed the problem of free medical care for old people as a source of the greatest increases in medical costs from 1973 to 1981. With free medical care, people over age 70 had almost doubled their use

of medical services and became the greatest single category of expense for public health insurance programs. Based on an index with 1973 equal to 100, by 1981 national income increased to 217 while total health insurance costs increased to 326. In the same period 1973-1981, medical costs for the aging rose to 566 which is an increase at more than twice the rate of economic growth. As a first step to control costs, the target of both finance and welfare bureaucrats was an old people's medical program.⁴⁰

The central issues in Diet deliberations on reform of free medical care for old people were the individual burdens of costs and division of financing among health insurance programs. By 1970, the Ministry of Finance supported the principle of coinsurance meaning that beneficiaries must pay something for their benefits. In medical care, coinsurance for old people sought to discourage demonstrated overuse of medical services and partially defray high costs. While earlier resistant to coinsurance, welfare bureaucrats shared concerns about utilization and cost of the old people program and also hoped to develop a comprehensive program to improve health care for people over age 40 before they grew older. Using provisions for coinsurance, welfare bureaucrats developed preventive health plans to address chronic illnesses due to high blood pressure, apoplexy, and circulatory diseases that are highest among older citizens. Welfare bureaucrats also developed plans to shift costs among the more than 3,400 localities' pools for National Health Insurance. Coinsurance thus sought to cut utilization while financing sources were adjusted to avoid bankruptcy of local health insurance funds.

Business interests supporting administrative reform added to the pressures on government to control health costs. During the 1970s, business acceptance of the needs for public supports for retirees had eroded as the costs of health care increased. Efforts of business groups focused on administrative reform. On July 10, 1981, the first report of the Special Administrative Research Council or "Rinchō" called for health insurance reform by partial transfer of costs to localities and increased individual burdens. The report addressed public works, construction projects, government employees, and a broad range of issues for controlling government spending. The report also called for control of medical costs. But in terms of immediate reforms of public programs for health insurance, only one provision was adjusted where burdens for deductibles for expensive treatments increased from ¥39,000 (\$175.50) to ¥51,000 (\$229.50). Policymakers focused instead on the problems of introducing coinsurance and adjusting financing of medical care for the aging.

In 1982, the Diet deliberations on the legislation for health care for old people resulted in cost containment efforts that were supported in principle more than substance. In the Diet, the coinsurance principle was the focus of debate. Because of opponent concerns about equity, the actual amount of payments by beneficiaries was undecided until the final deliberations. On August 17, 1982, the new law for health care was passed with provisions for older patients to pay ¥400 (\$1.80) monthly for outpatient treatment and ¥300 (\$1.35) daily for hospital care up to a maximum of two months. A formula was also devised to make "financial

adjustments" in health insurance that temporarily improved financing among funds in localities. But welfare bureaucrats like Yoshihara Kenji, the Director of the Division for Old People's Health Care, noted that the Ministry's proposals had been adjusted in the Diet:

However, the way of thinking (from the Old People's Health Care Deliberative Council and Kōseishō) changed in the process of Diet deliberation on the law and the deliberative process of the committee on legislative proposals. The legislation was amended. ... (Thus) the amount of individual burden was clearly stated in the proposed legislation. The distribution of contributions now became a legally binding clause, and was set by Diet amendments in the House of Representatives at two-to-one, ... but the treatment remuneration fees (under National Health Insurance) was most appropriately the task of the existing expert organization of the Central Medical Council.⁴¹

Welfare bureaucrats introduced coinsurance and health maintenance issues to contain costs, but the Diet deliberations also meant decisions about fee levels would receive continued input from physicians. Within the peak association of the Central Medical Council, the bureaucrats had simultaneously introduced cost containment measures. In June 1981, the Council ordered an 18.6 percent average reduction for drugs listed for reimbursement under public health insurance. Drug price reductions affected physician income and competition among manufacturers and distributors. Price regulation became the means whereby welfare bureaucrats attempted to rationalize the pharmaceutical industry But

within the Central Medical Council deliberations over health care for old people, physicians would also be able to exercise greater influence over other health maintenance provisions that threatened professional autonomy.

The significance of the 1982 Health Care for Old People Law is that politicians shaped the efforts for cost controls in health care. John Campbell argues that in terms of policy change the law is "probably not very significant," because immediately after the bill was passed there were proposals for amendments. Campbell states that the financial adjustments for individual funds were perhaps the most important issue with the coinsurance, co-payment, and public health maintenance proposals as "smokescreens." However, the emphasis in the 1982 law was that ruling party politicians and bureaucrats sought to establish a precedent through repeal of the principle of free care. Welfare specialists among conservatives were especially successful in quieting dissent about the changes from anti-Takemi JMA president Hanaoka which displeased many vocal JMA members from the pro-Takemi factions. Among opposition parties, resistance focused on any effort to increase individual burdens which they claimed would be inequitable to people with low income. Eventually, opposition parties allowed the bill to pass without excessive resistance because of the small size of individual burdens and the imbalances in resources among health insurance funds. The most significant aspect of the 1982 law was that, as an aspect of administrative reform, conservative politicians had established coinsurance, co-payment, and financial adjustments in health insurance.

By 1985, policymakers sought further financial adjustments with shifts among insurance funds. While National Health Insurance covering most retirees and their families has a deficit supplemented by public funds, the health insurance societies covering employed workers are in surplus. To cover retired people and their families, finance and welfare bureaucrats proposed to increase the burden of private health insurance societies by ten percent to use their surpluses to pay for older patients and support the retired under the community-based NHI insurance program. The National Federation of Health Insurance Societies (Kemporen) began a campaign in connection with business federations to block Diet action, labeling government action equivalent to a tax increase. With elections scheduled for 1986, Vice Minister Yoshimura announced that the measure was stalled due to the opposition.⁴²

In measures established by the Health Care for Old People Law, precedent was set for further reforms whereby beneficiaries share costs. While some welfare bureaucrats expressed interest in public health concerns through regional medical plans and intermediate care institutions for old people, leadership among bureaucrats was most interested in broader reforms of public health insurance. The welfare bureaucrats sought further financial adjustments among insurance funds and lower reimbursement fees for treatment and medicine. Of all reform proposals, coinsurance and co-payment for citizens became the most controversial in a major reform of health insurance programs.

b. 1984 Reform of Health Insurance Programs

In attempts to reform health insurance, politicians directly responded to business and public support for administrative reform. On March 14, 1983, the fifth report of the Rinchō called for reform of the national health insurance programs, and plans within the Ministry of Health and Welfare were to place a proposal in the Diet in 1984. Reforms in health insurance were considered contentious, as Diet sessions in 1967 and 1969 had received the title of "Health Insurance Diets" following serious disruptions with the opposition physically resisting forced votes by the majority conservatives. While the 1960s sessions had only increased the basic insurance charges for contributory insurance, the 1984 proposal was the broadest reform since the 1961 implementation of nationwide full coverage. With larger changes proposed, the 101st session of the Diet became the latest "Health Insurance Diet."

In 1984, Diet deliberations on health insurance reforms illustrate a "normalization" of processes with the ruling party granting concessions to the opposition. In a controversial book by the chairman of the House of Representative Committee on Labor and Social Affairs, Arima Motoharu, the interactions of politicians and interest groups appear less disruptive than those of the earlier Health Insurance Diets. Arima emphasizes the indirect contacts with opponent politicians and leaders of professional organizations that allowed him to negotiate informally, particularly as a member of a navy veterans' group including Democratic Socialist Diet member Nagasue Eiichi and JMA leader Haneda Haruto.

Journalists also note the long preparation time of welfare bureaucrats led by Yoshimura Jin in preparing for the 1984 session and responding to politicians' requests. But in final compromises, conservative politicians from the faction of former Prime Minister Tanaka Kakuei would coordinate the passage of health insurance legislation.⁴³

As liaison with the Tanaka faction and Director of the Health Insurance Bureau, Yoshimura Hitoshi became the welfare bureaucrat directly in charge of health insurance reform. From August 1982 to August 1984, Yoshimura involved himself first in supporting the reform of health care for old people, and then organizing the health insurance reform. Based on his experiences with leading conservative Welfare Ministers like Watanabe Michio, Ozawa Tetsuo, Hayashi Yoshirō, and Watanabe Kōzō, Yoshimura was politically adept and more flamboyant than many of the somber "welfare administrators" in the Ministry. In January 1983 when Welfare Minister Hayashi Yoshirō was named to the Nakasone cabinet, a meeting was held with former Prime Minister Tanaka Kakuei where Yoshimura explained his plans to the faction leader and Welfare Minister. At the end of the presentation, Tanaka simply replied, "I understand" (wakatta). With a few key faction members including Ozawa, Hayashi, and Watanabe (Kōzō), Tanaka would meet frequently with bureaucrat Yoshimura to develop a strategy for Diet proceedings on the reform. The Tanaka faction as the largest and most powerful group in the LDP delivered its support to the health insurance proposal.

The initial proposal sought four changes in health insurance programs. First, the plan introduced co-payment charges of ten percent

as individual burdens (jiko futan) of beneficiaries to increase to twenty percent in the second year. Second, the plan increased maximum limits for treatment and hospitalization fees from a monthly ¥51,000 to ¥54,000. Third, the plan established a health care system for the retired and their families supported by the health insurance societies and not by public funds. Fourth, the plan would lower the subsidy costs of public health insurance in the 1984 budget by almost half.⁴⁴

Opposition to the proposal grew even before the bill was introduced to the Diet. A ministerial advisory committee, the Social Insurance Deliberative Council, was unable to come to a consensus on the proposal. Unlike Japanese journalists' assertions that many deliberative councils allow bureaucrats to control proposals and reports, the Council's final statement on February 22, 1984, included both favorable and unfavorable points of insurance reform and offered no consensus on the proposal. Three days later the bill went to the Diet.

In Diet proceedings, the opposition intensified. Opposition parties attempted to gather support, for example, with the moderate Democratic Socialists offering assistance to the Japan Medical Association. The JMA also strengthened their opposition by returning the JMA presidency to former supporters of deceased President Takemi. On March 1, 1984, physician representatives in the JMA voted 91-78 (with 61 votes to other candidates) to replace Hanaoka Kenji with Haneda Haruto as the new president. Hanaoka had opposed the confrontational politics of former physicians' leader, Takemi Tarō, in his election in 1982. But after the public health efforts by welfare bureaucrats in the 1983 Health

Care for Old People Law, Hanaoka had been blamed for demonstrating a weak attitude (yowagoshi). With the slogan "the poverty of political power (of the JMA) is causing a fall in physician's status," the candidate Haneda also benefited from doctors' opposition to a 16.6% across the board price decrease in drugs and 5.1% drop in reimbursements from treatment fees implemented on the day of the JMA election. The doctors voted for aggressive leadership during the midst of Diet debates on further health insurance reform.⁴⁵

Although conservative politicians have a majority in the Diet, opponents including some within the Liberal Democratic Party demanded compromise on health insurance reforms. Publicly, the conservatives claimed that the "government proposal was the best and there was no room for compromise." but in internal party discussions they realized that the full range of provisions in the proposal was difficult to pass in a single session. Based on a February 29 meeting, the opposition parties (excluding the Communists) demanded that the individual burden be retracted, the increased maximum limits not be raised, and the establishment of a system for the retired be supported by public funding. The opposition parties prepared to block the proposals by every means possible, and courted the groups of physicians, dentists, and pharmacists that previously gave most of their support to the conservatives. However, the most severe blow to LDP leadership was resistance within the party led by two upper house LDP politicians, the physician Ōhama Hohei and the dentist Sekiguchi Keizō. As Councilors representing the interests of health professionals, they gained support of 168 LDP members

or over forty percent of the party to "oppose reform for the purpose of reconstructing public finance." As Chairman of the Social Affairs and Labor Committee in the Lower House, Arima Motoharu acknowledged that the group undermined the one vote majority of the conservatives on the committee and further prompted the LDP to compromise.

In response to opposition, the conservative leadership adopted an elaborate strategy to force compromise in an extended session of the Diet. Opposition cooperation was focused after a May 10 joint meeting of doctors, dentists, and pharmacists that vowed to form a long-term study group to offer alternatives and to continue resistance to the Liberal Democratic plans. As the joint solution of Tanaka faction loyalists like Hayashi Yoshirō, Ozawa Tetsuo, and Hashimoto Ryūtarō and welfare bureaucrats under Yoshimura Jin, the government demanded a compromise solution in as indirect a manner as possible. While on a trip to the United States on May 14, the LDP Vice President Nikaido Susumu suggested that, if health insurance stalled, the Prime Minister would intervene and possibly announce dissolution of the Diet and new elections. On May 18 after Nikaido's return to Japan, the Tanaka faction lieutenants met with presidents of health professional associations and with opposition parties to begin direct negotiations.⁴⁶ On May 22, the conservatives announced an extension of the Diet to August 8 to pursue the health insurance reform, and by mid-June the Democratic Socialists (DSP) privately indicated a willingness to end opposition. With opposition parties placated, Tanaka faction members received permission to join with the opposing LDP group of 168 members for purposes of studying the

medical care system. Tanaka faction leaders dissolved the internal party conflict from within by expanding the group to 267 members.

Ruling party politicians introduced a compromise proposal to introduce cost containment on health insurance. After informal contacts with the DSP and the JMA, the conservatives publicly announced a July 5 deadline. In private, LDP leaders granted the physicians' leadership until July 12 to reach a compromise and to explain the compromise to JMA members. The LDP proposal changed to seek only a 10% individual burden, to establish a separate system for the retired, and to require that the health insurance societies increase support for former retired members. On July 10, the final compromise was made directly with JMA President Hamada. The compromise resolved several issues:

1. After April 1, 1985, employees will pay 10% of costs for visits to doctors.
2. A special exception is allowed for retirees in moving between EHI and NHI programs to guarantee continuous insurance coverage.
3. Special provisions are required for retirees within health insurance societies.
4. Contributions for individuals will be increased.
5. For day laborers with passbooks, guarantee is granted for five years of insurance coverage and benefits based on the previous 2 or 6 months of wages, whichever is greater.
6. For the future, studies will be made about the need for employees to pay 20% of the costs for visits to doctors.
7. The starting date for implementation of the law will be from

July 1, 1984.⁴⁷

The most significant aspects of the law are that it resolved special problems with the low income day laborers and retirees and that it ended total coverage of medical costs for employed, salaried workers by requiring coinsurance and co-payments. On October 1, 1984, the Ministry of Health and Welfare implemented the first increment of ten percent co-payment.

Among Japanese salaried workers, the introduction of co-payment immediately lowered utilization and total health costs. On June 10, 1985, welfare officials announced that, because visits had decreased, individual health costs for salaried workers dropped by 10.5% in the second half of fiscal 1984.⁴⁸ Bureaucrats and ruling party politicians claimed that introducing the principle of co-payment was a significant victory and privately predicted further increases as their strategy for health cost containment. Implementation of a higher burden, however, would require further Diet action. While the 1984 reforms allowed for study of higher co-payment rates, the legislative activity necessary to increase payments is likely to bring about yet another Health Insurance Diet.

c. Pharmaceuticals and the MOSS Negotiations of 1985

To further contain costs without the intervention of politicians, Japanese welfare bureaucrats used their influence over the pharmaceutical industry. In 1985, pharmaceutical manufacturers had sales of over ¥4

trillion (about \$17 billion) and yet faced increasing competition through price regulation of listed insurance reimbursement values. As part of larger strategies toward cost containment, policymakers were able to address the problems of drug costs through measures in the peak association, the Central Medical Council. In the same context, bureaucrats faced foreign pressure to open pharmaceutical markets. Welfare bureaucrats had never before worried about trade negotiations and had argued that their concerns for health were almost entirely domestic considerations. This section examines welfare bureaucrat efforts to control costs of drugs under national health insurance while restructuring the industry and responding to foreign demands. While health care policy since 1973 has involved regular intervention by the Diet, the introduction of cost controls affecting the pharmaceutical industry was largely a process where bureaucrats mediated among different organized interests.⁴⁹

The deliberative councils involved in pharmaceuticals are committees of doctors, companies, and bureaucrats that govern the regulated use of drugs. The central concerns of pharmaceutical manufacturers are the approval and pricing of new drugs which go before two committees in Japan. The Central Pharmaceutical Affairs Council handles testing and approval of new drugs, while the Central Social Insurance Medical Affairs Council sets prices for reimbursement under health insurance. Cost containment strategies brought changes in the process of drug approval and pricing in these deliberative councils.

Welfare bureaucrats asserted their authority over pharmaceutical markets through price regulation and administrative guidance. While driven by administrative reform, welfare officials implemented aggressive price cuts in the 1970s. Four price cuts of 1.6% to 5.8% occurred from 1970 to 1978 that reflected the decline in market prices from increasing competition, but welfare bureaucrats also implemented a larger June 1981 decrease of 18.6%. Pharmaceutical manufacturers and wholesalers were unable to resist these administrative pressures in part because the industry is decentralized and vulnerable to charges that rationalization is needed to reduce discounting. Through price cuts that came closer to the true return of manufacturers, bureaucrats sought controls on wholesaler's elaborate process of discounting drugs.

In addition to the primary goals of preserving safety and health, welfare bureaucrats adopted at least three new priorities in the mid-1980s. First, pharmaceutical price regulation would continue with pricing cuts at least once every three years. The drug price standard (yakka kijun) dropped 4.9% in January 1983, 10.6% in March 1984, and 6.0% in March 1985.⁵⁰ Second, biotechnology development became a futuristic goal of welfare bureaucrats. In competition with three other bureaucracies, welfare bureaucrats used subsidies and pricing policies to support pharmaceutical companies most likely to pursue advanced research. Third, international pressure meant welfare bureaucrats could no longer regard their administrative tasks as exclusively domestic. Where welfare bureaucrats formerly dealt with foreign companies without special measures, importing and foreign direct investment in pharmaceuticals and

medical equipment became significant as symbols of perceived non-market trade barriers. The three new priorities toward pharmaceuticals require elaboration.

As a first priority, aggressive price regulation became a concern of welfare bureaucrats. Until 1979, finance bureaucrats complained that the welfare bureaucrats were not doing enough to control welfare spending including medical costs for drugs. After 1980, the influence of administrative reform and new leaders within the welfare bureaucracy provided support for the price cuts of pharmaceutical products. Another aspect of pricing strategy was the large increases granted to companies that developed new drugs. According to industry sources, newly listed drugs can receive a price two times that of competing drugs already listed. Under increasingly competitive conditions, the pharmaceutical manufacturers must develop new drugs to maintain income.

Second, advancement of biotechnology became a new priority of welfare bureaucrats seeking to maintain their position in pharmaceutical regulation. The biotechnology industry in the United States shows the most promising commercial applications in the area of pharmaceuticals, and Japanese bureaucrats recognized that American venture capitalists increased funding for biotechnology. In 1981, the Ministry of International Trade and Industry (MITI) started a joint group to support biotechnology research which attracted members for large companies from food (Ajinomoto), chemical (Sumitomo), and pharmaceutical (Takeda) industries, but did not include many companies with similar research capabilities. Most pharmaceutical companies, if at all concerned with

government, have their closest contacts with the Ministry of Health and Welfare. But Japan's greatest strength in biotechnology is in applied fermentation technology for the processing of soybeans, flavor enhancers, and beer that appears in business firms most closely affiliated with the Ministry of Agriculture, Forestry, and Fisheries. At the same time, the Ministry of Education and the Science and Technology Agency have interests in promoting and funding research related to biological sciences. In 1985, four different bureaucracies for trade, science, agriculture, and welfare all presented independent plans for a gene bank, and the Ministry of Finance declined to fund any of the competing plans. Government activities toward biotechnology raised public attention to a high technology industry with potential for growth. But the competition among bureaucracies and related firms shows that no consensus exists on public strategy. The new industry of biotechnology is largely driven by private sector efforts, and is likely to succeed in spite of rather than because of government.⁵¹

Third, international pressure also created new priorities for responses by welfare bureaucrats. In 1982, the Commercial Section of the United States Embassy first approached welfare bureaucrats with serious concerns about the delays in approvals of drugs and medical equipment, duplicative testing of products, and problems with pricing. In response, welfare bureaucrats emphasized domestic concerns and product safety, and made no concessions. But with the start of negotiations in specific industries, American officials continued to press for better access to Japanese markets. During 1985, the four sector talks under Market

Oriented Sector Selective (MOSS) negotiations covered electronics, telecommunications, forestry and paper products, and pharmaceuticals and medical equipment. For the "pharm-med" problem, direct negotiations were held between American trade representatives and the welfare bureaucrats led by the new Administrative Vice Minister Yoshimura Hitoshi. As a reward for past efforts including health insurance reform, Yoshimura had become the leading welfare bureaucrat.⁵²

As a focus of international pressure, the MOSS negotiations on pharmaceuticals and medical equipment reflected welfare bureaucrats strategies for health care policies. Among the issues under negotiation, the clinical test data question received extensive media attention. In rejecting foreign tests, the Ministry of Health and Welfare contended that biological differences affecting weight, blood composition, and ingestion of drugs by the Japanese meant that drugs should be retested in Japan. The MOSS talks established that data from abroad would be accepted in many instances, although Yoshimura contended well after the talks that various unspecified biological differences existed between Japanese and other nationalities.⁵³

Clinical pharmacologists in Japanese companies disagree with the bureaucratic assessment of biological differences among nationalities. Experts in Japanese firms suggested that the half-size drug dosages in Japan can largely be explained by the lower body weight and by doctor's slower treatment methods seeking gradual response rather than immediate efficacy. While biological differences became a convenient issue for negotiations, the different dosage size is probably best explained by

body weight and by treatment efficacy that reflects drug usage in East Asian medical methods placing priority on avoidance of side effects. Regardless of such differences in bargaining positions, the MOSS negotiations for health care products satisfied both American and Japanese companies because of procedural changes in product approval and drug testing. For American companies, the procedures would make it easier to market their already prepared products in Japan. For Japanese companies, the procedures would ease their introduction of newer technologies. The latter also coincides with welfare bureaucrats' efforts to encourage domestic companies to innovate.

Welfare bureaucrats had new strategies towards price regulation, biotechnology, and foreign pressure emerge within a context of cost containment policies for health care. Welfare bureaucrats like Yoshimura Hitoshi were able to change their past practices and to join with conservative politicians in responding with major new initiatives to control spending. But significant powers over the distribution of public resources were already established within the routine practices of the Ministry. The next section briefly considers some practices that grant physicians extensive privileges in Japanese health care.

C. Discretionary Power in Health Care in Japan

Among Japanese health professionals, doctors and dentists have extensive powers to decide the allocation of public funds for health care. To some extent, such powers derive from technical expertise,

cultural beliefs, and legal requirements. But compared to other advanced industrial societies, the extent of powers of Japanese doctors and dentists also partly results from the collective power of professional associations in securing privileges and authority in public programs. While Japanese national health insurance programs mean the government provides support for medical care, the "second-order choices" about allocating resources and shaping the education and practices of health care professionals are controlled through doctor and dentist associations.⁵⁴ Similar to the situation in West Germany, France, England, Quebec, the United States, and other industrial democracies, both collective and independent powers of Japanese doctors and dentists challenge central control and shape the practice of medicine and dentistry. But unlike even the most unregulated examples of Western health care, the Japanese government has yet to implement extensive monitoring through reimbursement methods or oversight of powerful Japanese doctors and dentists.

Examples from medical care practice will illustrate the extensive independent powers of Japanese physicians aside from regulatory controls of bureaucrats. The practice of Japanese health professionals involves powers similar to the professionals of other advanced societies to decide treatment and extent of health care. But since the main purpose of the chapter is to capture the major tendencies of increasing welfare spending and change in current welfare state programs, this section mainly suggests illustrative examples in the routine interaction of government and physicians in Japan.

Japanese physicians maintain extensive discretionary powers in at least three significant areas: hospitalization, medication, and relations with patients. The structural change in the profession is shifting influence in medical associations away from the private practitioners who own and operate their medical facilities. However, private practice allowed physicians to develop significant powers that continue in health care delivery.

Hospitalization in Japan is generally longer than in other advanced industrial democracies. In 1983, the average length of hospital stay was 55 days, more than double the next highest average for Sweden. For 1979-80, comparative data showed average hospital stay was 7.4 days for the United States, 13.5 days for France, 20.5 days for the United Kingdom, 24.6 days for Sweden, and 56.0 days for Japan. Experts advance both cultural and economic explanations for longer hospital stays in Japan. In Japanese society, the sickness of an individual patient involves the entire family in cooking and caring for the hospitalized relative, as well as visits from friends and work acquaintances. Since hospital stays do not remove the patient entirely from social contact, attitudes about length of hospitalization may differ. At the same time, physicians as owners and administrators of hospitals have a financial incentive to keep beds full in hospitals and get maximum income from reimbursement by health insurance. Experts acknowledge the problems of national health insurance with its fee reimbursement for services including hospitalization, and anecdotal evidence has even found cases of hospitalization for as long as thirty years.⁵⁵

Medicine is dispensed more extensively in Japan than in comparable societies as a result of physicians' discretion outside of government regulation. Following hospital visits, Japanese patients always expect to be prescribed some form of medication and to carry home a bag of medicines. Comparative statistics on consumption of medicines show Japanese to consume more drugs than any other country; in 1980, per capita purchases were \$113 in Japan, \$92 in France, \$81 in Germany, and \$55 in the United States. The Health Insurance Bureau showed that in 1983 the Japanese purchased more than ¥30,000 (\$180) per capita in drugs. Overmedication and side effects might be expected with such practices, but most likely are avoided by dosages that average about half the size of American or European dosages, by monitoring of side effects in treatment, and by patients who decide not to use much of the drugs they receive. The last factor is likely most important as many patients throw away much of the medication purchased. Also contributing to the infrequency of publicized cases of overmedication is the near impossibility of removing a doctor for malpractice and the reporting of drug side effects as other types of illness.⁵⁶

With regard to professional discretion, physician-client relations grant physicians greater latitude in Japan than in other advanced industrial societies. While difficult to measure, physicians in Japan are usually able to make treatment decisions with little consultation with their patients. Compared to client behavior in the United States, clients in Japan seldom question a physician's advice and are less likely to file cases of malpractice to challenge errors in medical judgment.

Perhaps the most prominent difference in consultation is illustrated by terminally ill patients who are almost never told that their illness is terminal. Family members are usually informed, but the patient is often not directly told of the nature and severity of the illness. In many cases, critics have claimed that clients should be told about terminal illnesses such as cancer. The most famous recent case is the illness of anthropologist Wagatsuma Hiroshi. In an article for the monthly magazine, Bungei shunju, Wagatsuma questioned "Is Cancer a Taboo Word?" and wondered why he was not openly told about the terminal cancer that was to cause his death.⁵⁷ Attitudes of Japanese patients involve a willingness to depend on physicians and place responsibility in the hands of medical professionals. Although critics question the powers of doctors, Japanese patients' behavior continues to reinforce the status and power of Japanese physicians over routine decisions and allows the physician greater autonomy over treatment decisions than in most other advanced societies.

F. Impacts of Health Care Policies

To assess the impacts of health care policies, analysts should consider performance by distinguishing between terms of health quality and health care quality. The former measures broad societal trends in health, and can be explained by a variety of determinants in society, economy, and polity. The latter measures aspects of health care delivery, and thus is more amenable to control and change by

policy makers. This section puts more emphasis on the latter indicators of health care as an aspect of our central themes about the policy process, though mention must be made of health among Japanese citizens.

Health quality in Japan is among the best in the world, although such health indicators are not necessarily linked to public policies. In 1984, Japanese had the world's highest life expectancy at birth of ages 74.54 for men and 80.18 for women compared to the United States 1982 averages of 70.8 for men and 78.2 for women. In 1984, infant mortality was 6.0 deaths per thousand live births with two-thirds caused by birth trauma or congenital defects rather than disease. Tuberculosis, which until 1960 was one to the top three causes of death in Japan, is now the cause of only seven-tenths of a percent of deaths. In 1984, heart disease (18.4%), cerebrovascular disease (18.9%) and cancer (24.6%) accounted for most deaths. As the population structure changes, heart disease and chronic illnesses of the aging are likely to increase among Japanese citizens.⁵⁸

To best measure the impacts of health care policies, policy analysts should seek appropriate indicators of both quantitative and qualitative aspects of health care systems. Quantitative indicators are readily available for comparable features such as medical personnel, hospital beds, and medical facilities. But qualitative indicators are more difficult to compare in terms of training methods and quality, innovativeness, or economic and geographic equity.

In terms of quantitative indicators, Japan is different from other advanced societies in terms of the high number of hospital beds and the

low number of physicians. Table 5-2 shows that Japan has between 18% to 53% more beds than elsewhere. The high number of hospital beds in Japan can be explained by the predominance of owner-administrators among physicians, by the long hospital stays, by the lack of alternative facilities for the senile and infirm, and by the continued political influence of owner-administrators through membership in the Japan Medical Association. According to law, the director of a hospital must be a physician unlike the arrangements for hospital administrators in other countries. Requirements for physician-administrator have kept welfare bureaucrats from easily reorganizing medical facilities. As an alternative for hospitals and for addressing the increasing population of the aging, a 1985 proposal to create "intermediate institutions" (chūkan shisetsu) was discussed in the deliberative council for health care for old people. Due to objections from hospital owner-physicians and other institutional managers, the final report listed all institutions from hospitals to homes for the aging rather than recommending concrete alternatives to long-term hospitalization for the aging. The powers of physicians can also explain the relatively low number per 100,000 people in 1982 of 141.5 doctors in Japan compared to 172 doctors in France and 226 doctors in West Germany. In the future, Japanese policymakers project the ratios per 100,000 population will be 165 doctors in 1985, and 186 doctors in 1990.⁵⁹ Japan demonstrates characteristics like other advanced societies where such health care indicators show quantitative trends and successes, but can mask the qualitative problems that concern policymakers.

Table 5-2

Comparative Data on Hospital Beds per 100,000 Population

Country	Total Beds
Japan	1009
France	826
Sweden	728
Italy	727
West Germany	692
Norway	481
United States	475

Source: Kōsei tōkei kyōkai, 1986, p. 135.

In terms of qualitative indicators, equity is often emphasized even at the expense of other goals such as improved training or innovativeness. Reorganization of medical education has attempted to increase the numbers of doctors, dentists, and nurses, particularly to improve the supply of medical personnel for underserved rural areas. Many of these new health professionals are specializing or applying innovative technology, and to do so they wish to stay in metropolitan areas. A major problem is to encourage medical personnel to settle in rural areas. The assurance of the basic quality of care throughout Japan is a recurring message emphasized by the bureaucracy. One welfare bureaucrat remarked that his job was "to assure equity, even at the sacrifice of quality." Among the many goals that policymakers have for Japanese health care, equity is often given as the basic priority of the central government officials.⁶⁰

In comparative terms, Japan ranks somewhere between the United States and the United Kingdom in terms of equitable access to services.

In the United States, emphasis is placed on innovative, high quality service for some patients on a fee-for-service basis under various private health insurance plans. In the United Kingdom, contrasting emphasis is placed on equitable service under public health physicians while innovative treatments fall outside of public coverage. Japan shares the fee-for-service emphasis of the United States while payment is assured under universal health insurance. Furthermore, Japanese welfare bureaucrats have made a priority of improving public health standards and creating regional health plans to improve health care. A public-affiliated research institute concluded:

While medical care delivery has advanced both qualitatively and quantitatively to quite a high level, ...there are problems of uneven area distribution of medical care resources and overlapping (of medical care services).

The ministry has long sought to change imbalances in medical care between city and countryside, but the problems of attracting physicians to practice in rural areas have blocked these efforts. The goal is to move from "sufficiency to efficient utilization" through regional medical plans. Regional redistribution is likely to remain a problem of Japanese health care.⁶¹

Assessed both in terms of health and health care, the overall performance of Japanese health care places the system among other advanced industrial societies of America and Europe. In terms of technology, Japan is a leader in new medical equipment and biotechnology. Biotechnology research projects in Japan are recognized as among the

world leaders with Japanese firms and joint ventures making use of fermentation technology to further explore applications to pharmaceuticals. In terms of popular perceptions, official surveys and the media, and public opinion of medical care indicate overall satisfaction. Surveys also indicate a need to improve some aspects of Japanese health care, particularly in terms of access and of preventive medicine to address the increasing number of aging people. In the late 1980s, the large numbers of people age 40 to 65 were the focus of welfare bureaucrat efforts towards serving people of "mature age." A survey conducted to choose the term most appropriate for this age group produced the term, *jitsunen*, roughly implying "the years of fulfillment." As demographic changes continue, Japanese health care policies are likely to increase the emphasis on needs and problems of mature and aging people and the illnesses of older populations.

E. Summary and Conclusions

Health care policies in Japan have been formed through both patterned and pluralistic processes. As in social services, bureaucrats shaped their jurisdictions over health care policies in the patterned processes of national peak associations and deliberative councils which influenced budgetary and legislative initiatives. To satisfy interest group demands, ruling party politicians have frequently responded outside of routine patterns of institutions of umbrella organizations for budgeting and legislation. To articulate their demands, organized

interests in health care exercised influence through their professional associations led by the Japan Medical Association.

Since 1970, a decline of the influence of the Japan Medical Association (JMA) has resulted from changes in membership and leadership. Younger, salaried physicians have not joined the JMA whose members are largely older private practitioners who own their clinics or hospitals. With the departure in 1981 of long-time JMA President, Takemi Tarō, the JMA has suffered further from factional divisions and two transitions of its leadership.

In deciding health care policies, the Liberal Democratic leadership faced several sources of opposition to its proposals. Opposition parties developed free medical care for older people in the localities they controlled, but this program was advocated at the national level by the Liberal Democrats. Welfare bureaucrats especially opposed the free medical care program, and enlisted support of specialist politicians from the ruling party to encourage an approach to assist older people by using services rather than medical care. The party leadership prevailed in passing free medical care because of the popularity of similar local programs, the benefits to organized interests of health professionals, and the immediate electoral competition.

Table 5-3

Primary Coordinators of Selected Cases of Change
in Health Care Policies in Japan, 1968-1985

<u>Policy Change</u>	<u>Bureaucrats</u>	<u>Politicians</u>	<u>Other</u>
Localities' Free Medical Care for Old People (1968-69)			Local Opposition Parties
Free Medical Care for Old People (1973)		Conservative Leadership	
Physician's Tax Privileges (1979)		Conservative Specialist	
Health Care for Old People Law (1983)	Welfare Bureaucrats		
Pharmaceutical MOSS Negotiations (1984)		Conservative Leadership	
National Health Insurance (1984)		Conservative Leadership	

Ruling party politicians exercised leadership in shifting priorities in health care policies from spending increases to cost containment. Since 1973, politicians acted most frequently as the primary coordinators in cost containment such as through proposals for co-payment of health insurance and for raising levels on physician's taxable income. Bureaucrats lowered reimbursement for drugs and announced plans for cost containment, but their success at cost containment was limited without the cooperation of ruling party politicians. Welfare bureaucrats regulated drug prices, encouraged development of biotechnology, and responded to international pressures to

open markets, yet these activities are overshadowed by the private sector industrial strength of firms developing biotechnology. The coordinating of major change was the task of the ruling party leadership, and the politicians' further efforts to increase individual co-payment burdens from ten percent are likely to follow as a means of cost containment. Bureaucrats suggested steps to "reconsider welfare" in health care, but these moves stalled without assistance of the politicians and their coordination of organized interests. Two key changes among the interests in health care coincided to spur moves by ruling party leaders: a decline in the influence of the Japan Medical Association, and an increase in involvement of business interests seeking limits on the public costs of health care and social security.

Politicians in Japan have thus forged relations of shared leadership with bureaucrats in the policy process for health care. In the key decisions to increase welfare spending and to contain costs, the politicians were most often the primary coordinators. Even with the increased importance of the ruling party politicians, this chapter acknowledges continued influence of welfare bureaucrats in patterned processes such as in the Central Medical Council or Chūikyō and in their cost containment efforts in pharmaceuticals. In the next chapter, we explore the policy process for public pensions where bureaucrats also shared leadership with ruling party politicians.

CHAPTER 6

Public Pension Policies and Politics in Japan

Japan developed segmented, work-based pension programs that were reformed in a 1986 law for universal public pensions to support the retired or disabled. Similar to Japanese health insurance, bureaucrats have designed public pensions based on place of employment, although since 1946 planners also sought a basic or safety-net pension to cover those not in pension programs at the workplace. Depending on the workplace, programs still may also include lump-sum retirement allowances and mutual aid which make pension policies extremely complex. Since 1981, pensions (nenkin) have overtaken health care programs as the most expensive area of welfare spending in the Japanese economy. In 1985, pension benefits were 28.6% of the public welfare budget and an estimated 7% of national income. In response to an uneven distribution of costs and benefits and to introduce universal pensions, an integrated program providing a "basic pension" (kiso nenkin) began in April 1986 to place pensions into a single network managed by the Pension Bureau and the Social Insurance Agency. Among the problems of welfare spending, policymakers see pension costs as the most difficult to control in a society of older people with fewer workers to support one or even two generations receiving pensions.

Previous research has explored the interactions of bureaucrats and politicians determining public pension policies. Paul Lewis states that politicians created the 1959 National Pension Law to serve farmers as

well as workers in small firms; his case study provides a pluralist interpretation of the process of creating pensions for all citizens.¹ John Campbell records the complex process whereby bureaucrats and politicians interact in budgeting, while noting that "nearly everyone involved with Japanese budgeting finds it in his interest to magnify the role played by the majority party." Katō Junko states that the 1985 reform of public pensions was led by welfare bureaucrats in the context of the administrative reform movement; she refines pluralist interpretations of the policy process for legislative change of public pensions. T.J. Pempel argues that the bureaucracy's support of conservative party principles was the proximate reason that Japanese welfare spending remained low until 1973;² more precisely, the finance bureaucrats of the Budget Bureau were the primary opponents of spending increases while the welfare bureaucrats often sought to implement new policy initiatives.

To build upon earlier studies, this chapter argues that ruling party politicians and welfare bureaucrats have alternately led the process governing Japanese public pension policies. Ruling party leaders initiated nationwide pensions in 1959 and increased public pension spending through lower minimums and cost-of-living indexing in 1973. Welfare bureaucrats have shared in leadership roles in coordinating the divided interests of labor unions, managers, retired people, and insurance companies, and were especially active in cost containment efforts. Politicians have protected the pension privileges of veterans and their families, but these allowances have taken the form of subsidies

considered apart from other pensions and administered by the Prime Minister's Office. Bureaucrats were effective in 1985-86 in passing a law to maintain equity in decreases of pension benefit levels and to create a "basic pension" which restructured financing and contained costs for pension programs. For pension policies, politicians have sought to expand programs and spending, but allowed bureaucrats to lead the recent effort to contain costs and introduce universal pensions.

A. Origins and Postwar Public Pension Policies

In industrializing Japan, bureaucrats and employers adapted foreign models for public retirement pensions to their own needs to pacify labor. As illustrated by Gotō Shinpei's German visit in the late nineteenth century, Japanese welfare bureaucrats were well informed on policy developments in Europe. The influence of German models extended to both public and private programs; pension policies drew on lessons from Bismarck and Krupp about how welfare benefits were a means to buy labor peace. The first retirement pension annuities for workers began in 1905 in the Kanegafuchi Spinning Company, although the qualification period was rather long given the high turnover rates among textile workers. From 1907, the mandatory, contributory programs of the public sector Imperial Railroad Agency were the prototype for work-based mutual assistance, including lump-sum retirement payments. Based on rewards for public service, pension annuities for public officials gradually expanded from the military and bureaucracy to public enterprises in the 1920

Railway Mutual Aid Association Law and the 1923 Onkyū Law. From 1936, mutual aid associations provided both lump sum retirement allowances and small pension benefits after retirement.³

Besides financing support for retired and injured workers, Japanese bureaucrats viewed pension funds as a means to generate capital. As capital funds, public pension fund management was based upon the Postal Savings System that began in 1875. After the Matsukata deflation in 1884, the Ministry of Posts maintained a high interest rate of 7.2% on savings, and had insufficient revenues to balance the postal system budget. The government covered losses in the general budget, and postal savings funds were placed under control of the finance bureaucrats. Thereafter, the Ministry of Posts handled only the collection and payment of savings and benefits programs, while the Ministry of Finance controlled the management of funds. With the establishment of Postal Life Insurance (1916) and Postal Pensions (1926), the government had access to funds that both raised capital and supported workers in retirement. Based on the postal system experience, bureaucrats created mandatory public pensions for employees partly due to wartime demands to increase government funds.⁴

During the war period, Japanese bureaucrats introduced public pensions as a part of other public and private insurance funds. When wartime efforts moved the Postal Life Insurance Bureau to the new welfare bureaucracy, jurisdictional conflicts did not disappear. The Ministry of Posts, the Ministry of Commerce and Industry, and life insurance companies resisted efforts by the military to reorganize savings

institutions that the bureaucrats created and controlled. Ultimately, the military prevailed in creating a jurisdiction under the Insurance Agency in the new Ministry of Health and Welfare with measures for administration of public pension funds copied from past examples for Postal Life Insurance. However, unlike the postal system, public pensions had mandatory contributions and benefits would not be paid for many years. Initially, a system of "contracting out" for pension programs developed in mutual aid associations (MAA) where a company or agency like the national railways retained control over fund management. But such pension funds were outside of central control.

During wartime, bureaucrats established public pensions institutions that mandate benefits for private sector workers and place their contributions in a fund controlled by finance bureaucrats. In contrast to the pensions contracted and managed by companies under mutual aid laws, the prototype for public pensions was the 1939 Seaman's Insurance Law that first created a public program for unionized, private sector workers. The 1941 Workers' Pension Insurance Law was created for factory workers, and a revision in the 1944 Employee's Pension Insurance Law expanded coverage to white collar workers. An important precedent was also set in the management of funds from contributions to pensions. The Ministry of Finance retained control of public pensions along with the postal savings system which thus provided a huge discretionary capital fund for the war effort.⁵

Through the aggressive development of government savings and pension institutions, Japan's Ministry of Finance came to control the

largest government financial fund in the world. After the war, the Occupation attempted to remove the funds of the Trust Bureau from direct bureaucratic controls by applying American restrictions on the contributions received for social security; only government bonds could be purchased with the funds. In 1952, welfare and posts bureaucrats regained partial control of pension and life insurance funds, and with the end of the Occupation, the finance bureaucrats moved rapidly to utilize the greater part of the funds for industrial development. Under the control of the Trust Bureau, the Fiscal Investment and Loan Program (FILP, or in Japanese, Zaisei tōyushi keikaku) was about half the size of the general accounts budget and allowed finance bureaucrats a "second" or "shadow" budget to address priorities not met in the government's general accounts budget. In other words, the FILP fund grants bureaucrats and conservative politicians an outlet to meet demands that cannot be contained within the budget decision-making process. However in the postwar, deposits from contributions to public pension funds compose only about 20% of the assets of the FILP fund which was largely drawn from tax-free Postal Savings deposits. Throughout the postwar in projects for social welfare institutions and public sanitation, welfare bureaucrats have been allowed to claim no more than around three percent of the annual FILP expenditures.⁶

Since postwar recovery targeted economic objectives, welfare bureaucrats were long concerned that public pension policies were an area where Japan lagged behind other advanced societies. During the Occupation, the Social Security Deliberative Council was formed to

consider changes in welfare policies and make careful study of Britain's Beveridge Plan. Recommendations of the Board acknowledged the need for a "national minimum" and for a universal pension plan without means tests. Instead of the recommended immediate integration, the development of public pensions has been piecemeal and fragmented by the connections of programs to the workplace. In 1954, the Employee Pension System reformed earlier workers' pensions mandated in firms of over 5 employees. After 20 years of contributions, retired workers over age 60 received monthly pensions of ¥25,000 plus 0.5% of average monthly income. Welfare bureaucrats based the pension schedules on American plans for Old Age and Survivors Insurance (OASI), and developed their proposals with reference to foreign models. The bureaucrats and experts acknowledged foreign comparisons that showed many people remained outside public mandated pension systems. Despite the efforts to develop universal programs and the demands of unions and opposition parties to assure adequate pension supports, Japan lagged behind the West in development of public pension policies.⁷

In 1959, support from leading ruling party politicians was the proximate factor behind introduction of a nationwide public pension program. A 1959 campaign promise of Prime Minister Kishi Nobusuke aimed to earn support of small factory workers and especially farmers through a public pension program. The National Pension System (NPS) Law provided "pensions for the whole nation" with a separate, safety net program covering farmers, workers in firms of less than 5 people, and others not covered by workers' programs. After 25 years of contributions, workers

earned monthly pensions of ¥10,000 (ichiman nenkin) plus 0.5% of their average income even if they were not otherwise covered by employee pensions. Since the contributory plan would not cover people already over 65, a non-contributory "welfare pension" covered those otherwise qualified for NPS except for not meeting the qualifying period. The pension benefits under NPS were clearly insufficient as the only form of income. In addition to NPS benefits, people relied after leaving work on part-time employment, lump-sum retirement allowances, savings, and especially living together with their children.⁸

The central principles of contemporary Japanese public pension policies developed similarly to those of other advanced societies. In essence, these questions were first addressed in the Beveridge Report from wartime Britain and focus on the same principles found in most industrial democracies. Based on Hugh Heclo's account, the central principles that emerged may be summarized as follows:

1. Universality: All citizens would contribute and be eligible for benefits.
2. Classification: Major divisions of the population are the employed, self-employed, and non-employed of working age.
3. Flat or Income Related Rates: Contributions and benefits would change from flat to income related rates.
4. Benefit levels: Benefits would assure minimum standards of living.
5. Unified Administration: A single ministry should be responsible for all cash benefits.

This list is identical to the main points of the Beveridge report, except for the replacement of recommendations for a flat rate by income related rates. In Japan, income related rates or "superannuation" for benefits of employee and mutual aid pension programs are much like comparable societies and have made pension programs politically acceptable. In 1986, welfare bureaucrats succeeded in introducing a flat-rate, minimum benefit, but the differences among income related programs continue. The universal administration of Japan's public pension programs is also problematic. Different ministries have separate mutual aid societies, although the Social Insurance Agency under the guidance of welfare bureaucrats is the final regulatory authority on questions of both health care and public pension programs.⁹

Welfare bureaucrats encouraged incremental changes in public pensions to keep pace with inflation and to meet international standards. In 1965, welfare bureaucrats introduced a graduated pension scheme that further adjusted pensions in response to inflation under high growth rates of the Japanese economy. But pensions were seriously under ILO standards, bringing yet another reform in 1969 that assured a ¥20,000 pension (niman nenkin). With the 1969 reform, pension benefit levels for Japanese recipients were closer to international standards. At the time, international perceptions hardly acknowledged the reform, largely because total pension expenditures were extremely low. In 1970, Japan had a young population with only 5.7% of population over age 65, so that the pension system as a whole had not yet reached maturity. Due to the low levels of total pension expenditures, Japanese public pension programs

were often seen as evidence that Japan remained a "welfare laggard."¹⁰ Politicians would join bureaucrats in their perceptions of Japan as falling behind in welfare spending on pensions in particular. The policymakers also note that domestic pressures of organized interests were more important than international comparisons in their considerations about public pension levels.¹¹

B. The Policy Process for Public Pensions in Japan

1. The Organization of Interests

The deliberative councils for pensions and social security articulate, but do not aggregate the interests in public pension policies. In other words, no single council resembling a national peak association exists in the area of pension policy. The most influential of councils, the Social Security System Deliberative Council, is affiliated with the Prime Minister's Office rather than the Ministry of Welfare. Unlike ministerial councils for welfare policies where no politicians have formal membership, the Prime Minister's council includes ten politicians among the 34 committee members who consider all aspects of welfare policies. As a ministerial council, the National Pension System Deliberative Council advised bureaucrats on the system for those citizens not covered by workplace plans, but this committee has not made comprehensive policies. There has been no peak association for public pensions in part because the public pension system is work-related and fragmented and in part due to the organization of interest groups.

Unlike Japanese health care or social services, organized interest groups are not explicitly created for purposes related to public pensions policies. Everyone in Japan has a stake in their pension programs, but few groups have an intense, focused interest in universal programs. Labor, business, farmers, and retired people all lobby to protect their own group's pensions, but the effectiveness of organized interests in Japan has actually brought a history of work-based pensions rather than plans for comprehensive public pension policies. The prominent organized interests in Japanese pension policies remain closely connected to the workplace.

In Japan, labor unions have resisted most changes in pension policies because work-based programs meant higher benefits for union members.¹² Unions with private pensions usually resist income related public pensions because the system would end their control over special benefits in private pensions for union members. The point is crucial in Japan; a long history of work-based mutual aid societies has made unions resist a universal public pension plan that would challenge the private pensions influenced by the unions or shift burdens among separate union pension funds.

During debates about pension reforms, consensus between public and private sector unions broke down because of weakness of public sector pension financing. All mutual aid societies began to experience financial problems because of increasing numbers of retirees, but the problems of the Japan National Railway (JNR) became especially acute. After 1945, workers from the Southern Manchurian Railway returned to

Japan and joined the JNR. Railroad workers became the leading union active in Sōhyō, the federation of public sector unions. As the workers from the Southern Manchurian Railways reached retirement age in the 1980s, the JNR union and Sōhyō faced collapse of the JNR pension fund, and welfare bureaucrats in the Pension Bureau confirmed the shortfall. At the same time, the federation of private sector unions, Dōmei, faced no immediate crisis and was wary of plans that would transfer assets from the private sector to public sector pension funds. Sōhyō and Dōmei developed separate interests in the debates over pension reforms.

Business groups in Japan have common interests with labor in keeping control of pension funds in the private sector. While Bismarck's social insurance arguments influenced Japanese employers in agreeing to health insurance, Krupp's models were more effective in developing pensions. Employers realized that wartime control over public pensions removed these funds from their control; both public and private corporations preferred mutual aid societies. Mutual aid societies allow a contract system whereby companies meet the national mandates for providing pensions while independently administering the funds which then generate funds for both company investment and employee welfare. Any proposal to increase public pensions means greater state control of pension funds in the Trust Bureau of the Ministry of Finance. When bureaucrats designed public pensions, only fixed amount pensions assuring the lowest level of income security were acceptable to employers. A public pension system that acted as a safety net with flat benefits for the low income worker will leave the greatest controls to the private

sector for the more lucrative income related plans for employees. In Japan, "double-decker" proposals would emerge that provided a fundamental or basic pension for all citizens, but protected more lucrative workers' funds in contracted private funds and mutual aid societies.

Although a national organization has supported efforts to extend social services, "gray power" groups representing older Japanese are not active in the policy process for public pensions. The national peak association for social services, the National Council of Social Welfare, includes "old people's clubs" as one of their branches, but the groups are rarely active in politics. Established and funded by the Ministry of Health and Welfare, old people's groups have no independent identity in the political process and their interests have been articulated only through the peak councils' general activities. For example in the 1979 budget process, the National Council appealed a reduction of the allowable household income for qualification for old people's pensions. The Ministry of Finance wanted to reduce allowable household income from ¥8,760,000 to ¥8,050,000, but intervention by conservative politicians restored the higher limit and met the demands of the National Council. This case is exceptional. For the most part unlike the organized groups of aging people in the United States, Japan's old people's clubs and advocates are not politically powerful.¹³

Farmers are important beneficiaries of public pensions, despite resistance from business and labor in contributing to systems that result in redistribution to farmers. Farmers were a major target of the 1959 National Pension System (NPS) Law which was directed in part to workers

in small urban firms and in part to farmers in rural constituencies of the Liberal Democrats. In his case study of the law, Paul Lewis argues that farmers were active in shaping the law although they opposed the mandatory contributions. Ultimately, Lewis states "Available evidence indicates that the decision (in 1959) to establish NPS was made in the ruling conservative party and dictated to the Ministry of (Health and) Welfare."¹⁴ In 1970, the Farmers' Pension Fund Act began a supplementary benefit with the stated aim of rationalizing agriculture. The new Farmers' Pensions law seeks to encourage retirement so younger farmers can increase farm size. The benefits includes pensions for transferring control of farms to younger farmers and for encouraging early retirement. The Farmers' Pension is paid in addition to benefits under the National Pension System. Since the Liberal Democrats rely on rural districts for electoral support, special assistance to farmers is in part a means to deliver benefits to their constituents and to generate contributions from farmers that deflect criticism of their inclusion in the National Pension System.¹⁵

Life insurance companies and post offices offer alternative means of providing for retirement support which can compete or conflict with public pension policies. The influence of savings and insurance institutions on the composition of public pensions began with the establishment of the welfare bureaucracy, and continues in the relationship of insurance firms with the Pension Bureau. The central issue of contention is that if public pensions are increased, then alternative systems suffer a loss of contributions and capital for their

funds. However, insurance companies and postal bureaucrats protecting insurance and postal savings funds were not prominent in recent efforts to influence pension reform, perhaps because the fundamental arrangement of work-based funds has not been challenged. The largest share of income related pensions, while required by law, remain under the control of mutual aid associations for public companies and of contract funds of insurance companies and trust banks for many private companies. The work-based funds as contracted arrangements can be managed by agreements between workers and managers, and invested to secure the direct benefits of employee members of each pension fund.

Welfare bureaucrats and ruling party politicians shared initiatives to provide universal public pensions in spite of resistance from organized interests with their contracted, income related funds. There are separate reasons for such interests in universality: bureaucrats have a mandate to assure equity among public programs, while politicians in the Liberal Democratic Party act on pension issues to seek a consensus. For welfare bureaucrats, the technical expertise needed to assess programs and manage various interests in public pensions gives them increased powers over most public pension systems except for the special allowances for veteran's families (onkyū). After 1970, welfare bureaucrats administered public pension programs for the following categories: private sector employees (contracted funds), public sector employees (five mutual aid funds), seamen, farmers, and the national program for all other adults. Only welfare bureaucrats had current information about each of the public pension funds. For politicians, the

catch-all status of the Liberal Democrats also provided them incentives to coordinate among the different public pension programs.

Politicians were active in delivering pension benefits to all groups of supporters in line with electoral priorities as a catch-all party. In electoral competition, each major opposition party has largely relied on a single interest group: the Socialists on the largely public union federation, Sōhyō; the Social Democrats on the largely private union federation, Dōmei; the Clean Government Party (Komeitō) on a religious denomination, Sōkagakkai; and the Communist party on the tightly orthodox party organization. The Liberal Democrats were able to reward supporters among farmers and small business through public pensions and were predisposed to support reforms that aligned with big business positions allowing minimum universal and contributory pensions. Business is the central support of LDP conservatives, and business federations led by Nikkeiren supported a minimum public pension that left undisturbed the larger, income related pension funds. But in the recent policy process, conservative politicians were unable to overcome divisions on their own. Especially in the 1985 reforms, politicians had to share leadership with welfare bureaucrats in efforts to aggregate organized interests in various public pensions. From 1973 to 1986, policymakers changed public pension policies to increase welfare spending and adopt an integrated, universal minimum benefit public pension.

Table 6-1

Major Public Pension Systems in Japan, 1986

System	Group Covered	Years Adopted	Members (1984)
Employee Pension System (EPS)	Workers and families of factories and firms (including seamen)	1941	26,599,000
Mutual Aid Associations (MAA)	Public employees (officials and workers in public corporations)	1958	6,979,000
	local public servants	1962	10,213,000
	private school employees	1953	991,000
	agriculture, forestry, and fisheries	1958	485,000
National Pension System (NPS)	Universal (including farmers not covered elsewhere who are paid an extra pension benefit)	1959	25,339,000
All Public Pensions in total		April, 1986	71,002,000

Source: Social Insurance Agency, 1985.

2. Leadership of Politicians: Seeking a National Minimum

In the early 1970s, politicians took advantage of a situation where most groups agreed on the need for a "national minimum" for income security in old age. Proliferation of work-based programs meant different sources of pressure on politicians and bureaucrats. On the one hand, both opposition and ruling parties had their respective labor and business interests guarding control of contracted, higher amount employee pensions (kōsei nenkin). On the other hand, welfare bureaucrats used international comparisons to support minimum standards for all pensions including the benefits for the self-employed and others receiving the lower amount national pensions (kokumin nenkin). The system was overlapping and sustained financially only by a youthful population. Public pension funds before 1973 had no immediate financial problems because the ratio of beneficiaries to contributors was low and fund maturity was in the future. Since financing was not yet a major problem, benefits were the target of reforms. With the strength of progressive parties in localities based partly on their positions on welfare policies, opposition parties led campaigns for a national minimum that included adequate income security from public pensions. But rather than reform seeking universal pensions, ruling party politicians focused debate on the benefit levels of existing public pension programs.

a. The 1973 Reform of Public Pensions:

The ¥50,000 Pension and Slide System

In declaring a "first year of welfare," Prime Minister Tanaka Kakuei led the conservatives in a major commitment to pension entitlements. The 1973 pension reform is, in retrospect, perhaps the largest long-term commitment of the politicians to increased welfare spending. Except for finance bureaucrats, most groups accepted the employee pension initiative which set higher minimum benefits and created a system for cost-of-living indexing. The 1973 initiative did not, however, address the problems of overlap and financing of the National Pension System for self-employed and non-employed citizens, although their pension levels were also raised and were assigned cost-of-living indexing. The 1973 initiative also could not anticipate the rapid inflation following the oil shocks which would make indexing more costly.

Business groups led by the employers' federation also supported preparations for demographic trends that were increasing the elderly population. In April 1971, the national business federation Nikkeiren issued a statement on the "improvement of citizen's welfare and economic growth." The employers' representatives noted that "in response to the process of aging of our population, we should place importance on adequate security in old age." Business was at least a passive supporter of improved welfare measures to support retired people, especially as alternatives to raising the retirement age above 55. A higher retirement age was unfavorable for business; older workers had the highest salaries

and their retirement was encouraged to allow room for younger workers.¹⁶

Labor and opposition parties had long been supportive of increased welfare, but the unions in particular focused efforts on a reform of the Employee Pension System. On October 30, 1971, the labor movement committee announced their plans for the annual spring offensive whereby Japanese unions seek coordinated wage increases. Labor unions indicated a willingness to strike over the pensions issue, and demanded Employee Pension benefits of at least ¥47,000 or approximately 60% of average income levels. In the early 1970s, public sector Sōhyō and private sector Dōmei held common positions as labor federations seeking increased pension benefits.

Ruling party politicians were responsive to the demands of business and labor toward public pensions. After Prime Minister Tanaka formed a cabinet in July 1972, the welfare bureaucrats presented a draft report on the problems of pension systems. Tanaka thereafter supported welfare initiatives in his campaign for the year-end elections. In a September 11 speech to the National Governors' Conference, Tanaka declared 1973 as "the year of the pension."¹⁷

In late 1972, ruling party politicians ultimately led the initiative to increase public pensions. On September 27, a proposal by the LDP Social Security Study Committee included raising the lowest pension from the 1969 level of ¥20,000 to ¥50,000 (goman nenkin) and introducing a "slide system" for cost of living adjustments in response to annual inflation of greater than five percent. The upcoming December 1972 elections set a context for the proposal to support pensions, and

created a consensus: labor had proposed a ¥47,000 minimum, the LDP raised it to ¥50,000, and business groups agreed.

The Ministry of Finance produced a 1973 budget with major changes in Employee Pensions in accordance with the wishes of the Liberal Democratic leadership. The two changes, a rise in benefit levels and cost-of-living adjustments, had major effects for pension benefits. The 1973 average monthly pension under EPS came to ¥52,242 or 61.6% of the average monthly wage of ¥84,801. After 1973, the slide scale provided adjustments whenever inflation exceeded 5% which in effect brought increases in pension levels each year. The 1973 increase in public expenditures for pensions was the single largest spending initiative in public pensions since the start of nationwide coverage. In addition, the slide scale system brought annual cost of living increases in employee pension benefits. With adjustment for inflation, public pension expenditures rose annually.¹⁸

Table 6-2

Government Expenditure for Public Pensions
at 1970 Prices in Trillions of Yen

Year	Expenditure
1972	1.14
1973	1.38
1974	1.79
1975	2.33
1976	2.93
1977	3.38
1978	3.85
1979	4.21
1980	4.58
1981	5.00

Source: OECD, Social Expenditure, 1960-1990, 1985, p. 82.

b. The 1976 and 1980 Increases in Public Pension Benefits

After 1973, political commitments drove Japan's public pensions into financial difficulties. After 1973, economic, demographic, and bureaucratic factors hurt pension systems. Inflation forced higher benefits under cost-of-living, and fund maturity raised two further issues. First, citizens began to meet the qualification standards of 25 years to receive the full benefits guaranteed by pension programs. Second, the increasing numbers of aging meant more pensioners. Since Japanese pension funds were not integrated, burdens of fund maturity fell unevenly. The funds most endangered were the National Pension System (NPS) and the Mutual Aid Association (MAA) for the Japan National Railways. Financing for NPS was weak because lower income workers and non-working spouses who were allowed to voluntarily enroll after 1961 had low, fixed contribution rates as opposed to income related contributions for employee's programs. And as mentioned, financing for the railway MAA was weak because of the increasing number of beneficiaries formerly with the Southern Manchurian Railway. Pensions problems also included qualifications that allowed double pensions for employee's wives who enrolled in NPS, or that perhaps disallowed pensions for those not qualified by age or enrollment. Politicians at first disregarded administrative problems in order to respond to the organized interests that feared devaluation of their pensions, and build on bureaucrats' initiatives.

During the seventies, welfare bureaucrats produced studies of the pension system that recommended comprehensive reforms to refinance and integrate public pension programs. From 1975, Pension Bureau Director Soneda Ikuo and then Director of the Welfare Ministry Secretariat Yamaguchi Shinichiro took the lead on pension reform. The welfare bureaucrats noted problems in pension financing and reported the difficulties in the Welfare White Paper. Also in 1975, a special committee started by Prime Minister Miki Takeo recommended fixed amount, minimum benefits to supplement private pensions. But the bureaucrats' funding projections required a more comprehensive response, and the leading plan emerged from a committee attached to the Ministry of Health and Welfare. Established in May 1976, the Pension Structure Advisory Council discussed proposals for pension reform without coming to a consensus. Among proposals most seriously considered in the 1970s were plans for a basic pension (kiso nenkin) and a fundamental pension (kihon nenkin).¹⁹

The "basic pension" proposal provided for fixed, minimum benefits and contributions for all citizens. National Pension (NPS) beneficiaries would receive only the minimum basic pension and Employee Pension (EPS) beneficiaries would receive additional, income related benefits. The basic pension was the most important proposal considered by the welfare bureaucrats' Pension Advisory Council, and was similar to plans discussed by experts on the Social Security Deliberative Council in the 1950s. The major feature was to combine fixed amount pension programs under NPS and EPS to establish the basic pension, and eventually include all NPS

contributors in a single pension program for those age 65 or over. Benefits at the minimum level would then be increased without increasing contributions or requiring a special tax. Financing would partly come from the public treasury, and critics argued this would require higher taxes to support the proposed reform. Supporters countered that the plan had universal application and was politically acceptable because of "double enrollment" for employees under EPS programs. The double-decker plan allowed both a unified basic pension and an income related employee pension desired by both business and labor.

The "fundamental pension" proposal provided for universal non-contributory benefits financed by a special tax for all citizens. It differed from the basic pension in that double enrollment would also extend to some contributing members of National Pensions (NPS), not just Employee Pensions (EPS). The fundamental pension closely resembled proposals of the 1958 report of the Social Security Deliberative Council when NPS was first discussed. During the recent round of deliberations on reform, the Council again in 1977 proposed a fundamental pension plan, but the introduction of a special tax was criticized. Based on the model of European value-added taxes (VAT), the tax proposals in pension reform were widely opposed. Taxing to increase contributions for public pensions has been the most vulnerable aspect of any Japanese pension reform.²⁰

In 1976, pension reforms brought only an incremental change in benefits and contributions, and not a fundamental reorganization. Because consensus could not be reached, the welfare bureaucrats stated

that early committee meetings were merely for discussion about the NPS system. The welfare bureaucrats produced recommendations to increase minimum benefits of EPS to ¥30,000 and raise workers' contributions from .76% to .91% of wages. A 1977 reform followed to change MAA benefit levels and raise retirement age from 55 to 60, but private sector unions under Dōmei continued to protest differences that favored public sector benefits (kanmin kakusa).²¹ The reforms passed in this period were expansionary adjustments acceptable to both conservative and opposition politicians and did not alter the existing arrangements of public pensions.

Under the Ōhira cabinet in 1978, ruling party leaders began private study groups to discuss extensive reforms for welfare policies. As the start of consensus building for the Administrative Reform movement, the Ōhira Cabinet produced three plans on comprehensive security, family, and localities; the "complete plan on family fundamentals" mentioned income security as an important aspect of planning. However, the plan made no mention of details for reforming public pensions, and conservative politicians had advanced no specific proposals.²²

In 1980, welfare bureaucrats at last introduced plans to the Diet for comprehensive changes that contained pension costs and increased financing. Led by Soneda Ikuo, then Administrative Vice Minister, welfare bureaucrats developed the following options for financing and benefits of Japanese pension programs. For financing, contributions and taxes would be increased. Increased contributions produced undesirable effects on the economy, thus welfare bureaucrats also favored a

selective, limited form of taxation despite the likely political difficulties. For benefits, lower benefits could be achieved by shortening the payment period, dropping cost-of-living indexing, or changing calculations. The latter strategy was most practical in political terms, and the welfare bureaucrats attempted to introduce changes in the formulas for managing benefits.

As Administrative Vice Minister, Soneda Ikuo directed a set of proposals in the Diet which eventually raised benefits without a comprehensive reform of financing. In 1980, the deliberations in the Diet centered on increasing minimum benefit levels for employee pensions to ¥45,000 and delayed all measures concerning financing. Opposition parties remained adamant in their protection of union funds, and consensus did not emerge among the conservatives despite the bureaucrat Soneda's close cooperation with welfare specialists. Workers' contributions eventually rose to 1.06% of wages, but the plans for broader discussions of pension reform were further delayed. The efforts of welfare bureaucrats focused on reform of pension financing and slowly built a consensus among experts on the need for change. But in 1980, welfare bureaucrats were ultimately frustrated in their attempts to seek comprehensive reform.

Until 1980, cost containment issues for pensions advocated by bureaucrats were not actively supported by ruling party politicians. Prior to the late 1980 elections, electoral considerations were the predominant reason that the ruling party favored higher benefits and the opposition parties sought to protect the employee pensions from higher

contributions. Welfare bureaucrats continued to seek universal public pensions with sound financing, but only incremental change had appeared by 1980 because of political considerations among organized interests and politicians. In 1981, popular support of administrative reforms would change the position of welfare bureaucrats, and they would overrule the ruling party leaders who usually managed the policy process for public pensions.

2. Leadership of Welfare Bureaucrats:

Reconsidering Welfare and the 1985 Pension Reform

The Administrative Reform or Rinchō movement was the proximate reason that welfare bureaucrats succeeded in introducing an integrated "basic pension" program. Following study groups of the Ōhira period, the Rinchō mentioned public pension reform in its first report on July 10, 1981.²³ Pensions also became a prominent topic in the mass media with a 1981 bestseller, Nenkin haikai (The Destruction of Pensions) and in the bureaucracy with the Pension Bureau report, Nenkin to zaisei (Pensions and Public Finance). The latter report especially alerted experts to the imminent problems of funding. Consensus for pension reform began to grow, but public forums had yet to resolve disagreements among organized interests that blocked welfare bureaucrat efforts at building an acceptable proposal.

The welfare bureaucrats supportive of pension reforms reorganized after the 1980 Diet. Vice Minister Soneda Ikuo left the Ministry of

Health and Welfare in March, 1980 to run unsuccessfully in the upper house elections, although he was elected three years later. A year later, Soneda's lieutenant from the Minister's Secretariat, Yamaguchi Shinichiro, was named Pension Bureau Director. Like his rival in the Secretariat and soon to be Director of the Health Insurance Bureau, Yoshimura Hitoshi, Director Yamaguchi had entered the Ministry in 1953. Since Japanese bureaucratic careers are based upon year of entry, and a generalist bureaucrat is either promoted or retired when reaching top levels, the two bureau directors were in direct competition for the top post of Administrative Vice Minister. Yoshimura was the sponsor of health insurance reform and Yamaguchi was the sponsor of pension reform. A race began between the Bureau Directors to pass the two major cost containment measures and the prize was the post of the highest ranking position among welfare bureaucrats.²⁴

Beginning in November 1981, Pension Bureau Director Yamaguchi directed efforts on a survey of opinion leaders about the problems of public pensions. Polling 1000 representatives of various groups, the survey on "Pensions in the 21st Century" inquired about pensioners' conditions and made several findings. Until age 65, 80.3% of respondents noted that people relied on work for livelihood support. But after qualifying at age 65, most people switched to pension support with 72.5% of ages 65-70 and 91.4% of age 70 or older being primarily dependent on their public pensions. As the second source of support, 59% of those over age 65 named private pensions, or the income related pensions received in addition to public EPS or NPS fixed amount pensions. The

findings indicated that retirees were not relying primarily on their savings. On their attitudes toward social insurance, 82.8% of respondents supported some system of social insurance for public pensions, although they differed on questions of financing. While 60.5% of labor leaders favored higher public expenditures, only 28.2% of "youth leaders" and 38.5% of mutual aid association representatives were supportive of increased government pension spending. The survey clarified the problems for and barriers to universal pensions and showed that 68% of the opinion leaders recognized the need for unification of pension programs.²⁵

While bringing attention to pension problems, the Pension Bureau survey was opposed by ruling party politicians who saw a public survey as limiting their options in pension policies. Politicians thought that, as in the past, ambiguity would help their position in the upcoming pension reforms. But Pension Bureau Director Yamaguchi chose a strategy of seeking equity in the reforms and being "above politics." As a contrast to Yamaguchi's strategy, journalist Tahara Soichiro notes that the pension survey illustrated a difference in the welfare bureaucrat approaches in health care and public pensions. The health insurance reform led by future Vice Minister Yoshimura was closely coordinated through contacts with ruling party leaders which resulted in favorable political consequences for the bureaucrat's promotion. But unlike efforts for universal pensions in 1980, public pension reform led at the same time by Director Yamaguchi was not tied to the conservative ruling party. While the Liberal Democratic leadership and particularly the

specialists in welfare policy among politicians were displeased with the methods, the Pension Bureau chose a non-partisan course in their attempts to pass cost containment measures.²⁶

Opposition parties made specific demands about policies that complicated pension reform. Unlike other areas of welfare policies, the opposition articulated their position at an early date. In 1983, union federations at first split between public and private sectors. Dōmei noted that the mutual aid plans of the public sector offered better benefits; they denounced the difference between public and private sectors that penalized their members. Sōhyō was at first resistant to public pension reform because of their interests in the high benefits. But when the railway fund financing problems were clarified and the likelihood of pension reform became certain, Sōhyō adopted a more flexible bargaining position and entered into a coalition with Dōmei and opposition parties. The Socialists advocated a plan for a fundamental pension (kihon nenkin) including the introduction of a value-added tax to finance the reform. In August 1983, Socialists Tagaya Shinnen and Ōhara Tōru published a book on their proposals for pensions that focused opposition positions. By mid-January 1984, a coalition of 31 Socialists and 19 Democratic Socialists formed a joint committee to address pension reform. In addition to labor related parties' activities, Sōhyō Chairman Kurogawa Takeshi also met Kōmeitō Party Chairman Takeiri Yoshikatsu to coordinate Diet strategy. The major points of controversy were financing, benefit levels, and raising of the qualifying age of employee pensions to 65 from 55 for women and 60 for men. But inevitability of

the unification of all public pension funds was acknowledged by the opposition.²⁷

In spite of opponents among politicians, Pension Bureau Director Yamaguchi is credited with leading efforts to develop a new comprehensive pension plan. Observers are almost unanimous on the importance of Yamaguchi Shinichiro in planning and executing the legislative initiative for two reasons. First, Yamaguchi did not play politics; the initiative focused on problems of maturity of funds and equity that were clearly illustrated in a comprehensive survey. Second, Yamaguchi was an ill and dying man towards the end of the campaign, and his sickness put conservative opponents in an awkward position in the political process. Until his death in March 1984, Yamaguchi singlemindedly pursued the pension reform and placed himself outside the regular political process of close cooperation between bureaucracy and conservative ruling party.

Opposition parties did not resist the proceedings of the pension reform bill in the Diet because of prior preparation by the bureaucracy and of skillful Diet management by the Liberal Democrats (LDP). When the Lower House pension reform deliberation began on April 17, 1984, the ruling Liberal Democrats were able to assure swift passage after only five days in the House of Representatives and four days in the House of Councilors. The coordination by LDP Secretary General Kanemaru Shin in close contact with opposition parties resolved several issues informally, and the overall preparation by the bureaucrats of the Pension Bureau had predisposed the politicians to compromise.

On May 1, 1985, "A Law to Reform Part of the National Pension System and Other Laws" officially established the bureaucrats' plans to integrate most public pension programs. Integration plans for the mutual aid association laws were delayed because of controversy about the higher benefits and the troubled railroad fund. Beginning in April 1986, the law seeks complete public fund integration by 1995 and immediate provision of a "basic pension" where employee and non-employee programs would both provide a fixed amount pension (kiso nenkin) of ¥50,000 for those age 65 or older who had contributed for more than twenty-five years. If contributions had been made for less than twenty-five years, then benefits would be proportionally reduced. Similarly, if contributions related to income were higher, then pensions such as the contracted pensions under the Employee Pension System would be higher related to income. Employee Pensions (EPS) are also paid from age 60, with women employee pensions scheduled to change current qualifying age of 55 in a gradual increase to age 60. The final plan has been characterized as a "double-decker" scheme with a universal, fixed amount pension payable to all at age 65, and with income related proportions dependent on contributions largely tied to the workplace.²⁸

In 1986, the final measures integrating mutual aid association (MAA) pensions passed the Diet and completed the bureaucrats' planned basic pension system. The final pension proposal integrated the MAA pensions with four separate parts of the bill for primary and secondary teachers, private university workers, public workers, and agricultural workers each going to separate Diet committees. MAA beneficiaries would

receive the "basic pension" after age 65 in addition to an income related benefit, but the proposal had potential for controversy because it shifted some burden to MAA programs from weaker pension funds.²⁹ The Diet agenda, however, turned attention away from the pension bills. After a July 1985 Supreme Court ruling that seat distribution in the Diet was unconstitutional, the 102nd Diet agenda was dominated by questions of redistricting, or more precisely the redistribution of seats among multi-member parliamentary districts. The MAA law passed the Diet with little controversy, and implementation of the basic pension plan began in April 1986.

In the key reform to introduce universal pensions, welfare bureaucrats had displaced ruling party leaders as the primary coordinators of the policy process. A shared leadership over future policy is the likely outcome for a Japanese public pension system that must overcome continuing problems of financing benefits for increasing ratios of beneficiaries to contributors.

C. Impacts of Public Pension Policies

Since 1973, Japanese pension benefit levels have increased rapidly. Because of the recent reforms of pension levels and the behavior of firms, Japanese scholars have reassessed popular belief that public pension levels were low. To trace the gains made in pension benefits, Table 6-3 shows the standard (or the statistical mode) for Employee Pension (EPS) benefits. The increase in relative terms means that

Japanese employee pension benefits are now over sixty percent of average wages. When all employee pensions are averaged (or the statistical mean) which includes lower pension benefits for women workers, the 1984 monthly retirement benefit averaged ¥113,301 (\$477) or 40.5% of average wages. As a percent of average wages, Japanese public pensions are internationally comparable to figures for the United States (43.4%), the United Kingdom (41.6%) and Sweden (45.7%).³⁰

Table 6-3

Increases in Standard Employee Pension Benefits, 1965-1984

Year	Amount	Percent of Standard Wage
1965	¥10,000	36.1%
1969	¥19,997	44.6%
1973	¥52,242	61.6%
1976	¥90,392	63.9%
1980	¥136,050	67.5%
1984	¥173,000	61.8%

Source: Yamazaki Hiroaki, 1985, p. 204, and Kōseishō, 1985.

Since retirement allowances exist in addition to public or contracted pensions, an additional question concerns the extent to which employees rely on lump-sum allowances after retirement. The value of retirement allowances varies widely. A 1981 estimate of the Ministry of Labor showed average allowances at retirement age for university graduates were 31.3 months pay or ¥1,148,000 and secondary school graduates were 33.1 months pay or ¥1,077,000. Note that retirement now averages around age 58 in most large firms, and not all firms grant

allowances. Table 6-4 shows the distribution of private pensions and retirement allowances among Japanese firms.

Table 6-4
Percent of Firms with Retirement Allowance Schemes

a) By year

Year	Only Allowances	Both Lump-Sum and Pension	Only Pension
1975	67.1	19.7	13.2
1978	62.1	21.5	16.4
1981	55.4	26.2	18.5

b) By size of firm in 1981

Total Employees	Only Allowances	Both Lump-Sum and Pension	Only Pension
1000 or more	24.6	63.9	11.5
300-999	36.2	43.2	20.6
100-299	49.2	28.6	22.2
30-99	60.3	22.4	17.3

Source: Ministry of Labor, General Survey of Retirement Allowances, 1981.

In Japan, economists are currently investigating the level of dissaving in retirement. Although the data are inconclusive, Japanese retirees do not appear to practice levels of dissaving similar to other advanced industrial societies. According to life cycle theories of spending patterns, retirees are expected to draw on pensions and savings to their full extent.³¹ If Japanese retirees spend less of their savings than elsewhere, then lower levels of pension benefits may not bring the expected problems that occur in retirement in other comparable societies.

Regardless of any findings on adequate levels of retirement benefits, public pension system financing will likely require further reforms because of the increase in beneficiaries. With longer life expectancy and qualification for pension benefits at age 65, two or even three generations of pension beneficiaries could live in the same household. Women employees can qualify as early as age 55, although this will rise to age 60 which is the standard for male employees. All citizens receive the national pension benefits at age 65. In 1986, life expectancy for those Japanese that live until age 60 is over age 79 for men and over age 83 for women, therefore the number of pensioners is likely will grow. On May 30, 1986, the results of the national census showed that 10.2% of Japan's population or 12.39 million people were over age 65. In the next twenty five years, this number is expected to more than double.³²

D. Summary and Conclusions

In Japan, policy processes for pension-related issues follow patterns in deliberative councils administered by welfare bureaucrats more than other areas of welfare policies. In pension policies, welfare bureaucrats have mastered the complexity of the multiple, work-based programs that require extensive calculations and accurate information during deliberative council and legislative debates. The bureaucrats led moves to find non-partisan solutions to Japan's public pension problems. To assess exactly what effects resulted from proposals for pension

reforms, only welfare bureaucrats were able to develop a convincing, non-partisan plan in the 1986 introduction of universal "basic pension" in Japan. Thus overall, welfare bureaucrats were relied upon for leadership in the area of pensions more than social services and health care where organized interests and politicians were able to support their proposals with evidence and alternatives that challenged bureaucrats.

The interventions of politicians in public pension policies did sometimes challenge leadership by bureaucrats. Politicians managed conflicts about the introduction of cost-of-living indexing and increases of pension levels in 1973, 1976, and 1980. The consensus developed in the Rinchō emerged from among organized interests and related politicians also outside of the established policy processes for public pensions. Bureaucrats exercise leadership in pension policies more frequently than in processes for health care or social services, but the policy processes for Japan's public pensions also involves policy coordination by politicians.

Organized interests with narrow and separate concerns in company-based contracted pensions and additional private pensions have few incentives to support broad changes in public pension funds in Japan. The long delay of introducing public pension reform resulted from the problems, as a welfare bureaucrat put it, "of getting anyone interested in basic pensions." Following administrative reform reports and the legislative struggles to control health insurance costs, public pensions received less attention as an issue in the Diet. Opposition politicians became occupied with proposals on the redistricting for Diet seats, and

the final public pension proposals passed the Diet with surprisingly little controversy.

The opposition parties and labor unions were divided by the conflicting interests in their pension policies. In 1985-86, the public sector funds, and especially the National Railway fund, were not financially sound and the public sector union federation, Sōhyō, could not convince the private sector unions federation, Dōmei, to offer support. Divisions between Sōhyō and Dōmei split opinion in the Socialist and Democratic Socialist parties, although Socialist Diet members developed detailed proposals for pension reform. A delay in dealing with mutual aid association funds allowed the opposition parties a grace period for accepting the reform plan. Sōhyō was helped by a basic pension that shifted contributions among all programs and Dōmei kept contracted portions of employee pensions as additional benefits above the basic pension benefits for their members.

Table 6-5

Primary Coordinators of Selected Cases of Change
in Public Pension Policies in Japan, 1959-1985

<u>Policy Change</u>	<u>Bureaucrats</u>	<u>Politicians</u>
Introduction of the National Pension System (1959)		Conservative Leadership
Slide System and the ¥50,000 Pension (1973)		Conservative Leadership
EPS ¥30,000 Minimum Benefit (1976)		Conservative Leadership
EPS ¥45,000 Minimum Benefit (1980)		Conservative Leadership
Public Pension Reform (1985)	Welfare Bureaucrats	

After the 1986 implementation of pension reform, bureaucrats and experts saw the financing of Japan's public pension programs as the most pressing problem of welfare policies. A proposed solution is to introduce a special "tax for the purpose of welfare" (fukushi mokuteki zei) In the 1950s, special purpose income taxes were proposed and rejected, and in 1977, a similar proposal to support pension reform with a value-added tax came from the Social Security Deliberative Council. A value-added tax (VAT) would mimic the plans in Europe for an indirect tax where each firm would add the tax to its products' price and receive reimbursement by filing invoices with the taxing agency. The Ministry of Finance has expressed its interest and leading experts considered

introducing new taxes to support welfare burdens. VAT proposals sought a tax specifically to pay social insurance costs because the tax would be outside the regular budget process and be less susceptible to use for other purposes. In early 1987, tax proposals dropped the welfare tax in favor of more sweeping reforms that ended tax-free savings accounts, shifted income tax burdens, and introduced a VAT that raised revenues for the general account budget.

In public pension policies, welfare bureaucrats will need to initiate further reforms to improve fund financing. Divisions among organized interests makes policy coordination difficult, and few Diet members know the details of Japan's work-based pension programs. In addition to the technical problems, the ability to aggregate interests for universal, integrated public pension programs was best managed by the welfare bureaucrats seeking non-partisan solutions. Failure of the 1980 reform package was a result of bureaucrats' close connections with the ruling conservative party, while the success of the 1985 reform law was coordinated as a non-partisan necessity. Welfare bureaucrats see pension reforms as demanding a non-partisan approach, largely because no organized interest regards public pensions as a primary goal, and because the most vocal opponents are the labor unions tied closely to the Socialist and Democratic Socialist opposition parties. With the predicted demographic and fiscal trends bringing increased expenditures and decreased contributions, Japanese public pensions will again require revisions managed and initiated by welfare bureaucrats.³³

CHAPTER 7

Welfare Policies, Japanese Politics, and Bureaucratic Pluralism: Bureaucrats and Politicians in Japan

Researchers explaining Japan must deflate many myths about the policy process. In this study, a prominent myth was introduced: Japan as "public welfare laggard."¹ This inquiry challenges the myth of Japan as welfare laggard with evidence that Japan developed a welfare state which, regardless of recent cost containment efforts, is comparable to those of other advanced societies. In the future, welfare spending in Japan will increase due to both demographic trends and political commitments. In broader terms, socioeconomic factors partly account for the welfare state, but the proximate decisions must be made by the politicians and bureaucrats who debate the future of the welfare state in Japanese society.

This study has argued that politicians from Japan's Liberal Democratic Party, drawing upon earlier efforts and expertise of bureaucrats, expanded and funded a welfare state in Japan. In developing bureaucratic initiatives for the welfare state in Japan, politicians were responsive to a catch-all coalition of interests that supports the ruling party. In catch-all parties like those of Japan, Italy, or Germany, self-interest more than conservative ideology motivates politicians to develop pragmatic views towards the welfare state. Because "conservative" politicians acted as primary coordinators in Japan among welfare interests as well as competing bureaucracies, the interactions

between bureaucrats and politicians which brought about a welfare state also deflate another myth that persists about bureaucratic power in Japan.

The myth of bureaucratic leadership in Japan is challenged by evidence of the effectiveness of ruling party politicians. Because policy processes in Japan are often wrongly believed to be dominated by bureaucrats, this study further contributes to findings that question views of a Japan led by bureaucracy. In Japan, continued support for welfare programs and spending comes from organized interests, politicians, and the Supreme Court, and the political processes shaping welfare policies do not result from unilateral bureaucratic leadership. Welfare bureaucrats also responded at various times to the interests of welfare commissioners, welfare workers, health professionals, labor unions, farmers, and opposition parties who affect welfare policy.

This study finds the processes developing the welfare state in Japan are a case of political parties influencing public policies. Japan was perceived as a "welfare laggard" in the 1960s because of decisions to restrict funding, and ruling party politicians were eventually forced to act or face the consequence of losing elections. Policy problems and bureaucratic jurisdictions other than welfare may involve less involvement of politicians, but welfare issues became prominent for politicians in Japan in the early 1970s. Bureaucrats may independently manage efforts in economic policies with direct links to producing wealth more often than in policies valuable for reasons concerning non-economic, redistributive, symbolic, or welfare goals. Bureaucrats may also at

times manage welfare policy initiatives without intervention from politicians or through organization of interests which gives powers to non-governmental groups. But from 1973 to 1979, this study finds that ruling party politicians acted to determine the major tradeoffs in policies that produced a doubling of welfare spending in Japan.

A central question in the study of policy processes in Japan, and in other industrial democracies as well, concerns the relationship between politicians and bureaucrats: when do politicians intervene during policy processes, and when do bureaucrats act independently?

In recent studies of Japan, an unresolved problem is determining leadership in policy processes among bureaucrats and politicians. Such studies have often challenged the notion of bureaucratic leadership without dismissing the continuing influence of bureaucrats. This study synthesized various views of Japan related to the concept of a political system of bureaucratic pluralism in Japan. The discussion in this final section focuses on leadership across policy areas among politicians and bureaucrats. If bureaucrats often take initiatives in public policy processes in Japan, what causes politicians to challenge bureaucratic prerogatives? The final chapter will consider the implications of this inquiry first focusing on bureaucrats in policy areas of welfare states, then on politicians in the context of Japanese politics, and finally on the system of bureaucratic pluralism with regard to comparative politics.

A. Implications for Welfare Policies:

Bureaucrats in Organizational Jurisdictions

Bureaucrats in Japan are effective at initiation of policies within their organizational jurisdictions. Japanese bureaucrats acted before 1945 as leaders in policy processes, they remain influential in their organizational jurisdictions, and they can even coordinate among interests without intervention from politicians or organized interests. In advanced industrial democracies, bureaucrats act with politicians in the processes of policy initiation, conflict management, and tradeoffs among issues.² The findings about bureaucrats and politicians in Japan are consistent with research on Europe and America, especially on the point that policy initiation is usually led by bureaucrats. Yet such evidence about bureaucrats is also misinterpreted as supporting the persistence of the myth of bureaucratic dominance in Japan.

Before 1945, the welfare state in Japan originated with elite bureaucrats initiating and creating their organizational jurisdictions. But Japanese bureaucrats never led the policy process for welfare without challenges as they responded to groups of welfare commissioners, regulated the private practice of physicians, and generated contributions for the first public pensions. Pressures in 1938 from the Japanese army rather than the bureaucracy led to the immediate establishment of an independent Ministry of Health and Welfare.

The postwar welfare bureaucrats introduced several initiatives to establish social security without completely dominating the policy

results. By welfare bureaucrats, this study refers to the national Ministry's officials who administer welfare policies in Japan.³

Immediately after Japan's defeat in 1945, the welfare bureaucrats exercised their greatest influence in seeking the creation of Japan's Six Laws of Welfare, comprehensive National Health Insurance, and safety net coverage of the National Pension System. Yet none of the legislation for these welfare programs became law or was implemented before the period from 1959 to 1961, a period of political turmoil over the Security Treaty with the United States and intense party competition between the ruling Liberal Democrats and opposition parties.

Bureaucrats among Japanese elites looked to advanced countries in seeking new policy initiatives for welfare policies. As Japan developed institutions for welfare policies, elites built upon some indigenous factors of household, community, and firm in their programs prior to 1945, and they encouraged some traditions such as a Five Family Unit System for neighborhood mutual aid. Bureaucrats and politicians place contemporary emphasis on liberal, market-oriented, and family-based traditions in their notions of a "Japanese-style welfare society." For the models for public policies to provide welfare, however, newly introduced institutions did not emulate those of other Asian societies. Japanese bureaucrats looked to Europe, and later also to America. In Japan, bureaucrats developed initiatives in welfare policies with reference to the welfare entitlements, institutions, and costs of other advanced industrial democracies.

In social services, bureaucrats initiated policies that derived from and resembled those of Europe and America. Even Japan's distinctive institution of welfare commissioners originated in Germany, but was implemented nationwide in Japan. In contemporary practice in Japan, volunteer commissioners supplement and sometimes challenge welfare workers and public offices. Bureaucrats borrowed and developed the institution of welfare commissioners in Japan to an extent not seen in Europe or America. The traditions of family, neighborhood, and firm make some problems of social services different in Japan. In the 1980s, the timing of new demands for services differs in Japan from elsewhere as in child care services as more married women go to work and for welfare for aging people as more retirees appear. In these recent changes as well, Japanese policymakers still seek to emulate other advanced democracies by attempting to imitate successful programs and to avoid others' mistakes. To manage the policy changes in the postwar, bureaucrats also came to rely on ruling party politicians. Among politicians, specialists in social services policies regularly coordinated tradeoffs among services options, but their leadership was especially prominent in major changes in 1972-73 that emphasized medical care rather than social services.

In health care, bureaucrats long referred to foreign examples for policy initiatives. In 1876, bureaucrats decided to use Western models for medical practice, although forms of East Asian medicine continued as supplementary treatments. The primary form of medical techniques came to resemble those of other advanced societies, and the influence granted to physicians in control over private practice and to their professional

associations resembles European and American examples. Physicians' representatives in deliberative councils and as organized interests in Japan often challenge the welfare bureaucrats. Bureaucrats came to depend on ruling party politicians as coordinators in decisions about health care policies. Recent examples of politicians coordinating policies for health care include changes in medical care for old people, physicians' tax breaks, and co-payments in national health insurance.

For Japan's public pensions, bureaucrats preferred foreign models of universal pension programs but failed until recently to achieve this goal. Programs based on place of employment meant that unions, managers, farmers, and the self-employed had quite different interests in public pensions in Japan. In 1985, bureaucrats convinced politicians of the threat of bankruptcy of public sector funds for railroad workers and the self-employed, satisfied private sector unions opposed to added burdens on their pension funds, and developed a consensus on the need for a universal public pension program like those of Europe and America. To an exceptional degree among changes in welfare policies in Japan, bureaucrats resolved conflicts to introduce in 1985 the universal "basic pension" program. In other instances of changing pension levels or the introduction of cost-of-living indexing, ruling party politicians were the primary coordinators in deciding public pension policies.

This study confirms that bureaucrats are more often effective in efforts to initiate policies rather than in efforts to coordinate goals and manage conflicts among interests in industrial democracies. Hugh Heclo, Martha Derthick, and others emphasize that bureaucrats initiate

most social policies in Western democracies. In Japan, bureaucrats initiate policies effectively within patterned processes of national associations and deliberative councils according to their organizational jurisdictions. These bureaucrats are quite effective at the stage of policy initiation. The bureaucrats tend to focus energies on policy initiatives that establish and maintain their organizational jurisdictions or "roped-off territory" (nawabari). Bureaucrats elsewhere act similarly as entrepreneurs or competitors.⁴ Bureaucrats in Japan focus their energies on new policy initiatives for the purposes of organizational goals. But Japan's welfare bureaucrats also have relied on the efforts of politicians as the primary agents for coordinating goals and managing conflicts in the postwar policy process.

Especially after 1972, bureaucrats were increasingly responsive in their activities to the ruling party politicians. Welfare policies are among the best examples of increasing influence of politicians in public policy in Japan. The welfare bureaucrats, who faced challenges to their jurisdictions, goals, and budgets were frequently hampered in their efforts to coordinate welfare policies. In major changes especially after 1972, the primary coordinators of expansion and control of welfare programs and spending in Japan were most often ruling party politicians.

Jurisdictions among bureaucrats determined who among specialist politicians within Japan's ruling party dealt with organized interests and bureaucrats in welfare policies, and how ruling party leaders could act to manage major conflicts about welfare issues. Politicians in welfare policy processes acted as the primary coordinators for making

tradeoffs among bureaucrats and managing conflicts among organized interests. A remaining question is what causes the politicians to involve themselves to the extent they act in welfare policies. If the patterned processes of organizational jurisdictions are a key to how policy causes politics in Japan, when do these patterns break down? To phrase the question positively, what causes the politicians to act in the policy activities related to the welfare state?

B. Implications for Japanese Politics:

Politicians in a Catch-all Party

In Japan, politicians emerged as the primary coordinators of public policies for the welfare state in response to organized opposition in society. Based on bureaucrats' efforts, politicians in postwar Japan most often developed policy options and managed conflicts over the programs and spending for welfare. The politicians seldom originated the ideas for welfare policies, but after 1972 the ruling party addressed the concerns of organized interests, resolved conflicts, and finally made decisions among the various alternatives for welfare policies. Across areas of welfare policies, as well as other areas of public policy in Japan, the policy related activities of politicians call for increased attention from researchers.

Evidence from welfare policies indicates that deviations from the patterned policy processes among bureaucrats, ruling party politicians, and organized interests resulted from an initial failure in

responsiveness of the national policymakers. Demands for change in welfare policies originated from a variety of locations: professional associations, opposition and ruling parties, smaller organized interest groups of clients and their families, and the welfare bureaucrats themselves. In the late 1960s, bureaucrats and ruling party politicians were unable to satisfy their supporters. Voters began to offer electoral support to the opposition parties that controlled local governments delivering programs for child allowances, welfare for aging people, and other services.

A finding of this study is that political parties were the most effective institution in managing the emergence of the welfare state in Japan. Analysis found several factors resulted in national commitments by ruling party politicians to the welfare state in Japan.

1) Local government. Initiatives unsuccessful at the national level were adopted by local governments controlled by opposition parties. In the 1960s, welfare policies were accepted by prefectural governors, mayors, and other local politicians, particularly as platforms of the opposition parties. Local officials also developed child allowances, free medical care for the elderly, and other services as the first initiatives towards improving entitlements to welfare in Japan.

2) Electoral competition. Competition from opposition parties at the local and national level caused the ruling party to develop platforms that included support for welfare policies. Until 1972, the categories of "progressive" parties for the opposition parties and of "conservative" party for the ruling party were distinct with regard to welfare policies.

Thereafter, the ruling party developed its support for increased spending and improved programs for welfare, and stopped the erosion of voter support for the ruling party that was occurring for reasons of governmental neglect in providing for citizen's social security. Even in the late 1970s campaigns to privatize welfare support in a "Japanese-style welfare society," no serious proposals emerged to abolish existing welfare programs.

3) International comparisons. References to European and American levels of welfare spending and program entitlements created further reasons for bureaucrats and politicians to improve welfare programs. Welfare bureaucrats themselves turned to models from developed countries for policy initiation, and politicians experienced additional pressures from the foreign images of Japan as a "welfare laggard." Among important foreign policy issues of trade and security, ruling party politicians perceived welfare policies as a minor but embarrassing aspect of domestic policies.

4) Interest groups. The organization of interests in Japan underwent internal changes that shifted pressures facing politicians in the area of welfare. In the late 1970s, changes in membership and leadership in the Japan Medical Association gave politicians and bureaucrats greater latitude to introduce cost containment measures through physicians' tax reform, lower drug prices, and co-payment measures in national programs. In addition, the business community changed position from acceptance of public programs for retirees to opposition to increasing public expenditures for such programs.

5) Party organization. Within the ruling party, features of party organization were the most important elements affecting how politicians acted as the primary coordinators for welfare policies in Japan. Many of these elements overlap, but are distinguished for analytical purposes:

a) Policy specialists. The "policy tribe" (zoku) of ruling party politicians with experience in labor and social policy decided among policy options and handled conflicts within patterned processes of peak associations, budgeting, and legislating. Specialist politicians for welfare were the regular contacts for organized interests, participated in the annual budget processes, and were members of deliberative councils or Diet committees.

b) Faction affiliation. Some evidence exists that a single faction of the ruling party dominated in welfare policies more than others. In welfare policies, the large faction led by Tanaka Kakuei tended to take the most effective initiatives in welfare policies. All factions of the ruling party have specialist politicians that act in patterned processes of welfare policies, but none as effectively as the Tanaka faction. A possible alternative explanation to faction alone as a reason for effectiveness is that the members of the Tanaka faction who dealt with welfare issues could also be classified as either policy specialist or party leaders.

c) Party leaders. The closeness to the Prime Minister and regular appointment to high level ministerial and party posts gave politicians influence in coordinating options in welfare policies.

The overlaps of politicians' characteristics are difficult to distinguish because party leaders are also sometimes policy specialists or members of powerful factions. Ruling party leaders from 1972 to February 1985 included Tanaka Kakuei as a dominant figure of Japanese politics. The Tanaka faction members' effectiveness in welfare was partly due to their leadership in the party rather than other characteristics.

d) Catch-all coalition of organized interests. Ruling party politicians intervened in policy processes for reasons related to their self interest as a successful catch-all party. In welfare policies, the Liberal Democratic leadership and party members coped with demands from organized interests and the public for welfare. To maintain party control of the government and the related benefits, a catch-all party must respond regardless of apparent ideological preferences as conservatives or progressives. In other words, successful catch-all parties have moderating tendencies that develop with the experience of governing and exercise of power. For conservative catch-all parties, the incentive is to moderate opposition to a controllable welfare state. The activities of the catch-all party in Japan are similar to the conservative Catholic-based parties in Western Europe where Catholic parties more than "leftist" parties have consistently produced pragmatic policies that supported and developed social security. Self-interest of a catch-all party requires pragmatism rather than ideological rigidity towards government programs of the welfare state.

This case study of the politics of the welfare state illustrates a pattern of responsiveness of the ruling party in Japan. The factors of party organization have influenced responsiveness across different areas of public policies such as in construction, small business, the environment, and welfare. This study concludes that the nature of the ruling party in Japan as a catch-all party is most important factor assuring responsiveness in welfare and other policy areas. Rather than "creative conservatism,"⁵ the self-interested pragmatism of the ruling catch-all party explains Japan's commitments to welfare spending and programs. In the early 1970s, the interests of business, laborers, farmers, and physicians supportive of the ruling party all favored greater commitments to a national minimum of social security. Even in recent moves to "reconsider welfare," the ruling party emphasizes cost containment and suggests use of non-governmental supports without seeking to abolish welfare programs. Again in the 1980s, politicians face shifts in interests with business seeking a cap on the total costs of social security, physicians with a less powerful professional association, and workers with endangered pension funds. The self-interest of the ruling party is likely to seek cost controls that still maintain Japan's major commitments to a welfare state.

C. Implications for Comparative Politics:

Bureaucratic Pluralism as a Political System

Bureaucratic pluralism is meant to characterize the style of interactions between bureaucrats and politicians in Japan as centered upon organizational jurisdiction on the one hand and catch-all party on the other. The following question arises. What is distinctive about the features of organizational jurisdiction and catch-all party in Japan's system of bureaucratic pluralism? The factors present in Japan are found in other advanced industrial democracies, but this study finds the degree and combination of factors in Japan contributes to the responsiveness of the political system.

The importance of political parties in policy outcomes is reaffirmed as a lesson from this study of the welfare state in Japan. The lesson is not new: V.O. Key first argued that party competition had a significant effect on policy outcomes across state governments in America. Subsequent research found no difference between different political parties across states.⁶ But the problem of ineffectiveness or absence of political parties is often lost in the debates. The activities by political parties and politicians becomes critical when ruling party and bureaucracy are considered unresponsive by citizens. In spite of the one-party dominance by the conservatives, party competition provides voters in Japan with periodic opportunities to express their dissatisfaction by voting for opposition parties.

For comparative politics, political parties as an element of political development require reconsideration.⁷ A danger with the trends toward "bringing the state back in" to contemporary research is the tendency to ignore the politician and political party. In Japan, political analysts have never forgotten the state, indeed they have been preoccupied with the bureaucracy, and the recent tendency is rather one of bringing the politician back in. This case study has contributed evidence that politicians and political parties are important for understanding Japan, its political development, and its welfare state.

For developing countries, Japan offers an example of a responsive political party system. Understandings about Japan to date are frequently misled by one-dimensional emphasis on economic development led by bureaucracy and implemented by its technocrats. Another implication of this study is that single-minded consensus about economic growth will at best only defer demands of the public for other goals, and parties are an outlet for such popular demands in Japan. Ultimately, the leaders at both local and national levels from both the opposition "progressives" and the ruling party "conservatives" actively developed proposals supporting the welfare state in Japan. Political processes shaping welfare policies in Japan were pluralistic because parties were responsive. The successes of responsive political parties also challenge arguments about the necessity or inevitability of bureaucratic authoritarianism as a model for political development.

For industrial democracies, the popularity of corporatist analysis should not blind researchers to the pluralistic elements of advanced

societies. The bureaucracy is autonomous in some initiatives of public policies, but not all major decisions, tradeoffs, and conflict management. This study reaffirms instances in an advanced society where politicians act as the primary coordinators of the policy process. Responsive party government in Japan was the result of the self-interest of politicians in a catch-all party. The implications are also that self-interested, pragmatic "conservative" or "progressive" politicians will win elections if responsive to the policy demands of an enlarged coalition of organized interests supporting the party.⁸ This finding also contributes further evidence of a linkage between electoral competition and increases of public spending.

Bureaucratic pluralism assigns the politician and bureaucrat alternating leadership across policy areas. Welfare policies to an exceptional degree may demonstrate how ruling party politicians in Japan have intervened in policy processes as the primary coordinators. In other policy areas, politicians may have little or no involvement in processes of coordination and management of public policy. Corporatist peak associations and pluralist interest group competition occur alternately or simultaneously in contemporary polities. The problem that remains is how to decide criteria that explain when a given policy area will be subject to patterned or pluralist processes.

The issues that involve pluralist intermediation by politicians, or become what people often call politicized, result in Japan from the organization of interests and their access to policy processes. Organized interests in Japan seek political intervention depending on

their influence and access as groups.

First, the manner in which interests are organized in labor-intensive policy areas affects the degree of mediation by politicians. Labor-intensity is not only referring to manufacturing, but also to health care, teaching, and farming. Here the policy problems of public pensions, health care, education, and agriculture are examples with frequent political intervention affected by the organization of interests. Policy processes involving organized and aggregated workforces are likely to require politicians' involvement. The relative influence of organized interests such as doctors and farmers in Japan results from institutional or political history, and as such is best determined in research that relies on firm grounding in the history of a given case.

Second, the processes of setting agendas in public policies suggest that multiple routes of access exist for placing issues in the public arenas of the policy process. The mass media, executive commissions, and budget processes are all key locations of access for interest representation. Smaller interest groups organized to protect the handicapped as well as larger interest groups of physicians have variable success in gaining access, such as favorable publicity in the media for the former and direct participation on deliberative councils for the latter. Thus the functions of "coordination and tradeoffs among issue areas"⁹ in Japan, as in the democracies of the United States and Europe, are not exclusively under control of politicians across issue areas. In access to the policy agenda in Japan, a variety of avenues exist for

political input through both patterned policy processes and outside the patterns such as through the media and local government.

Bureaucratic pluralism is introduced as a concept based on a case study of Japan, but the concept is not linked to Japan any more than the concept of the welfare state is linked to Scandinavia or the concept of corporatism is linked to Europe. Social processes can be shown to have features abstract from their unique context. The job of the social analyst is to sift out the general factors from unique experiences. Few observers disagree that the Japanese political economy succeeds extremely well, and that Japan's economic success is related to a polity that maintains stability. Evidence from Japan can be employed to develop better understandings of social science, and offers researchers an important case and excellent opportunity. This study concludes that reasonable explanations of Japan will consider the roles of bureaucrats and politicians as variable across policy areas, and the variation is best understood by a concept of bureaucratic pluralism which reflects the leadership of politicians in producing the welfare state in Japan.

Appendix I: National Welfare Spending

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National Welfare Spending in Japan, 1868-1918
(in thousands of yen)

Year	Poor Relief	Public Health	Public Pensions	Total Welfare	Percent NDP
1868	45	0	207	252	0.04%
1869	104	0	46	150	0.02%
1870	310	0	395	705	0.11%
1871	101	0	79	180	0.03%
1872	0	0	45	45	0.01%
1873	0	0	130	130	0.02%
1874	0	0	115	115	0.02%
1875	1697	76	135	1908	0.28%
1876	1278	118	0	1396	0.21%
1877	1773	63	140	1976	0.29%
1878	1083	62	1236	2381	0.34%
1879	1376	84	975	2435	0.34%
1880	1515	85	354	1954	0.27%
1881	1386	68	325	1779	0.24%
1882	1368	78	576	2022	0.27%
1883	1341	173	292	1806	0.24%
1884	1349	172	392	1913	0.25%
1885	1030	140	266	1436	0.18%
1886	1340	0	396	1736	0.22%
1887	1336	0	392	1728	0.22%
1888	1305	49	504	1858	0.24%
1889	1334	4	499	1837	0.22%
1890	150	94	615	859	0.08%
1891	149	74	796	1019	0.10%
1892	150	20	999	1169	0.11%
1893	155	36	1305	1496	0.14%
1894	175	76	1502	1753	0.14%
1895	169	307	1592	2068	0.15%
1896	174	431	3355	3960	0.28%
1897	214	327	3502	4043	0.23%
1898	261	609	3552	4422	0.20%
1899	180	840	3913	4933	0.25%
1900	197	908	4175	5280	0.23%
1901	202	728	4538	5468	0.24%
1902	213	817	5038	6068	0.27%
1903	241	761	5522	6524	0.25%
1904	233	626	6251	7110	0.26%
1905	216	645	12497	13358	0.48%
1906	243	940	31971	33154	1.01%
1907	253	1148	29134	30535	0.84%
1908	217	1158	27373	28748	0.78%
1909	117	1629	27624	29370	0.81%
1910	10	654	28319	28983	0.80%
1911	11	672	29066	29749	0.70%
1912	11	688	30150	30849	0.66%
1913	0	622	31632	32254	0.66%
1914	0	438	33051	33489	0.76%
1915	0	463	34292	34755	0.75%
1916	0	813	35348	36161	0.61%
1917	0	1190	36237	37427	0.48%
1918	0	2060	38169	40229	0.38%

Welfare Spending in Japan, 1918 to 1942

(in millions of yen)

Year	Poor		Welfare		Health		Insurance		Public		Other		Civilian Soldiers		Other		Family		Total	Percent of NDP
	Relief	Institutions	Health	Insurance	Unemployed	Health	Welfare	Pensions	Pensions	Welfare	Pensions	Pensions	Pensions	Pensions	Pensions	Pensions	Pensions	Pensions		
1918	0.000	0.000	0.000	0.000	0.000	2.060	0.000	0.000	6.691	21.319	9.617	0.542	40.229	0.38%						
1919	0.000	0.000	0.000	0.000	0.000	3.865	0.000	0.000	6.978	23.839	9.498	0.616	44.796	0.31%						
1920	0.097	0.085	0.000	0.000	0.000	5.039	0.000	0.000	9.612	36.222	9.570	0.867	61.492	0.45%						
1921	0.180	0.601	0.000	0.000	0.000	3.965	0.000	0.000	13.263	49.842	10.119	1.006	78.976	0.58%						
1922	0.268	0.622	0.000	0.000	0.000	4.798	0.000	0.000	18.074	46.544	9.714	1.003	81.023	0.58%						
1923	18.443	0.289	0.060	0.937	4.514	4.514	0.000	0.000	42.123	32.771	9.308	1.006	109.451	0.78%						
1924	0.183	0.470	0.025	0.356	5.300	5.300	0.000	0.000	32.398	83.172	9.438	1.198	132.540	0.90%						
1925	0.038	0.119	0.266	1.230	4.977	4.977	0.000	0.000	37.135	83.466	9.068	1.121	137.420	0.88%						
1926	0.041	0.119	1.482	1.315	4.596	4.596	0.000	0.000	37.954	85.921	8.921	1.265	141.614	0.94%						
1927	0.042	0.119	2.606	1.234	4.971	4.971	0.000	0.000	40.016	87.195	11.844	1.395	149.422	1.02%						
1928	0.040	0.119	3.949	1.095	5.518	5.518	0.000	0.000	41.768	88.446	11.832	1.597	154.364	1.00%						
1929	0.051	0.364	3.537	1.820	5.639	5.639	0.000	0.000	44.261	89.571	11.539	1.617	158.399	1.02%						
1930	0.042	0.254	3.351	1.110	4.866	4.866	0.000	0.000	46.624	91.164	11.327	1.702	160.442	1.23%						
1931	0.329	0.233	3.013	0.615	4.853	4.853	0.000	0.000	50.104	92.742	11.111	1.842	164.842	1.40%						
- 1932	2.493	0.200	2.771	13.189	4.523	4.523	0.000	0.000	55.141	94.109	10.903	2.545	185.874	1.44%						
1933	4.118	0.358	2.645	2.222	4.954	4.954	0.000	0.000	57.161	95.238	11.126	2.817	180.639	1.24%						
1934	4.375	0.350	2.963	1.074	5.227	5.227	0.000	0.000	61.347	97.100	11.623	2.923	186.982	1.22%						
1935	4.624	0.458	3.817	0.762	5.630	5.630	0.000	0.000	63.853	98.258	11.974	3.010	192.386	1.17%						
1936	4.340	0.488	4.333	0.787	5.888	5.888	0.000	0.000	67.003	101.495	11.347	3.052	198.733	1.10%						
1937	5.286	0.583	3.817	2.279	7.848	7.848	0.000	0.000	68.243	100.417	10.941	35.206	234.620	1.12%						
1938	5.339	0.878	4.511	8.933	10.370	10.370	0.000	0.000	0.000	179.324	12.797	114.083	336.235	1.37%						
1939	6.688	1.716	5.835	11.243	13.990	13.990	0.331	0.000	0.000	215.205	22.811	118.840	396.659	1.29%						
1940	7.114	1.891	8.072	15.791	17.848	17.848	0.166	0.000	0.000	264.764	30.477	89.905	436.028	1.22%						
1941	7.881	1.791	11.584	18.406	21.188	21.188	0.147	0.000	0.000	321.498	33.457	111.405	527.357	1.46%						
1942	8.535	1.500	20.651	30.389	27.285	27.285	0.166	0.000	0.000	363.032	30.016	134.360	616.534	1.48%						

Welfare Spending, 1947 to 1985

(in millions of yen)

Year	Health & Pension	Social Welfare	Onkyu Pensions	Aid to Unemployed	Total Welfare	Welfare as % of NDP
1947	500	8534	368	0	9402	0.97%
1948	560	14198	771	451	15980	0.81%
1949	1445	18176	3342	4683	27646	1.01%
1950	0	20242	5665	11400	37307	1.10%
1951	11817	24979	7995	12936	57727	1.27%
1952	14814	27042	26747	15149	83752	1.69%
1953	22093	31955	61283	19360	134691	2.32%
1954	23762	41331	83394	24266	172753	2.64%
1955	25215	44637	89716	28884	188452	2.66%
1956	30505	43874	100278	35167	209824	2.68%
1957	36551	45818	121230	34882	238481	2.59%
1958	39575	49198	110643	41233	240649	2.52%
1959	58517	55660	122916	43365	280458	2.65%
1960	88205	61818	130014	42203	322240	2.51%
1961	134361	75469	132060	47826	389716	2.57%
1962	165267	90026	130092	56293	441678	2.54%
1963	218960	110652	134725	58399	522736	2.62%
1964	252832	131656	159676	59543	603707	2.64%
1965	233804	150729	168412	69348	622293	2.43%
1966	380765	176584	192256	73741	823346	2.80%
1967	453226	208030	217160	76244	954660	2.73%
1968	513305	235044	249388	79154	1076891	2.59%
1969	618127	275428	262782	80733	1237070	2.57%
1970	735222	338025	295177	83455	1451879	2.53%
1971	870024	400787	330812	91050	1692673	2.63%
1972	1055942	519646	363451	106580	2045619	2.73%
1973	1379926	715358	467382	124321	2686987	2.96%
1974	2030293	953980	590926	144431	3719630	3.47%
1975	2623339	1178577	749102	229120	4780138	4.05%
1976	3304187	1474471	948155	260000	5986813	4.52%
1977	3932172	1738364	1153964	300000	7124500	4.86%
1978	4757704	1998333	1320505	330000	8406542	5.23%
1979	5417298	2218392	1490624	350000	9476314	5.49%
1980	5457183	2326086	1629489	379084	9791842	5.23%
1981	5903057	2487768	1791724	382152	10564701	5.34%
1982	5866023	2765598	1880020	376918	10888559	5.24%
1983	5683393	3004229	1877978	371226	10936826	5.08%
1984	5728697	3138635	1874476	367516	11109324	4.97%
1985	6030593	3085748	1878429	367349	11362119	4.92%

Appendix II: A Contemporary Account of the Establishment of
the Ministry of Health and Welfare

"Why Was the Ministry of Health and Social Affairs
Almost Not Created?"

Translation of
"Hoken Shakai Shō wa naze nakanaka umarenakatta ka"

by Satō Kyonosuke

Hanasi, February 1938, pp. 16-22

After overcoming obstacles of the Privy Council and frictions among the Home, Education, Agriculture and Forestry, and Commerce and Industry Ministries, the new Ministry was finally created. Now, who will be the first Minister?

The First Policy of the Konoe Cabinet

After seventy five days and rumors of its destruction or ailments, and about the time it was forgotten, at last a Health and Social Affairs Ministry was created.

"For citizens' health or social institutions, this Ministry will establish an independent institution" proclaimed Prime Minister Konoe on June 9 of last year (1937). Further, as outlined in plans for the

general reasons for its establishment, in the first ten days of July the Establishment Preparations committee for the Health and Social Affairs Ministry was created, and in July's Special Session of the Diet, its budget was passed in the 1937 supplemental budget. On the first of October, when at last the new Ministry will begin operations, there have passed a variety of cataclysmic changes, but it is mostly a case of brilliant execution by the Kono Cabinet.

However, since the Marco Polo Bridge Incident (July 7, 1937) and further incidents in Shanghai, the concern about condition of recruits sent to the military has been spreading quickly throughout the country. But at high levels the rumor of a Health and Social Affairs Ministry was hardly remembered from around the time of the Shanghai strategy. Now actually from about the tenth, the new ministry will begin operations. To recall, the Health and Social Affairs Ministry had a difficult fate.

The ministry was not announced at all by the Kono cabinet. When in 1930 the Home Minister, Adachi Kenzō, proposed it in spite of the fact it was not something readily listened to, the Ministry was part of the trend of the times or a gradual development. And when the initiators came from the military, suddenly it became a reality.

Within the military, the most enthusiastic initiator was the Army Ministry's Medical Bureau Director, Surgeon General Koizumi Chikahiko. He is a lively conversationalist, well-rounded genius, and person of ability, as well as an exceptional theorist. He examined the physical condition of several thousand applicants from the annual draft data, and is thus the person who best knows the deficiencies of citizen's health.

Chest measurements compared to the increase of height are relatively underdeveloped and muscle strength is weak. The number of tuberculosis and venereal disease patients is increasing. As for the causes, the sons of the villages are leaving for work in the cities. They work in factories with poor health conditions and injure their health, while at the same time they develop bad morals and catch malignant diseases. In other words, since the gathering of the village youth in the cities has major faults, Koizumi advocates that we must create policies for the appropriate social institutions and for citizen's health.

At the time of the Hayashi Cabinet, Army Minister Sugiyama said during his travel reminiscence of the Kansai area that the welfare seat was not the property of the Army Minister, and it was better said that Prime Minister Konoe would present his favored plan to the cabinet. Because Prime Minister Hayashi was an Army general as well and since Mr. Saitō and Mr. Okada in the cabinet were under the Army Minister, there was no doubt that the Army would get its wish. Moreover, Home Minister Kawarada was from the Social Affairs Bureau (which supported the proposal). As an informal discussion, the Army's plan for establishment of a new ministry continued toward its adoption.

The inheritor of the plan was the previous Home Minister Baba, and according to this proposal, Prime Minister Konoe as the "youthful Prime Minister" desired quick organization even within one month. The avoidance of a decision on the big problems of establishing a ministry thus created a sense of trust that grew stronger about how "Konoe has really good sense." In other words, the Konoe cabinet decided on the Health and

Social Affairs Ministry, and it was the initial policy of the Konoe Cabinet.

The Three Minister and Four Minister Meetings Get Into Trouble

As in all cabinets in history, within various bureaucracies there is some dissent, but the word with the Konoe cabinet was that "The Prime Minister's single word is stronger than steel." Against the statements of the Prime Minister, there was no dissent expected and the health and social affairs ministry went smoothly into deliberative inquiries as had been planned.

The chief of planning of the time was concurrently filled by Foreign Minister Hirota. Hirota Kōki was perhaps our country's first spokesman, but as for domestic politics--to put it crudely--naturally he was ignorant. All was the responsibility of assistant chief Ino Sekiya, but the problem is that in order to move subordinates, one must have orders that create efforts with all having identical feelings. In addition, the Health and Social Affairs Ministry will have absolutely no newly created work, and because work performed before by the Home Ministry, the Education Ministry, the Agriculture and Forestry Ministry, and the Commerce and Industry Ministry will be moved to the new organization, a merger was absolutely necessary.

However, the one holding most of the authority was the first initiator, the Army Ministry, and the Health and Social Affairs Bureau (of the Home Ministry) with almost half of the activities belonging to the Home Ministry. First with the organization of the new ministry,

against a nine bureau proposal of the Home Ministry was the Army Ministry offering its large plan of a proposed fourteen bureaus. However, this plan was modified during planning and made into one institution with an agency and five bureaus (Insurance Agency, Physical Fitness Bureau, Health Bureau, Preventive Medicine Bureau, Social Affairs Bureau, Labor Bureau). Also, within the Insurance Agency in addition to the social insurance of the Home Ministry and the postal life insurance of the Posts and Communications Ministry, the Life Insurance directorate of the Commerce and Industry Ministry was also included.

Because the Physical Fitness Bureau could be included in the School Health or Physical Education Bureaus of the Education Ministry, education bureaucrats were opposed on the grounds that as Ministry's foundation of education was intellectual education, moral education, and physical education, the last was within education and its removal would destroy these foundations. Further, because the Posts and Communications Ministry's postal life insurance was connected to the growth of development of communications activities, its removal from communications activities would be a meaningless distortion. Also, for the Commerce and Industry Bureau, life insurance has a close relationship to the rest of industry because if moved to the new ministry the use of funds for industry would be insecure, and the life insurance companies also protested with the industrial bureaucrats.

For the opposition of the Education Ministry, because it had no sound reasons, it was lightly brushed aside. But the feelings of the Posts and Communications Ministry were that in spite of their efforts to

develop a large program and after a long time of having such a fund, they would lose it. The Posts Minister Nagai negotiated with former Home Minister Baba, and for the chief of the Insurance Agency they would employ a bureaucrat from the Posts' ranks. and this received the approval of Posts officials. Life insurance programs under Commerce and Industry had been planned from the past as life insurance activities were designed to manage public bonds. The present Commerce and Industry Ministry had a protective assistance policy for life insurance activities, and it caused unwarranted profits for many companies. Thus, Commerce and Industry Minister Yoshino approved the policy within the industry and ended pressures from opposition within his ministry. Of course concerning the use of funds from insurance companies, the Commerce and Industry Minister and the Finance Minister assured their security, and did not especially stipulate that the companies refer to the (new) Insurance Agency for guidance. Even so at one time from various sides a staggering amount of noise and disturbance occurred about the ministry. Three ministerial meetings of the four Ministers of the involved bureaucracies at last brought about the different conditions for the organizational framework. It even reached the point where, in order to respond to opponents, the notes of Secretary of the Cabinet had to be published.

Again, Troubles with the Problems of a Name

Finally, the organization was created, but next when coming to the name of the new ministry, it became an extremely bothersome problem. With this organization only in mind, according to common sense, "Ministry

of Social Affairs and Public Health" (Shakai Eiseishō) is likely but is a bit complex. "Ministry of Social Affairs" (Shakaishō) alone does not recognize the public health and health insurance aspects. If made the "Ministry of Health" (Eiseishō) then comes the worry that the social institutions will be underemphasized. However, on the side of the military since the problem of the fundamental principles of the state (establishing the primacy of the emperor system, kokutai meicho), the word "social" (shakai) is anathema. "Social" (shakai) is immediately linked to socialism and further socialism is connected to communism, so intense opposition emerged. In addition, the name for the new Ministry in plans was also reported by the newspapers to have been unresolved, and the suggestions began to pile up like a mountain. There was "Ministry of Welfare" (Fukurishō), there was "Ministry of Public Welfare" (Minseishō), and as a problem expression it was truly enough to burst out laughing as the joke of the century (heso ga cha wo wakasu). Chief of Planning Hirota (Kōki) and Assistant Chief Ino (Sekiya) became a bit perplexed and bedazzled. When finally announced it became "Ministry of Public Health and Social Affairs," but "health" (hoken) was more positive than "public health" (eisei), so "Ministry of Health and Social Affairs" was it, and the decision was announced to other organizations.

In this manner by July 15 (1937), the stipulation for a preparation committee for establishment of the Ministry of Health and Social Affairs was made, and under the broad direction of the Legal Bureau Chief Taki Masao were assigned 15 committee members, 17 secretaries, and 12 clerks. After the committee had met two or three times, the Marco Polo Bridge

Incident broke out in Shanghai and full time war conditions developed against belligerent China. At a special committee that met for about two weeks beginning on July 23, the Incident was funded with a budget of about 96,000,000 yen and within ten days 420,000,000 yen were added, along with a Special Commission to begin on September 4 which would bring the total costs for the Incident to 2,020,000,000 yen.

These financial resources were in part borne by a tax increase for the Incident, but because the entire burden fell on the public debt at the very time the various ministries were about to employ the promises of settled funding, a proposal was also introduced to the Privy Council to increase the staff of the Colonial Government of Taiwan. In addition, the Privy Council stated "while the Government is involved in crucial situations, how can we determine the increase in the number of public employees?" and pointed out the tendency toward recently occurring bureaucratic inflation that produced great protests. Prime Minister Konoé also was anxious that we must avoid the problem, but of course looking at the investigations of the Ministry of Finance, the increase of imperial approved and government approved appointees in the 1937 budget was more than 18,000 personnel which was the largest single group that occurred in peacetime and increased the budget by thirty million yen. The protest of the Privy Council was adequate and more than "the worries of old fogies". Namely, they had aims for the Prime Minister to have adequate appreciation of such protests because he had to answer questions in the Diet.

Provided with the new establishment of the Health and Social Affairs Ministry, the imperial appointees for subordinates to the Chief Secretary was to be an increase of about 150 personnel and this eventually entered the plans. Further, the original budget's plan called throughout localities for the establishment of a new ministry, and the leaders of local governments saw with the expanded establishment a continuing increase of bureaucratic inflation throughout the country. Since the occurrence of these circumstances, even the strong-hearted cabinet has not had the courage to send the bureaucracy's plan for a Health and Social Affairs Ministry to the Privy Council.

October 1, when the new ministry was first scheduled to open, has already passed. The Cabinet acted as if nothing happened. Further, the budget was created in a special committee. The first reform policy of the Konoé cabinet had not only come to be transformed, but at the same time in the area of the Privy Council the atmosphere had become unfavorable, and the period for establishment by proper proclamation had not been released. Again, acting if nothing happened was the best policy. The main bearer of responsibility at this time, former Home Minister Baba, stated for example, "Well, since the new central plan for reformation won't be on time...", it appears that excuses had to be made.

Furthermore, more than two months of procrastination have passed. Within this time, part of the cabinet appeared to have decided on an indeterminate time for the establishment of the new Ministry, and in the cabinet meeting a decisive report on the indeterminate time was emphasized for the clear impressions of citizens. But with the rumors of

amnesia as extenuated by the beginning of confusion due to developments of war conditions in the Shanghai area, when will the Health and Social Affairs Ministry finally begin its administrative operation? However, as we entered February and about the time that discussions from the seventy-third Diet emerged, the Cabinet had to decide their final intentions.

Namely in spite of the opposition of the elders of the Privy Council, a schedule for immediate establishment of the yet-without-a-budget Health and Social Affairs Ministry had not yet come true. Even provided for the censure due to government procrastination, the Diet also probably made light of the plan and the fears causing the seeking of a painless means were also at fault. By the gathering of the Diet at the end of the year, there was a sense that the plan must take shape, and rapid preparations were arranged and the Privy Council began preparations for an Imperial Consultation. On about the tenth, the Privy Council will likely have received a directive, and the deliberative commission will have met three times on specifics and found faults with the bureaucracy's plan for the Health and Social Affairs Ministry.

Just as before, the focus of this debate is the protests against the directive authority for life insurance activities being moved from the Commerce and Industry Ministry to the new Ministry, but the Privy Council's increase of personnel also became a problem. The fixed number by the Privy Council was twenty-four personnel from the start, but the State Affairs Minister said that, with the single creation of the largest increase of personnel since the 1927 creation of the Department of Overseas Affairs in the Tanaka Cabinet, the increase would mean in the

Health and Social Affairs Ministry that finally a loss of balance would occur in the numbers within the Privy Council, and this balance had been demanded of the Privy Council at the time of the Tanaka Cabinet. However, the Cabinets that later followed avoided a point by point consideration and while the new Ministry had caught on as an idea irregardless of the political party cabinets, due to the state of affairs at the time there has not been face to face confrontation or decisive conflicts of the Privy Council and the Cabinet. Since it is a time of doubts about concepts of great complexity, Prime Minister Konoe has coordinated considerations in a spoken declaration that avoided difficulties. Nevertheless, because of the problem of prestige of the Privy Council, the name of the Health and Social Affairs Ministry became appropriate in accordance with reformed changes of the name based on the emphases of the Privy Council. The Privy Council proposed "Ministry of Civil Welfare" (Hoseishō) and "Ministry of Health and Welfare" (Koseishō). They stated that the first character (ho) of Civil Welfare (Hosei) meant stability. Health and Welfare (Kōsei) was a direct translation from English for welfare and the former was agreed upon. (sic) Finally, the difficulty of the Privy Council passed and at last the assurance of a new Ministry operational start on the tenth brought forth with its record of calamities, the Health and Social Affairs Ministry.

Who Will Be the First Minister of Health and Social Affairs?

Now, the problem is who will be the minister of the Health and Social Affairs Ministry? At first, it was expected to be a bureaucrat from the Home Ministry, but since the outbreak of the Incident, the Cabinet has also experienced problems of reforms and problems of strength, and the idea of a Home Ministry bureaucrat somehow disappeared. With "the Prime Minister's single word being stronger than steel" while Prime Minister Konoe gradually carved out his Cabinet, this debate alone had a direct relationship on the balance of power among various bureaucracies. In the end, the Home Minister's bureaucrats didn't become a problem, but if former Home Minister Baba took responsibility, it alone would further increase Baba's personal influence. Because it would improve the name of the assistant premier Baba according to his own wishes, the other bureaucrats opposed it and the destruction of the notion of the Home Minister taking over was naturally the result. Next, a theory that the Prime Minister would take over has been gaining strength, but Prime Minister Konoe is a busy person and actually a bit of a do-nothing (monogusa Tarō). In his mental state, he probably would not be up to the creation of work above the present, and at any rate a special Minister must be created.

If we reach the step of expert responsibility, the first one called to mind is the chief of the National League, Adachi Kenzo. The reason is that Mr. Adachi is the pioneer of the Health and Social Affairs Ministry and from the point of efforts because the National League received the coldest treatment in the Konoe cabinet, it is appropriate to use Mr.

Adachi at this time. Logic is one thing, but it isn't reality. Looking from the view of the Prime Minister, because he wants to select someone as close as possible to his views, it is correct to see that Adachi will have problems. The initiator of the Health and Social Affairs Ministry, Army Ministry Surgeon General, Koizumi Chikahiko, was well respected but since the time of planning the situation has quite changed. Namely, at the time of planning the way he conceived both health and social affairs had an emphasis on health, but now because of relief activities on the home front and outside of war, social institutions have come to receive emphasis so Mr. Koizumi cannot keep pace.

From the view of closeness to Prime Minister Konoe, how about former Home Minister Kawarada Kakichi? If it is him because he comes from the Social Affairs Bureau of the Home Ministry, he will be the most appropriate candidate to assume the responsibilities. But due to the present organization of the Konoe Cabinet which was put into action by the participation of every bureaucracy, even though it would be the natural choice, it is not likely to get further thought. Supposing finally some great difficulty of choosing a candidate, and the Prime Minister does not manage to put one forward, then this would be the last option.

Within the Home Ministry more than Mr. Kawarada, the Vice Minister Yuzawa Michio under Home Minister Kishiwa is apparently the most warmly received. Although Yuzawa was brought up through the Health Bureau, he was also Director of the Labor Department of the Social Affairs Bureau. His character is extremely well-rounded and he is one of intelligent

thought that, in ratio to his small stature, is of large scale. The reason that the Home Ministry bureaucrats are recommending him is that the officials that are being separated from the Home Ministry and must move to the Health and Social Affairs Ministry come from closely linked human relationships. The resolve of the Home Ministry bureaucrats is that if at any rate they must move to another bureaucracy, when the time comes a good leader in a single man with a single jurisdiction was desired, and it would at any rate be a precarious trade and they would prefer it if they knew the feelings of the head of the new Ministry. And so, this goes on as it is put before the political world and the favorites for Minister are growing like wildfire. If this is separated from the Home Ministry, then the seat will be for three or four years and it may be selected from some other bureaucracy, or it will come that the six or seven year plans will not come to fruition. While fifteen years ago, the Agriculture and Forestry Ministry and the Commerce and Industry Ministry were one as the Agriculture and Commerce Ministry, looking at the qualities of both parties today, they have completely changed. From these type of conditions, what is now held in tight connection with the Home Ministry will be at the pleasure of the new Minister. If he comes from the group of the Army's Vice Minister Umezu, there are shared interests but the only connection he has with Prime Minister Konoe would be that they are both members of the Kokuikai organization.

Japan's youth league trustee, Tazawa Yoshisuke, is ranked also in the horse race. Prime Minister Konoe at the time of the Hirota Cabinet had recommended Tazawa for Education Minister. In the Hayashi Cabinet he

was also suggested for Education Minister, but he refused saying that as a rural man he didn't know politics. Tazawa may be one that the Prime Minister desires, but the doubt remains that he has any experience outside of his area of education. Some desire the former Director of the Research Bureau, Yoshida Shigeru, but directly since the problem of reform of the Diet Upper House of Nobles at the time of the Hayashi Cabinet, Yoshida gradually became distant from Prime Minister Konoe and now is completely separated from him.

Finally under the odds in this horse race, as a Cabinet and Diet member, Mr. Akita Kiyoshi, is likely to appear. Mr. Akita's entrance into the Cabinet was not predicted by anyone outside, but in the unending policy of the political world as the actor behind the scenes, Akita is the political advisor of Prime Minister Konoe and the ally of Mr. Akiyama Teisuke in many connections, so is bathing in the footlights as he came to take on many roles. While thought to be under the shadow of the political movement of the South Korean directorate, he also had a relationship to the Suetsugu Cabinet and participated in general in a variety of activities, and so became even more polished when he was a Cabinet member. This type of silver-haired and good looking candidate, while participating in the cabinet was controlling aggressive elements that dealt with others outside. He is said to be an artist in handling such situations. Unexpectedly, the Prime Minister thinks very highly of him. When Home Minister Baba was ill Akita filled the place, and as Home Minister was first in the Prime Minister's thoughts more than General Suetsugu.

Consequently, as an effective candidate for the Health and Social Affairs Minister, it would not be hard to understand if Mr. Akita's name came forth and gathered support. Further, after being a Cabinet member under General Suetsugu as Home Minister, it should be emphasized that a Health and Social Affairs Minister from within the military is desired by the experienced generals. As for General Araki, he is not yet selected, but as an aid to strengthen the Cabinet he is receiving the consideration of Prime Minister Konoe. Therefore, truly within this group of candidates' names, who will become the first minister and hit the bull's eye?

Translators' Notes:

1. As an example of journalistic coverage of Japanese politics, this article provides great detail about the actors involved in establishment of the Ministry of Health and Welfare. There are, however, two errors on the name of the ministry and the likelihood of the first minister.
2. First, the name of the bureau established was not the Ministry of Health and Social Affairs, but rather the Ministry of Health and Welfare (Kōseishō).
3. Second, the initial Welfare Minister was Kaneko Tsuneo, although Army Surgeon General Koizumi Chikahiko served longest during wartime as the second Welfare Minister from July 18, 1941 to July 22, 1944.
4. This article was located at the excellent library of shūkanshi weekly magazines, Ōya Sōichi Bunko, in Hachimanyama, Setagaya-ku, Tokyo.

NOTES

Notes to Introduction

1. For an optimistic view, see Yatsuhiko Nakagawa, "Japan, The Welfare Superpower," The Journal of Japanese Studies, Vol. 5, No. 1, pp. 5-51, and for skepticism about public policies for welfare, see the entry for "Social Welfare" in Janet Hunter, A Concise Dictionary of Modern Japanese History, Berkeley: University of California, 1984, p. 208-209. Japanese experts like Miura Fumio also claim "laggard" status to emphasize areas where they wish to see greater public efforts. Interview, with Miura Fumio, February 1986.

2. Tachi Ryūichiro, 1985, p. 2.

3. Examples of industrial democracies include the United States, Britain, Canada, France, West Germany, the Scandinavian countries, Italy, and Japan which are countries that Robert A. Dahl cites as examples of his notion of "polyarchy." Modern Political Analysis, Fourth Edition, Englewood Cliffs, New Jersey: Prentice-Hall, 1984, p. 76.

4. Hugh Heclo, 1974, p. 3.

5. Martha Derthick, 1975, p. 12.

6. Haruhiro Fukui, 1985, p. 486.

7. Japan's "welfare policy" is represented by the three policy areas of social services, health care, and public pensions. Welfare policy is meant as a subset of social policy that can include aspects of labor policy or educational policy. The welfare policy areas in this study are meant to represent the core of the welfare state, and correspond closely to various governments' definitions of social security or social insurance programs.

8. On the United States, see David Stockman, The Triumph of Politics. Harper and Row: New York, 1986.

Notes to Chapter 1

1. Harry K. Girvetz, "Welfare State," an article in the International Encyclopedia of the Social Sciences, New York: MacMillan Company, 1968, Vol. 16, pp. 512-21.
2. Steven Krasner, "Review Article: The State," in Comparative Politics, March 1984.
3. Robert Alford, Bureaucracy and Power, Chicago: Rand McNally, 1969, pp. 1-2, and Howard Leichter, 1979.
4. Talcott Parsons, The Social System, New York: Free Press, 1951.
5. Talcott Parsons, "System Analysis: Social Systems," an article in International Encyclopedia of the Social Sciences, New York: MacMillan Company, 1968, Vol. 15, pp. 458-73.
6. Harold L. Wilensky and C.N. Lebeaux. Industrial Society and Social Welfare, New York: Glencoe Free Press, 1965.
7. Harold L. Wilensky, 1975.
8. Karl Marx, Capital, translated by Ben Fowkes, Harmondsworth, England: Penguin, 1978.

9. Karl Marx, "Critique of Political Economy" in Robert Tucker, The Marx Reader, 2nd edition, Princeton: Princeton University, 1979.

10. James O'Connors, The Fiscal Crisis of the State, New York: St. Martin's Press, 1978. O'Connors concludes his book with a class-based analysis that is political in approach, but the first part of his book uses a functional approach closer to classical Marxism.

11. Ian Gough, "Theories of the Welfare State: A Critique," International Journal of Health Services, Vol. 8, No. 1, 1978.

12. As a critique of meanings of politics and power, see Steven Lukes, Power, London: The MacMillan Press, 1978.

13. Antonio Gramsci, Letters from Prison, translated by Lynne Lerner, London: Cape, 1975. "Political Marxism" designates later analytical approaches that were first suggested by Gramsci and have been developed by various analysts of power of elites.

14. Frances Fox Piven and Richard Cloward, The Regulation of the Poor, New York: Pantheon Books, 1971.

15. Eugene Durman, "Have the Poor Been Regulated? Toward a Multivariate Understanding of Welfare Growth," Social Services Review. Vol. 48 (March 1974), pp. 147-169.

16. David Truman, The Governmental Process, 2nd edition, New York: Alfred A. Knopf, 1971.
17. The classic work is Harry Eckstein, Pressure Group Politics: The Case of the British Medical Association, Stanford: Stanford University, 1960.
18. Hugh Heclo, 1974.
19. Philippe C. Schmitter, "Still a Century of Corporatism?" in Philippe C. Schmitter and Gerhard Lehmbruch, editors, 1979.
20. Alfred Stepan, The State and Society, Peru in Comparative Perspective, Princeton: Princeton University, 1978.
21. Robert Alford, Health Care Politics, Chicago: University of Chicago, 1975, and Deborah Stone, 1980.
22. Alfred Stepan, op. cit., 1978.
23. Harold L. Wilensky, 1975.
24. Frances Fox Piven and Richard Cloward, The New Class War: Reagan's Attack on the Welfare State and Its Consequences, New York: Pantheon, 1982; Jeffry H. Galper, The Politics of Social Services, Englewood

Cliffs: New Jersey, 1975, and Samuel Bowles and Herbert Gintis, Schooling in Capitalist America, New York: Basic Books, 1976.

25. In addition to Hugh Heclo, 1974, see Martha Derthick, 1975.

26. See Robert Alford, *op. cit.*, 1975, and Deborah Stone, 1980.

27. Harold L. Wilensky, 1975. At pp. xix-xiv, Wilensky also argues that political factors are important to explain differences across welfare states.

28. Clifford Geertz, The Interpretation of Cultures, New York: Basic Books, 1973.

29. On social services for poverty and social needs, see Martha Derthick, *op. cit.*, 1975, and Gaston Rimlinger, Welfare Policy and Industrialization in Europe, America, and Russia, New York: Wiley & Sons, 1971.

30. On policies for health care, see Howard M. Leichter, 1979, and Victor G. Rodwin, The Health Planning Predicament, France, Quebec, England, and the United States, Berkeley: University of California, 1984.

31. On pensions for retirement, see Martha Derthick, 1979.

32. See Harold L. Wilensky, 1975 at p. 37.

33. Goran Therborn, "Karl Marx Returning: The Welfare State and Neo-Marxist, Corporatist, and Statist Theories," International Political Science Review, Vol. 7, No. 2, April 1986, pp. 131-164.

34. For the views of bureaucrats themselves, see Sakakibara Eisuke, Nihon wo enshutsu suru shin kanryō zō (The Face of the New Bureaucracy: The Power Behind the Scenes), Tokyo: Yamate Shobo, 1977, and Sakakibara Eisuke and Noguchi Yukio, "Ōkurashō/Nichigin ōchō no bunseki--Sōryoku sen seizai taisei no shūen" (An Analysis of the Ministry of Finance/Bank of Japan Dynasty: The Last Gasp of High-powered Economics), Chūō Kōron. Vol. 92, No. 8, pp. 96-150, August 1977.

In 1982, two prominent political scientists commented. "By publishing such studies, bureaucrats are no doubt attempting to defend their traditionally independent position in the governing process from what they perceive as an encroachment by political parties in the area of policy formulation." Satō Seizaburo and Ōmori Wataru, "Political Science," in An Introductory Bibliography for Japanese Studies, Vol. IV, Part I, Social Sciences 1977-78. Tokyo: University of Tokyo, 1982. A more recent assessment is Okita Saburo, Nihon Kanryō Jijō (The State of Japanese Bureaucracy), Tokyo: TBS Britannia, 1984.

35. Philippe Schmitter, "Interest Intermediation and Regime Governability in Contemporary Western Europe and North America," pp. 285-327, in

Suzanne Berger, ed., Organizing Interests in Western Europe: Pluralism, Corporatism, and the Transformation of Politics, Cambridge: Cambridge University, 1981.

36. T.J. Pempel and Keiichi Tsunekawa, "Corporatism Without Labor? The Japanese Anomaly," pp. 231-270, in Philippe Schmitter and Gerhard Lehmbruch, editors, Trends Toward Corporatist Intermediation, Beverley Hills, California: Sage, 1979.

37. Debates focus on whether, from 1952 to 1973 in various policy areas, the patterns of Japanese political organization were more corporatist or pluralist. To understand the importance of the state in Japanese economic growth until 1973, these debates are perhaps the most appropriate ground for applying corporatist approaches to public policy processes involving business and labor. See Yamaguchi Sadamu, 1982.

38. Ibid, p. 267.

39. John C. Campbell, 1977, Nathaniel Thayer, How The Conservatives Rule Japan, Princeton: Princeton University, 1969, and Haruhiro Fukui, Party in Power: The Liberal Democrats and Policy Making, Berkeley: University of California, 1970. For a more recent review, see John C. Campbell, 1984, and Ellis Krauss, 1984.

40. John Campbell, 1984.

41. Otake Hideo, 1979.
42. Muramatsu Michio and Ellis Krauss, 1985.
43. Inoguchi Takashi, 1983.
44. Satō Seizaburo and Matsuzaki Tetsuhisa, 1984,
45. Satō Seizaburo and Matsuzaki Tetsuhisa, 1986.
46. Further studies illustrating initiatives of politicians and organized interest include Otake Hideo, 1985, and Yung H. Park, Bureaucrats and Ministers in Contemporary Japan, Berkeley: University of California, Institute of East Asian Studies, Center for Japanese Studies, 1986.
47. Haruhiro Fukui, Journal of Japanese Studies, Vol. 11, No. 2. Summer 1985, pp. 480-487, book review of Inoguchi Takashi, Gendai Nihon seiji keizai no kōzo--seifu to shijō (The Structure of Contemporary Japanese Political Economy: Government and Markets), Tokyo: Tōyō keizai shimpōsha, 1983.
48. Haruhiro Fukui, 1985, p. 486.
49. Theodore J. Lowi, "American Business, Public Policy, Case Studies, and Political Theory," World Politics, 1964, Vol. 16, pp. 677-715.

50. On pp. 244-252, Joel D. Aberbach, Robert D. Putnam, and Bert A. Rockman, 1981, summarize policymakers' functions in (1) policy initiation, (2) conflict management, and (3) coordination and tradeoffs among issue areas. Like Hugh Heclo, 1974, and the present study, the authors find (1) initiation is especially dependent on bureaucrats. Unlike Heclo and similar to the present study, the authors find (2) management and (3) coordination are more often functions of politicians; Japanese welfare policy processes support this finding and are summarized in my term, "primary coordinators."

51. Satō Seizaburo and Matsuzaki Tetsuhisa, 1986, pp. 10-17.

52. Harold L. Wilensky, Gregory M. Luebbert, Susan Reed Hahn, and Adrienne M. Jamieson, 1985, pp. 24-29, and the conclusions from Harold L. Wilensky, "Leftism, Catholicism, and Democratic Corporatism: The Role of Political Parties in Recent Welfare State Development," in Peter Flora and Arnold J. Heidenheimer, The Development of Welfare States in Europe and America, New Brunswick, New Jersey: Transaction Books, 1981.

Notes to Chapter 2

1. Harold L. Wilensky, 1975. See p. xiii for a statement about the conclusion that socioeconomic reasons determine welfare spending.
2. Calculations based on International Labor Organization, The Cost of Social Security, Tenth International Inquiry, 1975-1977, Basic Tables, and Kōseishō, 1985.
3. Hugh Heclo, 1974, p. 3.
4. Kōseishō, 1971.
5. Statistics from Emi Koichi and Shionoya Yuichi, 1966. See also Emi Koichi, 1978. Recent statistics are from Kōseishō, 1985, and Tachi Ryūichiro, 1985.
6. Noguchi Yukio, "Japan's Fiscal Crisis," translated by Ogasawara Hirokatsu in Japanese Economic Studies, Vol. X, No. 3, Spring 1982. pp. 53-85, and Noguchi Yukio, 1986, esp. 88-114.
7. See OECD, Social Expenditures, 1960-1990.
8. Kōsei tōkei kyōkai, 1986, p. 19.

9. John Campbell, 1979, and Yoshihara Kenji, 1983, p. 8.
10. See for example, Edwin Reischauer, The Japanese, Cambridge: Harvard University, 1977.
11. For an example of the views of Liberal Democrat representatives, see Tanaka Kakuei, Building A New Japan, Tokyo: Simul Press, 1972, pp. 77-113, and the similar views of young Diet members in Jiyu shugi keizai suishin kikō ("Organization to Promote a Free Economy" with the official English name, "Forum for a Fair Society"), Ryokuyō Nihon kōzō (The Structure of a Green Japan), Tokyo: Jiyu shugi keizai suishin kikō, 1985.
12. Kōsei tōkei kyōkai, 1986, p. 289.
13. Sorihu kōhōshitsu, (Prime Minister's Office) Seiron Chosa, (Public Opinion Survey), p. 6, Vol. 17, No. 6, June 1985.
14. Asahi Shimbun, December 6, 1985, p. 25.
15. Hoshino Shinya with Stephen Anderson, Tokyo's Social Welfare, p. 17 and Asahi Shimbun, March 21, 1986, p. 1.
16. Doi Takeo, The Anatomy of Dependence, translated by John Bestor, Tokyo: Kodansha, 1973, and Nakane Chie, Japanese Society, London:

Weiderfeld and Nicholson, 1970.

17. Bradley M. Richardson and Scott C. Flanagan, 1984. Quotes at p. 121 and 125.

18. Asahi Shimbun, March 21, 1986, p. 1.

19. A joint study of Columbia University and Japan's National Association for Sex Education found continuing differences in attitudes toward marriage and family. As the primary income provider, among respondents 90% of the Japanese and 67% of the Americans preferred husbands in the traditional role, and for spouses' housework, 3% of the Japanese and 40% of the Americans agreed with equally sharing housework. Reported in the Asahi Shimbun, December 4, 1986, p. 13.

20. Andrew Gordon, 1985, p. 3.

21. Interviews at the National Federation of Health Insurance Societies (Kemporen).

22. Speech by Takanobu Kyogoku, Expert Staff, Social Affairs Bureau, January 21, 1985.

23. Jiyūminshūtō, 1982, and Nihon shakaitō seisaku shingikai, 1984.

Notes to Chapter 3

1. Harold L. Wilensky, 1975, pp. 1-14.
2. Frances Fox Piven and Richard Cloward, The Regulation of the Poor, New York: Pantheon Books, 1971.
3. Hugh Heclo, 1974, pp. 4-6.
4. The Meiji period lasted from 1886 to 1912, the Taishō period from 1912 to 1921, the interwar period between World Wars I and II from roughly 1922 to 1937, and the World War II period from 1937 to 1945.
5. Martha Derthick, 1979, p. 18.
6. Nakamura Yūichi, 1984, pp. 37-40, and Yoshida Kyūichi, 1979.
7. Yoshida Kyūichi, 1979, and personal correspondence with William Johnston, History of Science and East Asian Studies Departments, Harvard University.
8. Nakamura Yūichi, 1984, p. 174.
9. Ishida Takeshi, 1984, pp. 8-32, and Appendix 1 for national welfare spending statistics. See also, Carol Gluck, 1985, on the limitations of

state ideology.

10. Andrew Gordon, 1985, pp. 64-65.

11. Sonoda Kyōichi and Yonebayashi Yoshio, 1983.

12. Ishii Ryōsuke, 1980, p. 41.

13. Yokoyama Gennosuke, 1898, excerpt reprinted in Nakamura Yūichi, 1984, p. 176.

14. For background, see John Fairbank, Edwin Reischauer, and Albert Craig, 1973, pp. 648-681.

15. Tsurumi Yūsuke, 1947, and Yukiko Hayase, 1974, especially Chapter 2.

16. Tsurumi Yūsuke, 1947, and Yukiko Hayase, 1974.

17. Sugaya Akira, 1978, p. 20, and Paul Lewis, 1981, pp. 55-58.

18. Andrew Gordon, 1985, pp. 64-69. Translation above is from pp. 66-67.

19. Moriya Shigeru, 1962, and Toshio Tatara, "The Development of Modern Public Welfare in Prewar Japan, 1917-1938," Paper delivered at the Second International Symposium on Asian Studies, Hong Kong, date unknown.

20. Takemi Tarō, 1982, pp. 1-6, quote at p.4.
21. Tsurumi Yūsuke, 1947, and Toshio Tatara, 1975, pp. 162-168.
22. Emi Koichi and Shionoya Yuichi, 1966.
23. Sugaya Akira, 1978, and Sheldon Garon, 1981.
24. Toshio Tatara, 1975, pp. 181-194.
25. Satō Kyonosuke, 1938, pp. 16-22. Misinformation in this article gave evidence of contemporaries' confusion, for example, on the name of the ministry and the first Welfare Minister. See Appendix II for a complete translation.
26. Kōseishō, 1960, pp. 57-58.
27. Yamazaki Iwao, 1938, pp. 667-675, quote at p. 667.
28. Satō Kyonosuke, 1938, p. 18. See also Carol Gluck, 1985, p. 9.
29. Kōseishō, 1971, p. 70.
30. Satō Kyonosuke, 1938, p. 16-18.

31. Kōseishō, 1971, pp. 75-78.

32. Paul Lewis, 1981, p. 145.

33. Ide Hideo, Nihon kanryōsei no gyōsei bunka, Tokyo: Tokyo Daigaku Shuppankai, 1982, especially pp. 233-304.

34. The postwar developments are developed more fully in the chapters on specific policy areas to follow in Part II.

Notes to Part II Introduction

1. Richard Samuels, 1983, Margaret MacKean, 1981, and Michael Donnelly, 1984.

2. See Asahi Shimbun, June 17, 1986, p. 2 and p. 7, and Shukan Asahi, July 4, 1986, pp. 32-34 on new parties. In 1983, disabled celebrity Yashiro Eda founded the "Welfare Party" and won a Diet seat for the party. Yashiro, whose real name is Maejima Eisaburō, left the Welfare Party and joined the LDP after the election. Since the Welfare Party failed to capture a seat in 1986, voters apparently supported the party for Maejima's celebrity status more than the issue of welfare.

3. Mike Masato Mochizuki, 1982.

4. During the period from 1973 to 1985, the nine prominent Diet members serving as Minister of Health and Welfare are as follows. As policy specialists, Saitō Kunikichi, Tanaka Masami, Ōzawa Tetsuo, and Hashimoto Ryūtarō were often referred to by journalists as the "four bosses" of welfare policy. As powerful generalists, Watanabe Michio, Noro Kyōichi, Sonoda Sunao, Hayashi Yoshirō, and Watanabe Kōzō served as Welfare Ministers overseeing major reforms. See Satō Seizaburo and Matsuzaki Tetsuhisa, 1986, p. 270, for a much longer list of LDP social and labor specialists that relies on formal positions related to welfare administration rather than an assessment of political influence.

Notes to Chapter 4

1. Nakamura Yūichi, 1981, p. 64-65. and Appendix I for statistics.
2. T.J. Pempel, 1982, pp. 132-170. and Muramatsu Michio, 1983.
3. Soeda Yoshiya, 1985, and Shiono Hiroshi, 1984.
4. Toshio Tatara, 1975, p. 415, and Nagata Mikio, 1970.
5. Mimeographed copy of memoirs of Col. Crawford Sams, and Toshio Tatara, "The Allied Occupation and Japanese Public Welfare: An Overview of SCAP Activities during the Early Phase," pp. 309-332 in MacArthur Foundation, 1980. See p. 315 and p. 325 on welfare commissioners.
6. Donald Wilson, "Social Welfare Personnel and Social Work Education during the Occupation of Japan," pp. 333-347 in MacArthur Foundation, 1980. See p. 339 and p. 340 for quotes.
7. Donald Wilson, *Ibid.*
8. Rokuhara Shiro, 1984.
9. Ronald Dore, 1968, p. 70.

10. Kurt Steiner, Local Government in Japan, Chapter 12, pp. 261-299, Stanford: Stanford University, 1965, quoted in Kurt Steiner, Ellis S. Krauss, and Scott C. Flanagan, 1980, p. 5, and Richard Samuels, 1983.
11. Shiono Hiroshi, 1984. This report from a special commission on local government responsibilities for social services is not to be confused with the Occupation-related Kaube report.
12. Interview with Nagata Mikio, National Council of Social Welfare, June 8, 1985.
13. Correspondence with Deborah Stone.
14. Miyazaki Yoshio, 1984, and Toshio Tatara, 1975, pp. 344-49 and p. 402.
15. See Ōsawa Mori, 1984, and related articles in the six volume study of the welfare state by the Social Science Research Institute of the University of Tokyo.
16. Soeda Yoshiya, 1984.
17. For authoritative definitions of social welfare terms in Japan such as national minimum and minimum standards of living, see Nakamura Yuichi, Okamura Shigeo, Abe Shirou, Miura Fumio, Shibata Yoshimori, and Shimada

Keiitirou, editors, Gendai Shakai Fukushi Jiten (Dictionary of Contemporary Social Welfare), Tokyo: Zenkoku shakai fukushi kyōgikai, 1984. Hugh Heclo, 1974, pp. 81-83, notes that Sidney and Beatrice Webb first developed the idea of a national minimum.

18. Peter Townsend, 1979.

19. Mizoguchi Toshiyuki and Takayama Noriyuki, 1984.

20. Kosaka Masataka, 1981, pp. 133-151.

21. Kosaka Masataka, 1981, pp. 133-151 and pp. 153-156.

22. Various interviews and in Japanese, see Stephen Anderson, 1986. This article discusses the actors and institutional context of the policy process in social services.

23. Martha Derthick, 1975 and 1979.

24. Stephen Anderson, 1986.

25. An account by a bureaucrat active in movements for handicapped adults is Itayama Kenji, 1983.

26. An example of the high quality of publications of progressive groups

is the series of Zenkoku Rōjin Fukushi Mondai Kenkyūkai (National Study Group on Problems of Old People's Welfare), Rōgo hoshō, Joho shiryōshu (Care for the Aged, Collection of Informative Documents), Tokyo: Akebi Shobo, 1985.

27. Ibid, p. 175. On the role of the mass media, see Kabashima Ikuo, "Masu medeia to seiji--moo hitotsu no tagenshugi" (Mass Media and Politics--One More Type of Pluralism), Chūō kōron, Vol. 101 No. 2, February 1986, pp. 110-130, and Kabashima Ikuo and Jeffrey Broadbent, "Referent Pluralism: Mass Media and Politics in Japan," Journal of Japanese Studies, Vol. 12, No. 2, Summer 1986, pp. 329-361. The original formulation of the role of the media in protest movements is Michael Lipsky, "Protest as a Political Resource," American Political Science Review, Vol. 62, 1968, pp. 1144-1158.

28. The views of the Liberal Democratic Party in the early seventies are found in Okura Motomu, 1972. See also Terry Edward MacDougall, "Political Opposition and Local Government in Japan: The Significance of Emerging Progressive Local Leadership." Ph.D. dissertation, Yale University, 1975, especially pp. 378-380.

29. Interview with Nakayama Kazuo, former staff member in sections preparing child allowances, Ministry of Health and Welfare, and also Nemoto Toshio, 1984, pp. 158-160.

30. Interview with Professor Yokoyama Kazuhiko, and his article, "Nanajū nendai no shakai fukushi" (Social Welfare of the Seventies), Kyōzai shinpō, January 1, 1970, Vol. 11, No. 1, pp. 26-34.
31. Article in Nihon Keizai Shinbun, October 24, 1969, p. 1.
32. Okura Motomu, 1972, and Nemoto Toshio, 1984, p. 180.
33. Fukuma Hajime, "Jidō Teate Hō no shikko" (Creation of the Child Allowance), Kōsei, Vol. 26, No. 9, September 1971, pp. 8-11.
34. John Campbell traces efforts to create categorical service programs for old people to the Director of the Welfare Institutions Division of the Social Affairs Bureau, Seto Shintaroh. From 1958, Seto advocated a law for old people. Seto developed the support of interest groups in the National Council of Social Welfare, politicians of the Democratic Socialist and Liberal Democratic parties, and other sections of the Welfare Ministry. John Campbell, "Agenda Setting Without Interest Representation: The Case of Policy Toward the Aged in Japan," Presented at the Annual Meeting of the Midwest Political Science Association, Milwaukee, Wisconsin, April 29, 1982.
35. Interview with Nakamura Yūichi, and Kōseishō shakaikyoku rōjin fukushika (Ministry of Health and Welfare, Social Affairs Bureau, Old People's Welfare Department), Rōjin fukushihō no kaisetsu (Interpretation

of the Old People's Welfare Law), Tokyo: Chūō Hōki, 1984.

36. Ibid, pp. 3-30.

37. Zenkoku Shakai Fukushi Kyōgikai, 1982, pp. 273-275.

38. Interviews with Ibe Hideo and Miura Fumio, and John Campbell, 1979.

39. Shinya Hoshino with Stephen Anderson, 1984, p. 9.

40. Interview with Hashimoto Ryūtarō and John Campbell, 1979,
quote of Diet member, Sonoda Sunao, at p. 331.

41. Okura Motomu, 1972, makes LDP election promise at p. 69.

42. For example in Edward R. Tufte, Political Control of the Economy,
Princeton: Princeton University Press, 1980.

43. Ōhira Sōri no seisaku kenkyūkai hōkokusho 3, "Katei kihon no jūjitsu"
(Enrichment of the Basis of the Family), Tokyo, Ōkurashō, 1980.

44. Article in Asahi Shimbun, June 11, 1986, p. 23.

45. Itayama Kenji, 1975, and interview with Itayama Kenji, May 26, 1985.
Also Japan Council for the International Year of the Disabled Persons,

"Disabled Persons in Japanese Communities," Tokyo: IYDP, 1983.

46. Articles by Nakamura Yūichi and Fukutake Tadashi on the issue of "Shakai Fukushi no Kiki" (The Crisis of Social Welfare) in Shakai Jigyō Kenkyū, No. 24, 1985, Tokyo: The Japan School of Social Work, and interview with Furukawa Shunichi, Ministry of Home Affairs, November 23, 1985.

47. Michael Lipsky, 1980.

48. Interview with Ishida Takeshi, November 25, 1985.

49. Interview with Takazawa Takeshi, Professor of Japan School of Social Work, and Nagata Katsuhiko, 1970, and Kyoto-fu Shakai Fukushi Kyōgikai, Minsei-jin seido (The Welfare Commissioner System), Kyoto: Hōritsu bunkasha, 1978.

50. Interview with Nagata Mikio, National Council of Social Welfare, June 8, 1985.

51. See above, pp. 87-88, for discussion of terms related to welfare and socialism.

52. Interview with Nakamura Yūichi, May 24, 1984, and Nakamura Yūichi, 1982.

53. Ehud Harari, 1973, discusses ILO influence on Japanese labor legislation.
54. Kōseishō, 1985, pp. 137-140 and p. 268.
55. Samuel Coleman, 1983.
56. On three generation households, see Asahi Shimbun, March 23, 1986, p. 1. Also, Kōsei Tōkei Kyōkai, 1985, p. 72, and Chapter two above for evidence on three generation households.
57. Kōseishō, 1985, p. 131.
58. Kyogoku Takanobu, "Fukushi sangyo no doko" (Trends of Welfare Industry) in Juristo Sōgō Tokushu No. 41, 1986, pp. 78-82, and Asahi Shimbun, June 24, 1986, p. 1.
59. Sōrihu Hōkokusitusu, "Gekkan seiron chosa" (Monthly Public Opinion), September 1985, pp. 92-93.
60. Margaret McKean, 1981.

Notes to Chapter 5

1. Sōmucho gyōsei kanrikyoku, Gyōsei kikōzu, Tokyo: Ōkurashō, 1985, pp. 105-121 and Appendix 1.
2. William Steslicke, 1973, and Howard Leichter, 1980.
3. Emi Koichi, 1984, and Sonoda Kyūichi and Yonebayashi Yoshio, 1983.
4. Saguchi Takashi, 1985, p. 242, and Sonoda Kyōichi and Yonebayashi Yoshio, editors, 1983, p 92.
5. Kenkō hoken kumiai rengokai, (Kemporen) 1985, pp. 85-94. On countervailing organization and Germany, see Deborah Stone, 1980, especially pp. 75-90.
6. See Appendix II.
7. Quote from Occupation documents given at page 917 in William E. Steslicke, "Doctors and Patients, and Government in Modern Japan," Asian Survey, Volume XII, No. 11, November 1972, pp. 913-31.
8. See Takemi Tarō, 1982, quote at p. 12.
9. Tate Ryūichiro, 1985, p. 104, and Keizai keikakucho, Keizai hakusho

(Economic White Paper) 1985, pp. 279-298.

10. Emiko Ohnuki-Tierney, 1984, Margaret Locke, 1980.

11. Michael R. Reich and John J. Kao, editors, "A Comparative View of Health and Medicine in Japan and America," Conference Report, New York: Japan Society, 1978.

12. Sōmucho, Shingikai soran (Deliberative Council Handbook), Tokyo: Ōkurashō, 1984, pp. 247-248, and Emi Koichi, 1984, pp. 14-15.

13. Ellis Krauss, in Kurt Steiner, Ellis S. Krauss, and Scott C. Flanagan, 1980, pp. 383-438 with discussion about doctors at pp. 404-405. Mayor Ninagawa was an economist who entered postwar politics in 1948 as head of the Small and Medium Agency in the Socialist Ashida Cabinet.

14. Data from Health Insurance Bureau and Ministry of Home Affairs report on political funds was published in Asahi Shimbun, September 3, 1985, p. 1.

15. Interview with Tanaka Masami, September 9, 1985.

16. Interview at Sankei shinbun, Political Section, March, 1986.

17. Ishimoto Tadayoshi and Fujio Ryōji, Iryō hoshō no kiki (The Crisis of

Medical Security), Tokyo: Keisō shobo, 1984. This book is a collection of essays by researchers mainly affiliated with Kemporen. Interview with Ishimoto Tadayoshi, Head of Research, Kemporen, September 13, 1985.

18. Mimeographed data from the Japan Medical Association.

19. Mimeographed data and interviews from the Japan Medical Association.

20. Takahashi Hideyuki, "Nihon ishikai no seiji kodo to ishi kettei" (Political Activity and Decisionmaking of the Japan Medical Association), in Nakano Minoru, 1986.

21. "Takemi isei 25 nen" (The Twenty-five Years of Takemi's Medical Politics), Nikkei Medical March 1982, pp. 48-68, and Sato Norihiko, Keibatsu, Nihon no nyuu-esutaburissumento (Family Groups: Japan's New Establishment), Tokyo: Ritsuhu shōbō, 1985.

22. Arima Motoharu, 1984, pp. 25-26, and interview with Tanaka Masami.

23. Data from Welfare Minister's Secretariat on Ministers and Bureau Directors from the postwar also show that experience as the Bureau Directors in social affairs, health insurance, and pensions as well as Director of the Welfare Minister's Secretariat could lead to the Social Insurance Agency and ultimately the Administrative Vice Minister posts.

24. Interviews with Yamaguchi Norishige, Director of Economics Section, Pharmaceutical Affairs Bureau, Ministry of Health and Welfare, December 11, 1985 and Hirooka Keijiro, Japan Medical Association, July 29, 1985.
25. Ogura Motomu, 1972, p. 67.
26. Interview with Hashimoto Ryūtarō, December 9, 1985.
27. Yoshihara Kenji, 1983, p. 8.
28. Ōkurashō, Zaisei tōkei. Tokyo: Ōkurashō, 1977. See also John Campbell, 1977, pp. 289-291.
29. Yoshihara Kenji, 1983, pp. 5-6.
30. Nikkei Medical, "Takemi isei 25 nen" (The Twenty-Five years of Takemi's Medical Regime), March 1982, Tokyo: Nikkei-McGraw-Hill, Inc. The sections to follow benefited especially from the chronology of Takemi Tarō's career at pp. 62-63.
31. Watanabe Michio, "Abolish Tax Privileges to Modernize the Medical Profession," in Japan Echo, Vol. V, No. 2, 1978, pp. 24-32, originally published as "Han ishi yūgū zeisei ron" in Shokun in March, 1978.
32. William Steslicke, 1973, pp. 170-189.

33. Jiyuminshutō. "Nihongata fukushi shakai" (Japanese-style welfare society), Tokyo: Jimintō, 1979, pp. 207-210.
34. Interview with Watanabe Shunsuke, Nikkei Shinbun, September 3, 1985.
35. OECD, The Pharmaceutical Industry, Trade Related Issues, 1985, p. 48, and Mimeograph data from Health Insurance Bureau.
36. Watanabe Michio, op. cit., p. 28, and Kyle Murphy in JMRC Medical Department, Quickguide to Japanese Ethical Products, Tokyo, JMRC Co., 1984.
37. John Campbell, 1977, p. 109-110.
38. Jiyu Minshutō. "Nihongata fukushi shakai" (Japanese-style welfare society), Tokyo: Jimintō, 1979, pp. 207-210, and Economic Planning Agency, "New Economic and Social Plan," August 1979. The latter report is reviewed in English in William Steslicke, "National Health Policy in Japan: From the "Age of Flow" to the "Age of Stocks," Kōshu eiseiin kenkyū hokoku, Vol. 31, No. 1, 1-35. The reports were both published in August, 1979.
39. For material on administrative reform, see Kamakura Kofu, Gyōsei kaikaku shiryō (Documents on Administrative Reform), Tokyo, Arieru shobo, 1982. Also in English, Foreign Press Center, "Administrative Reform in

Japan," Reference Reading Series, 14, 1984,

40. This section relies on Yoshihara Kenji, 1983, p. 3-35, documents on administrative reform, and various interviews. See also John Campbell, "Problems, Solutions, Non-Solutions, and Free Medical Care for the Elderly in Japan," Pacific Affairs, Vol. 57, No. 1, Spring 1984, pp. 53-64.

41. Yoshihara Kenji, 1983, quote at p. 35.

42. Article in Asahi Shimbun, May 13, 1986, p.2.

43. Arima Motoharu, 1984, and Tahara Sōichiro, "Kōseishō (ue)" (Ministry of Health and Welfare, Part 1), Shukan bunshun, August 22, 1985, pp. 44-49.

44. Arima Motoharu, 1984, pp. 70-72.

45. Arima Motoharu, 1984, pp. 25-26 and 80, and Yakugyo Jiho Co., Ltd., Japan Drug Industry Review, 1985, Tokyo: 1985, p. 1-3.

46. Articles in Nikkei Shinbun, May 15, 1984, p. 2, and May 18, 1984, p. 2.

47. The main points covered in the health insurance reform are summarized

from newspaper accounts and Arima Motoharu, 1984.

48. Article in Asahi Shimbun, June 11, 1985, p. 1.

49. Yakugyo Jiho Co., Ltd., 1985, op. cit., and Nikkei Medical, 1982, op. cit.

50. Kōseishō, 1985, p. 79.

51. Interview with Takeuchi Reiichi, Former Director of Science and Technology Agency, March 3, 1986. Another case of problems for MITI and industrial policy is in the aluminum industry, as analyzed in Richard J. Samuels, "The Industrial Destructuring of the Japanese Aluminum Industry," Pacific Affairs, Vol. 56, No. 3, Fall 1983, pp. 495-509.

52. Interviews at U.S. Embassy, Tokyo, with Commercial Service officials, November and December, 1985.

53. For Yoshimura Jin's position on biological differences and MOSS negotiations, see Kōsei, September 1985, pp. 42-47.

54. Deborah Stone, 1980, pp. 57-73. Also see Victor G. Rodwin, The Health Planning Predicament. Berkeley: University of California, 1984.

55. Narito Yoshiko, "1970 nendai ni okeru iryōhi no kokusai hikaku" (An

International Comparison of Medical Costs in the 1970's), Unpublished research report of Shakai hoshō kenkyūjo, Dai 23 kai, July 24, 1984 meeting.

56. Iryō hoken seisaku kenkyūkai, "Iryō hoken seisaku no kōzō" (Structure of Health Insurance Policy), Iryō hoken, Vol. 37, No. 4 and 5. Also mimeographed data and interviews from the Health Insurance Bureau.

57. Wagatsumu Hiroshi, "Gan wa kinku ka" (In Cancer a Taboo Word?), Bungei shunju, October 1985, and William Wetherall, "Doctor's Cancer Dilemma: To Tell or Not to Tell," Japan Times, November 13, 1985, p. 12.

58. Kōseishō, 1985, and Kōsei tōkei kyōkai, 1984.

59. Mimeographed data, Health Insurance Bureau.

60. Interviews at the Health Insurance Bureau, December 6, 1985.

61. Japan International Corporation of Welfare Services, "Trends and Policies of Health Services in Japan, Rationalizing Medical Costs," 1983 compilation and elaboration from the Welfare White Paper, 1982. Quote at p. 7.

Notes to Chapter 6

1. Paul Lewis, 1981, p. 339-345. In 1981, Paul Lewis states at p. 302: "(The) examples of the establishment or expansion of pension systems in the postwar period constitute considerable evidence that the conservative party took stronger initiative than did the Ministry of (Health and) Welfare."
2. John Campbell, 1977, pp. 137-143, Katō Junko, 1986, p. 28, and T.J. Pempel, 1982, pp. 132-170.
3. Sugaya Akira, 1978.
4. Paul Lewis, 1981, Chapter 1, especially pp. 24-27.
5. See Appendix II, and Kōseishō, 1960, pp. 97-99.
6. Paul Lewis, 1981, pp. 40-46, and Chalmers Johnson, 1978. The 1985 Economic White Paper reports that FILP expenditures totalled over ¥20 trillion, or about 6.5% of GNP.
7. Yamazaki Hiroaki, 1985, pp. 171-184.
8. Yamazaki Hiroaki, *ibid*, and Paul Lewis, 1981.

9. Hugh Heclo, 1974, especially p. 143, and Ōsawa Mori, "Senkanki Igrisu ni okeru sitsugyō seisaku no tendai--Bebuarijji hōkoku e no michi" (The Development of Unemployment Insurance in Interwar England--The Path to the Beveridge Report), Fukushi kokka, 1, (The Welfare State, 1). Tokyo daigaku shuppankai, Tokyo, 1984. pp. 143-147.

10. Interviews with Miura Fumio, September 12, 1985 and July 18, 1986. Professor Miura advocates improved welfare programs because Japan appears a welfare laggard (fukushi goshinkoku). See Ehud Harari, 1973, on Japanese responses to international pressures in labor policies and to the activities of the International Labor Organization.

11. Interviews with welfare bureaucrats and Tanaka Masami, Liberal Democratic Party.

12. Paul Lewis developed a list of priorities for unions in advanced societies:

1. Wages, employment, and union organizing
2. Private pensions administered by the union
3. Private pensions negotiated with the employer
4. Public pensions which can be improved by contracting out
5. Public pensions which are:
 - a. income related
 - b. fixed amount

If private pensions are present, then unions regard public pensions as

undesirable because the unions cannot control public pensions. If public pensions are mandated, unions prefer fixed amounts or income related amounts which can be improved by "contracting out" meaning controlled and increased by payments from a union-related fund. Paul Lewis, 1981, pp. 188-191.

13. Muramatsu Michio, 1983, and Stephen Anderson, 1986. The distinction of "old people" (rōjin) in Japan and "aging people" in the United States is made deliberately; programs and attitudes towards older people in the two societies are different and should be distinguished. On Japan in comparison, see Hashimoto Akiko, "Old People in Japan and America: A Comparative Community Study," Ph.D. dissertation, Yale University, 1984, and on the United States, see William W. Lammers, Public Policy and the Aging, Washington, D.C.: Congressional Quarterly, 1983, p. 1.

14. Paul Lewis, 1981, p. 354.

15. Social Insurance Agency, March 1986.

16. Nikkeiren, Rōdō mondai kenkyū iinkai, "Senshin kokubyō ni ochiranai tame ni" (To Not Fall Into the Sickness of Developed Countries), Tokyo, January 30, 1982, pp. 30-35. The same evidence appears in a Nikkeiren translation, entitled "Avoiding the Syndrome of the Advanced Nations," Tokyo: Nikkeiren, 1982, and Yamazaki Hiroaki, 1985, p. 97.

17. Asahi Shimbun, September 12, 1973, p. 1.
18. OECD, Social Expenditure, 1960-1990, 1985, p. 82.
19. Katō Junko, 1986, pp. 273-278, and Paul Lewis, 1981, pp. 501-505.
Lewis translates the two proposals in an opposite way; the two Japanese terms are largely synonymous and the term "basic pension" was chosen for ease of expression and to follow official publications in describing the pension created by law in 1985.
20. Interview with Soneda Ikuo, October 17, 1985.
21. Katō Junko, 1986, p. 58.
22. Shiratori Rei, Nihon no naikaku, III, (Japan's Cabinets), Tokyo: Shirhyōron, 1981, pp. 228-232.
23. Kamakura Kyomatsu, editor, Gyōsei kaikaku shiryō shu (Collection of Documents on Administrative Reform), Tokyo: Oriezu Shobo, 1982, p. 25.
24. The following section relies on various interviews including Yamaguchi Norishige, Ministry of Health and Welfare. A journalist's account is Tahara Soichiro, "Kōseishō (Ue)" (Ministry of Health and Welfare, Part I), Shukan bunshun, August 29, 1985, pp. 48-53.

25. Kōseishō nenkin'yoku, "21 seiki no nenkin ni kansuru yūshokusha chosa kekka" (Results of a Survey of Employees on Pensions in the 21st Century), pp. 5, 10, and 21, cited in Katō Junko, 1986, pp. 111-121 and pp. 442-444.

26. Tahara Soichiro, op. cit.

27. Tagaya Shinnen and Ōhara Tōru, Watashitachi no nenkin (Our Pensions), Tokyo: Nihonshakaitō, 1983, especially pp. 198-215, Nihonshakaitō seisaku shingikai, 1984, pp. 70-80, and Katō Junko, 1986, pp. 137-141, and interviews with Tagaya Shinnen, Ōhara Toru, and Doi Takako, Japan Socialist Party.

28. Kōseishō nenkin'yoku, Kokumin nenkin, kōsei nenkin hoken kaiseihō no chikujō kaisetsu (National Pensions, An Explanation by Sections of the Reform Law for National Pension Insurance), Tokyo: Chūō hōki shuppansha, 1985, Soneda Ikuo, 1985, pp. 1-5, and Martha Ozawa, 1985.

29. Interview with Okuma Yukiko, Asahi Editorial Board, November 11, 1985.

30. Kōseishō, 1985, p. 288.

31. Interview with Noguchi Yukio, Department of Economics, Hitotsubashi University.

32. Articles in Yomiuri Shimbun, (Yukan) May 30, 1986, p. 1 and Asahi shimbun, July 11, 1986, p. 1. Also Kōsei tōkei kyōkai, 1986, p. 19 and p. 56.

33. Interview with former Pension Bureau official, Yamaguchi Norishige, December 5, 1985.

Notes to Chapter 7

1. Interview with Miura Fumio, July 18, 1986. Yoshida Hideo, Ogawa Masaaki, and Wasitani Yosinori, Shakai Hoshō Jiten, Tokyo: Ie no Kōkyōkai, 1972, pp. 17-34, confirm that the notion of welfare laggard (fukushi goshinkoku) was popular among Japanese experts at the crucial period of increasing commitments to welfare spending.

2. Joel Aberbach, Robert Putnam, Bert Rockman, p. 244-252.

Organizational jurisdiction is used in this study to address questions about functional differentiation among bureaucrats and to confirm findings about vertical administration (tatewari gyōsei) in Japan. Richard Samuels, 1983, cautions that preoccupation of Japanese analysts with vertical administration caused them to overlook prominent horizontal linkages. In a recent book, Steven Reed questions the uniqueness of these vertical linkages in Japan because of similar "functional fragmentation" in France. Steven Reed, Japanese Prefectures and Policymaking, Pittsburgh: University of Pittsburgh, 1986.

Recent studies that find jurisdictions differ among bureaucracies in Japan require further comparative study with other advanced societies. Without detailed comparisons, any statements about similarity of French and Japanese bureaucracy are somewhat arbitrary. One area of contrast is the bureaucrats' emphasis on rules in France as opposed to the more personalistic, discretionary styles of Japanese bureaucrats. Michel Crozier, The Bureaucratic Phenomenon, Chicago: University of Chicago,

1964, pp. 220-224.

In this study, bureaucrats in Japan are found to make exceptional efforts to preserve their jurisdictions through the traditions of vertical administration and to enhance their organizations by seeking new functions. Unexpected outcomes of these efforts include the Ministry of Health and Welfare control of South Pole exploration and the Ministry of International Trade and Industry proposals for retirement communities in foreign countries to cope with increasing numbers of Japanese retirees. To state that other industrial democracies share aspects of functional differences among bureaucrats does not weaken the observation that bureaucrats in Japan are preoccupied with such differences of jurisdiction.

3. In history, welfare bureaucrats were preceded by "social bureaucrats" of an earlier era in the Social Affairs Bureau which administered both labor and welfare policies. The continued influence of labor bureaucrats and retired social bureaucrats as Liberal Democratic Party politicians is noted in Sheldon Garon, "The Imperial Bureaucracy and Labor Policy in Postwar Japan," Journal of Asian Studies, Vol. XLIII, No. 3, May 1984, pp. 441-457.

4. Anthony Downs, Inside Bureaucracy, Boston: Little, Brown, 1967.

5. T.J. Pempel, Policy and Politics in Japan: Creative Conservatism. Philadelphia: Temple University, 1982.

6. V.O. Key, American State Politics: An Introduction. New York: Alfred P. Knopf, 1956, and B. Guy Peters, "The Development of Social Policy," Ph.D. Dissertation, Michigan State University, 1970, Chapter 1.

7. For example, Joseph LaPalombara and Myron Weiner, Political Parties and Political Development, Princeton, Princeton University Press: 1966.

8. V.O. Key also emphasized the importance of party leaders' self-interest in party organization. On the development of studies of political parties, see Leon D. Epstein, "The Scholarly Commitment to Parties," in Ada W. Finifter, editor, Political Science: The State of the Discipline, Washington, American Political Science Association: 1983. More recently, see Edward Tufte, Political Control of Elections, Princeton, Princeton University: 1980.

9. Quote from Joel D. Aberbach, Robert Putnam, Bert Rockman, 1981, p. 247.

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Hamada Takajiro, Liberal Democratic Party, February 28 and June 26, 1986
Hashimoto Ryūtarō, Liberal Democratic Party, December 9, 1985
Kaneko Mitsu, Socialist Party, October 7, 1985
Katayama Junichi, Socialist Party, November 16, 1986
Kondō Tetsuo, Liberal Democratic Party, December 9, 1985 and
March 22, 1986
Ōhara Toru, Socialist Party, September 11, 1985
Ōtsubo Kenichiro, Liberal Democratic Party, August 9, 1985
Soneda Ikuo, Liberal Democratic Party, October 2, 1985, and July, 1986
Tagaya Shinnen, Socialist Party, December 12, 1985
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Tanaka Masami, Liberal Democratic Party, October 3, 1985

Kuromiya Tokiyo, International Division staff, Liberal Democratic Party,
August 8 and November 15, 1986
Takahashi Yoko, Social Affairs and Labor Committee staff, PARC, Liberal
Democratic Party, August 12, December 9, 1985 and July 24, 1986

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Kyogoku Takanobu, Ministry of Health and Welfare, expert staff in
Social Affairs Bureau, various dates
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Others

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Ōkuma Yukiko, Asahi Editorial Board, November 11, 1985
Takemi Keizō, Takemi Program and Tokai University, June 5, 1986
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