How Policies Change

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THE JAPANESE GOVERNMENT AND
THE AGING SOCIETY

John Creighton Campbell

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To Ruth

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Preface

A WORD about the genesis of this book will clarify its character. In the mid-1970s, I had just finished a long project describing the politics of the Japanese budgeting system. The budget process is a vast and intricate mechanism for producing policy stability—it ensures that most policies will not change much. It occurred to me that although the rules of the budgetary arena account for perhaps 95 percent of policy decisions (probably a higher proportion in Japan than elsewhere), the most interesting 5 percent are different. That is, starting a new governmental activity, a quantum jump or cut in spending, or a major shift in direction—significant policy *change*—occurs under another set of rules.

A second reaction to my earlier project also shaped this one. To budget researchers as to budget practitioners, two cynical professions, all policy looks pretty much alike: agriculture, defense, education, public works are a bunch of numbers to analyze and political tactics to reveal or parry. The question of why some particular policy (or any at all) has been chosen fades into the background. I wanted to get into some substantial public policy issues.

These considerations—plus the fact that my wife Ruth is a gerontologist—led me to policy toward the elderly. It was the policy area that had been expanding most rapidly in the 1970s, it appeared to be of manageable size and complexity, and although unified by a common policy target it encompassed a variety of organizations and programs (income maintenance, health care delivery, employment, social services, and so on). I thought I would examine a number of specific recent policy changes, and see whether and how variations in decision-making processes in combination with other causes explain characteristics of the resulting public policies. Somehow I expected the project to take about a year of research, and produce a couple of articles.

Fifteen years later comes this long book. I found I could not understand the recent expansions without looking into how the original systems got started (although I managed to stop this backward journey at the end of the Occupation period in 1952). And as time passed, policy kept changing: the late 1970s brought arguments about reevaluation of welfare and the 1980s some real reform, albeit more consolidation than cutback. These events now take up about half the book, and I was able to follow them as they occurred. All this variation—indeed an entire historical development—provided plenty of material; trying to make sense of it all led to an elaborate theoretical apparatus.

The book is nonetheless still mainly about my original question: how does process cause (or affect, or explain) policy? Many other questions were quite tempting. Some have to do with the substance of policy in this area: how it differs from other nations, what its economic or social effects have been, its fairness by various criteria, which alternatives might be better. Most simply, I could have asked how well the Japanese government has done in meeting the problem of its rapidly aging population. For the most part, I have chosen to deal with such questions only insofar as they help explain why some policy change has occurred. This choice is because I think comparisons and evaluations of policy itself are important, but also very difficult. Much writing on Japanese social programs, in Japanese or English, is given to glib comparisons and evaluations that are quite misleading. Demolishing myths would be well worth doing, but requires a very different approach unrelated to my theoretical interest in the policy-change process.

Other questions come from the vast and contentious literature on the development of the western welfare state. It is clear that both the causes and effects of social policy can be traced to the deepest level of society, economy, polity, and culture of the nation. Few scholars in this field have even thought about Japan seriously, which is unfortunate. The Japanese welfare state is interesting in both its similarities and differences from the West. My approach, focusing as it does on specific policy-change processes, provides basic materials for such analysis. Before explaining some social program in terms of the postindustrial crisis of capitalism or the development of social democracy, it is useful to know how the program came into being. In the concluding chapter, I do look at how the entire postwar development of policy toward the elderly in Japan fits in with several approaches to the welfare state—not the last word on the subject, but very nearly the first.

The sources for this study are inevitably quite diverse, given that I am looking at old-age policy making from a new angle. In principle, my approach requires a thick description of a great many policy changes, and in some cases, such as the various tax breaks for older people in Japan, I did not search hard enough to get enough of the story. The number of times I learned some significant fact almost accidentally makes me uncomfortably aware of how many other facts I never saw. On the other hand, particularly for the larger policy changes, I usually could gather information from enough sources to be confident about the basic narrative, and not infrequently I also found scholarly analyses that were helpful in constructing my interpretations.

For figuring out the rational side of policy development, facts and interpretations for old-age related problems, and consideration of alternative

policy solutions, published and unpublished government documents were an important source, particularly the reports of various advisory committees. Many are cited in the notes. The new fifty-year history of the Ministry of Health and Welfare was helpful, although it appeared only as this book was being finished. These publications were supplemented by many policy-analytic studies by social welfare and social insurance specialists and by several histories of various systems. Such materials usually provide only sketchy or sanitized accounts of the politics of policy change. For this, media coverage—general newspapers (particularly for the later period) and the trade press in the welfare and social insurance fields—was often a good source.

Secondary works from a political point of view are scarce. The only full-scale English-language study is Paul Lewis's excellent Berkeley dissertation on pension policy in the 1950s, without which I probably would not have attempted Chapter Three. In Japan today one finds far more detailed research describing policy and process than was available even a decade ago, but unfortunately little so far on social policy. Sources that are unusually helpful for Japan include the memories of former bureaucrats collected and published rather informally for nostalgic purposes, and colorful detailed anecdotes by journalists in paperback books and monthly magazines.

Interviews with participants and close observers were the other main resource. Most were carried out in 1976–1977, when I spent a year in Tokyo working mainly at the Social Security Research Institute, plus a month in Kōchi Prefecture to look at local old-age programs. I also conducted new and follow-up interviews on four subsequent trips to Tokyo of one to three months, plus a few more during ten months at Keio University doing research on health care politics. In all, I carried out 237 relatively formal interviews, some of which were group interviews, and others repeats with the same respondent. The interviews can be categorized as follows: 98 with national-level officials (of which 56 were with Ministry of Health and Welfare officials); 14 with politicians and their staffs; 24 with interest group representatives; 39 with experts (academic or otherwise); 24 with prefectural officials; 25 with municipal officials; 9 with managers at program sites; 4 with reporters. With a few exceptions, anonymity was promised and identities are protected in the text.

I have received generous support for this research. I thank the Japan–U.S. Educational Commission for supporting my year in Tokyo (and Caroline Yang for advice and help over the years), and the Japan Foundation and the Center for Japanese Studies at the University of Michigan for supporting later visits and research assistance in the United States. The Social Science Research Institute at Tokyo University hosted my first research stay, thanks to the kindness of Ide Yoshinori. I am also grateful for the year I

spent as a fellow of the Woodrow Wilson International Center for Scholars in Washington, where many fellow researchers helped me think through the intellectual problems of policy change, though I did not fulfill my hope of finishing the book.

My greatest intellectual debts are to the Japanese scholars, officials, and professionals who took so much time to explain things and help me gather information. Many must be anonymous, but I can mention a few. Miura Fumio was my sponsor at the Social Security Research Institute and continued to help in many ways, including arranging for the translation of this volume. Maeda Daisaku of the Tokyo Metropolitan Institute of Gerontology provided information, wisdom, and practical assistance throughout my project. Among all my interviewees, two former Welfare Ministry officials were particularly generous with their time and consideration: Ibe Hideo, whose key role in pension and welfare policy is amply noted herein, and Tanaka Sōji, the specialist at the Welfare of the Aged Division, who for a long time talked with me weekly. Both have since become scholars themselves. Others in Japan who helped me greatly at one stage or another, including providing detailed comments on portions of this manuscript, are Ikegami Naoki, Katō Junko, Maeda Nobuo, Masuyama Mikitaka, Murakami Kiyoshi, Seike Atsushi, Shimada Haruo, Shimizu Yutaka, Takahashi Hiroshi, and Tanabe Kuniaki.

On this side of the Pacific, I have gotten helpful comments at early or late stages from Kent Calder, Ellis Krauss, Mike Mochizuki, T. J. Pempel, Michael Reich, Susan Pharr, and William Steslicke, plus Richard Rose from England. Paul Lewis and Lillian Liu provided a great deal of information and ideas. Steven Reed worked with me on parts of this project and has provided good criticism since his days as a graduate student at Michigan. Many more graduate students have also helped, especially those who carried out research projects of their own in a seminar based on my evolving policy-change theory: Ted Gilman, Kenji Hayao, Masaaki Kataoka, Hosup Kim, Yoshifumi Nakai, Miranda Schreurs, Sueo Sudo, and Joe Underhill. Yukari and Mark McGee and especially Kazuko Soeya gathered materials for me in Ann Arbor and Elsie Orb and Joanne Heald helped greatly with the manuscript. For comments on the entire manuscript, I am grateful to Robert Binstock, Michael Cohen, Robert Cole, Kenji Hayao, Susan Pharr, and Steven Reed.

Two of my colleagues died recently. Kojima Akira was the “godfather” of my earlier project on budgeting, from guiding my first steps to becoming the senior translator of the book; he helped with this project as well. His early death was a great loss to the field of public administration in Japan. Jack Walker influenced my approach to political science more than anyone else since I left graduate school. He was a good friend from my

arrival in Ann Arbor, during our joint year at the Wilson Center, and as departmental chair.

My children David, Robert, and Judy grew up with this book, and I am not sure they will know how to deal with me now that I am no longer writing it. I appreciate their good humor and other fine qualities. My wife Ruth, who is a real gerontologist, was originally going to collaborate with me on a different sort of book about the elderly and Japan. We may write it yet. In more ways than can be told, my greatest debt is to her.

A Note on Conventions

JAPANESE names appear in the Japanese order—family name first—except when citing publications in English in which the author's name appears in Western order. Macrons are used for long vowels except in some geographical names. I have generally used recent official translations of the names of government agencies, advisory committees, and programs, but occasionally risk a simpler wording when these are unbearably unwieldy or vary among sources. Note that *ka* is translated as “division,” not “section,” and *bu* as “department.”

Money amounts—budget allocations, pension benefits—appear frequently in this book, and since most readers will not readily think in yen (particularly in large amounts) it is helpful to express these in dollars as well. The rate of conversion is a problem. The usual solution is to use the contemporary exchange rate, but that approach has no particular virtue for topics unconnected with international trade, and has two defects. First, it does not reliably represent purchasing power, since the yen was clearly undervalued prior to 1971 and overvalued recently in purchasing power terms. Second, because exchange rates have changed so drastically, comparisons over time are badly distorted (¥3.6 million would convert to \$10,000 for 1970 and about \$30,000 for 1988). There are various other possibilities, such as using “real” yen or dollars as of some base year, but they tend to be complicated. I have therefore chosen the simplest approach, converting *all* money amounts at the rate of ¥180 = \$1 except when specifically noted otherwise. This figure approximates purchasing power in the mid-1980s, according to several estimates, and is also closer to purchasing power than was the official exchange rate for many earlier years. This approach provides direct comparisons of change over time of nominal amounts, which is the normal criterion for decision makers. Note that it also allows quick conversion to exchange-rate figures for the ¥360 era, if desired, by halving the dollar amount.

How Policies Change

Introduction

JAPAN is aging. The decade of the 1990s will see the fastest growth of the elderly's share of the population ever experienced by any nation. Anyone reading newspaper editorials, listening to politicians' speeches, or talking with ordinary citizens will discover that the aging society is universally regarded as a major challenge for the nation. And to an extent not always fully recognized in Japan, much less in the West, the nation has responded. The expansion of programs for the aged in the "old-people boom" years in the 1970s was perhaps the largest policy change in postoccupation Japan. In the 1980s, the government reassessed and substantially reorganized these programs in a self-conscious attempt to bring them into line with the changing policy environment.

The objective of this book is to explain these policy changes—in principle (if not quite in execution) all policy change directly concerned with the elderly from the early 1950s to 1990. Policy change is a complicated business; understanding it requires, I will argue, a careful disentangling of: social problems and how they come to be perceived; the production of policy solutions; conflictive or cooperative interactions among many participants; and the generation of political energy.

The ideal reader of this book would be greatly interested in policy toward the elderly, Japanese politics, and theories about decision making. Unfortunately, I know of few beside myself who fill this bill, and probably not many are fascinated by even two out of three. I have therefore strived to make the book intelligible and interesting to anyone who starts with just one of these interests and is reasonably open-minded. I think I have something new to say on all three topics.

First, the growth of the old-age population, which is occurring at varying rates in all industrialized societies, brings hard problems to policy makers, and should get more attention by political scientists. It is a slow crisis, a long-term environmental change that produces immediate issues every year and ominous portents for a future ever less distant. Understanding how governments come to grapple with future problems is one interesting question. The aging-society problem is also unusual in its breadth, spanning so many policy areas, obviously income maintenance, health care, employment, housing, and so forth, plus important ramifications for economic growth and the overall quality of life. Finally, it raises fundamental questions that in some way, however inadvertently, must be worked out

through politics: the allocation of costs and benefits between young and old, or present and future; the dividing line between public and private, among state, company, community, family, and individual responsibilities; even the right to life.

This book does not deal directly with these dilemmas, but it does describe what one nation has been doing about its old people. Japanese policy in this area is little known—some still think it nonexistent—and it offers useful experience, both where the problems and solutions are broadly similar to those of other advanced nations (pensions, health costs) and where it has developed more distinctive approaches (employment). The fact that Japan is the only non-Western nation that is both democratic and industrialized, and so makes policy in a different setting than do the more familiar countries, makes it all the more interesting a case.

Second, I have been thinking about Japanese politics, particularly the governmental system, a good deal longer than about old-age policy. My original goal in this research was to explore decision making in a policy area quite different from those we know most about, on the assumption that there is more to Japan than industrial policy. Recent years have seen a blossoming of excellent scholarship on the Japanese policy process by both Japanese and American political scientists. My approach in this book is quite different from theirs, and my conclusions about how decision making works are marginally so; I hope both will become worthwhile contributions to an evolving discussion.

The differences stem from the third theme, my theory of policy change. So grandiloquent a title implies more *chutzpah* than I often reveal, at least in print, but I do claim to have developed a new way of looking at decision making that mitigates, if not solves, many of the problems in this field. Readers who have little or negative interest in political science theories may skip the more abstract description of my approach in Chapter Two, but I hope they will accept my main starting points. First, we need alternative interpretations of why policy changes. Otherwise, unquestioned assumptions will bring narrow and often misleading conclusions. Second, policy at any one time—what a government is doing—must be understood as the result of policy changes of the past. It is not just that one must see policy in its historical context. My argument is that the development of policy is rarely a smooth, flowing process, in which one can simply measure the quantity of a given output and explain it in terms of varying quantities of the same inputs over time. Rather, policy is an aggregate of individual and substantially independent (though not completely unrelated) events, each of which might have been caused by quite different factors.¹

¹ For example, the expansion of social insurance in Europe occurred in bursts followed by plateaus: see Peter Flora and Jens Alber, "Modernization, Democratization, and the Devel-

On the basis of this working hypothesis, I approach each policy change (or each bundle of related policy changes) as a story in itself. For each, I ask why *any* policy change occurred, why then, and why that one. The bulk of the book is devoted to this sort of analysis, taking up the establishment of pension programs in the 1950s and 1960s in Chapter Three, the early buildup of service programs for the elderly in Chapter Four, and the effects of the old-people boom of the early 1970s in Chapter Five (a quantum leap in pension and health care benefits) and Chapter Six (an explosion of small programs for old people throughout the government). Chapter Seven is more of an umbrella; it covers the shifts in how old people were thought about from the mid-1970s through the 1980s and the effects of this shift across several policy areas, particularly social services. Chapter Eight traces the evolution of Japan's most distinctive policy toward the elderly, the employment area, from the early 1970s until today. Chapters Nine and Ten deal in detail with the health care and pension reforms of the mid-1980s, and bring these two largest policy areas up to date.

The concluding chapter questions the working hypothesis, asking in effect if the overall evolution of postwar Japanese policy toward the elderly can be told as a single, coherent story (the answer is "yes and no"). That discussion stands as an evaluation of the theory, beyond its case-by-case applications, as interpretations—plural, not singular—of the entire evolution of old-age policy. But before beginning to approach these varied topics, we need some sense of the overall discussion. The following, as compactly as possible, are the basic facts about old people in Japan: the problem, or rather the potential problems, and in broad outline the solutions or what the Japanese government has done.

THE JAPANESE ELDERLY

Older people present the same range of problems for the government in Japan as they do in other advanced nations.² These problems are virtually

opment of Welfare States in Western Europe," in Flora and Arnold J. Heidenheimer, eds., *The Development of Welfare States in Europe and America* (New Brunswick, N.J.: Transaction Books, 1981), pp. 37–80, esp. 55.

² An excellent short review in English of Japanese aging trends and problems is Linda G. Martin, "The Graying of Japan," *Population Bulletin* 44:2 (Washington, D.C.: Population Reference Bureau, Inc., July 1989). A useful exploration of several aspects is Erdman B. Palmore, *The Honorable Elders: A Cross-Cultural Analysis of Aging in Japan* (Durham, N.C.: Duke University Press, 1975); also see his later collaboration with Daisaku Maeda, "The Honorable Elders Revisited: Growing Old in Japan" (Duke Center for the Study of Aging and Human Development, 1987). There are of course many overviews in Japanese; a good starting point is Tanaka Sōji et al., eds., *Rōjin Mondai Sōgō Jiten* (Tokyo: Tokyo Hōrei Shuppan, 1982). A source of current statistics and other information on aging is Miura Fumio, ed., *Zusetsu Kōreisha Hakusho*, published annually by Zenkoku Shakai Fukushi Kyōgikai. A

inevitable side effects of the fundamental social transformations of the twentieth century. Advances in public health and medical science have increased longevity, so the absolute number of old people grows. Rising incomes and opportunity lead to lower birth rates, so the proportional growth of the old-age population is still faster. Urbanization and structural shifts in the economy—agriculture down, manufacturing and services up—mean that a natural role for elders within the traditional household diminishes. Retirement becomes institutionalized, and retirement ages drop, due to the difficulty of work in industrial or postindustrial society and to labor market fluctuations. Real wages increase, so the gap between the living standards of the working and nonworking population widens. Due to poor health and losses of social support, old people need more health care and other services.

Not all these statements are completely noncontroversial, and much more could be said about the role of old people in modern society, but this account is sufficient to demonstrate that it is no accident that governments around the world see the elderly as an important and difficult problem. Of course, economic growth also provides resources to deal with the problem, but that does not necessarily make decision making easier, because there are many other claimants, public and private, for any surpluses.

Although the basics are the same in Japan as elsewhere, the problems presented by Japanese old people are different in some secondary but important respects. First, Japan has had an unusually young population for its level of GNP throughout the postwar period, with only about 5 percent age 65 and over in the 1950s, 7 percent in 1970, 10 percent in 1985, and 12 percent in 1990. Many European countries were around the 15 percent level in the 1980s. Second, a combination of healthy habits and medical advances have given Japan the highest life expectancies in the world: 81.8 for women and 75.9 for men as of 1989.³ Third, mainly because the birth rate dropped sharply after the postwar baby boom and has stayed low, population aging is proceeding more rapidly than in any other advanced nation. From 1990 to 2000, the share of people 65 and over is estimated to rise from 11.9 percent to 16.3 percent.⁴ By 2020, Japan will have about the highest proportion of elderly in the world, almost 24 percent 65 and over.

The fourth point is that most Japanese elderly live with their children,

recent bibliography is Sōmuchō Chōkankanbō Rōjin Taisaku Shitsu, ed. and pub., *Chōju Shakai ni Kansuru Toshō, Shiryō Annai* (Tokyo, 1990).

³ In 1955, 68 for women and 64 for men. *Asahi Shinbun*, August 5, 1990.

⁴ An increase of 4.4 percentage points; no other OECD country approaches 3 percentage points in any decade past or future. United Nations estimates in Sōmuchō Chōkan Kanbō Rōjin Taisaku Shitsu, ed., *Chōju Shakai Taisaku no Dōkō to Tenbō* (Tokyo: Okurashō Insatsukyoku, 1989), p. 158.

over 60 percent compared with 20 percent or less in the West; this proportion has steadily dropped, but only at a rate of about 1 percent a year. Finally, fifth, formal retirement ages in large organizations are low (until recently typically age 55), but second jobs are common and the small-firm sector with no retirement rules is very large. Many more of the elderly work, although this percentage has also been dropping: in 1987 35.6 percent of men aged 65 and over were in the labor force, down from 49.4 percent in 1970.⁵

Some of what is unusual about Japanese old people is mainly the product of Japan's amazingly high economic growth: the dissolution of traditional practices may simply be lagging behind change in the economy and society. Other aspects seem related to distinctive and relatively enduring Japanese values. It is clear that Japanese culture must structure attitudes toward the elderly in important ways, although it is hard to figure out *what* ways. Does one put more weight on Confucian filial piety and the tradition of respect for the elderly, or on the equally traditional folk tale of *obasute-yama*, the abandoning-grandmother mountain where useless aged parents were left to die?⁶ In fact, almost everybody everywhere worries about aging—of oneself and one's parents—and such worries give rise to intensely felt but confused and often contradictory attitudes in every culture. A study asking whether old people are better off in Japan than in the West would have to deal with such differences in values and attitudes, since these are fundamental to how the elderly are perceived by others and themselves.⁷

Our interest, however, is public policy, and here the implications of values and attitudes are further confounded. Take respect for the elderly—should it lead to higher pensions and services than in Western countries, or lower (on grounds that old people are amply taken care of by society)? Both justifications have been heard in Japan. In any case, relatively stable values and attitudes cannot in themselves be a source of policy *change*, our main concern. More important is how the prevalent view of aging has shifted over time. Here three periods may be discerned, defined by what aspect of aging is seen as problematical for the individual and the nation:⁸

⁵ Although statistical methods vary, roughly comparable percentages for males in the United States, West Germany, and France were 15.5, 5.7, and 4.3 in 1984; *ibid.*, pp. 163–64.

⁶ Retold, for example, in the prize-winning film *Narayamabushi*. Incidentally, historical evidence is lacking that this custom ever existed.

⁷ A major theme of Palmore, *Honorable Elders*; its generally positive view of Japanese treatment of old people was criticized by gerontologists in Japan. For the nuanced views of two anthropologists, see various writings by David W. Plath, notably *Long Engagements: Maturity in Modern Japan* (Stanford, Calif.: Stanford University Press, 1980) and Takie Sugiyama Lebra, *Japanese Women: Constraint and Fulfillment* (Honolulu, Hawaii: University of Hawaii Press, 1984), chap. 7.

⁸ Such tidal shifts cannot be picked up easily with objective data, although some relevant

1. *The aging problem (rōgō mondai)*. In the first years after the war, as people emerged from their preoccupation with immediate economic difficulties, their first thoughts about aging centered on their own future security. Pensions of various sorts (corporate, public, veterans' benefits, and Mutual Aid Associations for various groups) were the only old-age-specific public policies that drew much attention, mostly with respect to future benefits for current workers. Those already old were seen as taken care of within their families, or else as socially marginal leftovers to be covered by public assistance or, in effect, poorhouses.
2. *The old-people problem (rōjin mondai)*. As rapid economic growth accelerated social change and brought affluence to many, the plight of the generation that had suffered so much and gained so little drew more attention. Both frail or needy old people and the "ordinary" elderly were seen as needing special programs—current pension benefits, medical expenses, long-term care, a variety of services.
3. *The aging-society problem (kōreika shakai mondai)*. After growth slowed down, ever-larger numbers of the elderly, and more expensive programs, threatened to become a burden on society and the economy. The focus shifted to controlling current costs and to worrying about how Japanese prosperity could be maintained in the future.

Problem 1 dominated (though not at high levels of general interest) well into the 1960s; problem 2 gained rapidly and crested in the old-people boom of the early 1970s; problem 3 built up after 1975 and was reflected in the administrative reform era of the 1980s. But the newer problems were layered onto the old ones, rather than replacing them: concern for future pensions has been a high-priority issue throughout the period, and the difficulties of those already old continued to be a worry even in the 1980s; in fact, many participants had trouble telling problems 2 and 3 apart. The agenda of social problems has thus become more and more crowded and complex. Unsurprisingly, the same can be said of the solutions.

POSTWAR POLICY TOWARD THE ELDERLY

The massive expansion of programs for old people in Japan has been one of the largest and most rapid policy shifts in any industrialized nation in the postwar period. A few basic statistics will make the point. Through the decade of the 1960s, Japan was an increasingly marked laggard in social policy: social security spending was 5.3 percent of national income in 1955, rising only to 6.1 percent in 1965, and actually dropping to 5.6

content analysis and survey findings are presented in chap. 5. This account is essentially based on impressionistic reading of contemporary journalistic, literary, and scholarly materials.

percent in 1969. By 1975, this figure had jumped to 9.4 percent of national income, and then to 12.3 percent in 1980 and leveling off for a time at 14.0 percent in 1983–85.⁹ A shift of 8.4 percentage points of national income across fourteen years in a growing economy is very substantial. Social security spending in 1985, at ¥36 trillion (\$200 billion), was about ¥21 trillion (almost \$120 billion) more than it would have been if the 1969 proportion had been maintained.¹⁰

Of course, not all social security spending is for the elderly; a new children's allowance, improved health insurance coverage, and other social policy expansions in the early 1970s were part of this rapid growth. But old people did get the bulk of the new benefits. By 1985, almost 50 percent of social security spending was devoted to pensions (nearly all for the elderly), and one-quarter of the 40 percent devoted to medical care, plus substantial proportions of public assistance, institutional costs, and so forth, was going to the roughly one-tenth of the population aged 65 and over.

Aggregate spending totals are not the only measure of policy change. Another is "programs," separable policy activities carried out by various levels of government. Over 250 programs targeting the elderly have been started, by nearly every ministry and agency in the central government, with the first surge in the early 1970s.¹¹ In 1976, there were also about 850 separate programs for the aged at the prefectural level and 3,500 at the municipal level—four-fifths of them initiated after 1968.¹² These programs were costly: the "welfare of the aged" category in local government expenditures jumped from ¥41 billion to ¥450 billion from 1969 to 1974.¹³ In short, the old-people boom of the early 1970s affected public policy throughout Japan. Most of the programs started then, plus not a few more, are still operating today.

Boasts that Japan has become number one in the world in social welfare

⁹ Social security is the International Labor Organization definition, including pension outlays, governmental health care costs, various social services, unemployment benefits, and so forth, but not including housing or education. Of course, since economic growth was very rapid in the 1960s, absolute expenditures did expand substantially (e.g., more than fivefold nominally from 1960 to 1970). These data from *Kōseishō Gojūnenshi Henshū Iinkai, Kōseishō Gojūnenshi*, Vol. 2 (Tokyo: Kōsei Mondai Kenkyūkai, 1988), p. 948.

¹⁰ As explained in the earlier notes on conventions, yen conversions are at the rate of \$1 = ¥180. At market exchange rates, forecast social security spending in 1988 was about \$340 billion, over 15 percent of National Income. *Asahi Shimbun*, March 11, 1988.

¹¹ The Appendix lists these programs and their starting dates; small program initiations (and the problem of defining "program") are discussed in chap. 6.

¹² Estimates based on a 1976 survey of local governments carried out by the Office of Policy for the Aged, Prime Minister's Secretariat, made available to the author.

¹³ From unpublished materials at the Ministry of Home Affairs.

are certainly excessive.¹⁴ Japan is not a European-model welfare state: its 14.6 percent of national income devoted to social security in 1986 was greatly exceeded by Germany, France, and Great Britain (in the 25–36 percent range), let alone Sweden (40.7 percent); even the United States (16.2 percent) was higher.¹⁵ Japan has not fully embraced the idea of comprehensive cradle-to-grave security, and provides less than many other countries in such areas as personal social services, family allowances, special housing, and institutional care. A larger portion of this gap is explained, however, by factors less closely related to conscious policy choice. Particularly important are the following: First, the proportion of the elderly in the population is a major factor in total social security spending, and as noted previously Japan is still considerably younger than the advanced European countries. Second, because of its recent vintage and its semifunded rather than pay-as-you-go financing, the pension system is still comparatively immature—a low ratio of beneficiaries to contributors. Third, Japan's relatively flat income distribution means fewer people (or communities) are poor enough to require public support.¹⁶ Fourth, the cost of delivering a given level of health care is lower in Japan than in many other countries.¹⁷

At least the first two factors are changing rapidly, and social security spending will inevitably rise sharply in coming years. Because future proportions will depend on various social trends and the overall performance of the economy as well as legislative changes, forecasts are hazardous, but the IMF has projected that 26 percent of national income will go to social security in 2010, higher than an estimated 17 percent in the United States and Canada and 24 percent in Great Britain (though still well behind 33

¹⁴ The well-publicized claim of Nakagawa Yatsuhiko in several magazine articles of the late 1970s and *Nihon Chōsenkoku* (Tokyo: Kōdansha, 1980).

¹⁵ Similarly, the burden of social security *contributions* was 10.9 percent of national income, compared with 19–29 percent in the continental European cases; Great Britain was 11.6 percent and the United States, 10.0 percent. Ministry of Health and Welfare compilation, in *Kōsei Hakusho*, 1989, p. 223. For systematic comparative studies of social spending, see *Aging and Social Expenditure in the Major Industrial Countries, 1980–2025* (Washington, D.C.: International Monetary Fund, 1986) and *Social Expenditure 1960–1990* (Paris: OECD, 1985).

¹⁶ For income distribution see Margaret McKean, “Democracy and Equality,” in Takeshi Ishida and Ellis S. Krauss, eds., *Democracy in Japan* (Pittsburgh: University of Pittsburgh Press, 1989), pp. 201–24. It should also be noted that Japan's public assistance program (*seikatsu hogo*) is fairly generous to recipients but rather restrictive in eligibility. For an analysis, see Soeya Yoshiya, “Seikatsu Hogo Seido no Tenkai,” in Tokyo Daigaku Shakai Kagaku Kenkyūjo, ed., *Tenkanki no Fukushima Kokka*, Vol. 2 (Tokyo: Tokyo Daigaku Shuppankai, 1988), pp. 171–247.

¹⁷ As we will see shortly, spending on health care in the early 1980s was below the OECD average, although Japan was quite high on both output (doctor visits, hospital stays) and outcome (morbidity, mortality) measures.

percent in France and 35 percent in West Germany).¹⁸ Whatever the precise percentages, Japan's social policy will probably remain in the intermediate range among rich countries. But one-quarter of one of the two largest economies in the world is still a sizable enterprise. And size aside, analyzing the development of the welfare state, and of policy toward the elderly within it, is just as important for our understanding of Japan as it is for other advanced nations.

Before tracing that development, it will be helpful to get a sense of what it produced. The following is a broad view of current national government programs for the aged, with some mention of peculiarities worth attention below.¹⁹

Pensions

Not unlike the experience of many other nations, Japan's public pensions began with provisions for government employees starting in the 1880s, and slowly grew to cover particular groups of workers, employees in general, and finally—in 1961—the entire population. Rather than incremental expansion of a single system into near-universality, as in the United States, this growth occurred by piling on new programs and special provisions, with extraordinarily complicated results that so far have been only partially rationalized by a major pension reform in 1985.²⁰ Costs, benefits, pensionable ages, and other provisions differ substantially across various population groups.

The largest program is the Employee Pension System (EPS, *Kōsei Nenkin*), with 29.9 million enrollees and 4.5 million old-age pension beneficiaries in 1990. It covers employees in all but the tiniest shops, with male workers' contributions at 14.5 percent (in 1990) of income up to a ceiling, equally shared by employer and employee. Benefits are payable from age 60, with reductions for those still working, and averaged about ¥ 132,000

¹⁸ IMF, *Social Expenditure*, pp. 56–57. These figures include education.

¹⁹ Most statistics in this section are drawn from recent editions of the following annual publications: *Kōsei Hakusho*, the "White Papers" published by the Ministry of Health and Welfare; *Zusetsu Kōreisha Hakusho*; and two compilations published by *Kōsei Tōkei Kyōkai*, *Kokumin no Fukushi no Dōkō* and *Hoken to Nenkin no Dōkō*.

²⁰ The reform is discussed in chap. 10; only a brief overview of the system as it operated in the late 1980s is presented here. For overviews of the pension system and recent reforms, see the *Outline of Social Insurance in Japan* published periodically in English by the Ministry of Health and Welfare; Nagahisa Hiraishi, *Social Security*, Japanese Industrial Relations Series 5 (Tokyo: Japan Institute of Labor, 1987); Lillian Liu, "Social Security Reforms in Japan," *Social Security Bulletin* 50:8 (August 1987): 29–37; and Martha N. Ozawa, "Social Security Reform in Japan," *Social Service Review* 59:9 (1986): 476–95. For a comparative view of retirement income maintenance, see James L. Schulz, Allan Borowski, and William H. Crown, *Economics of Population Aging: The "Graying" of Australia, Japan, and the United States* (New York: Auburn House, 1991).

(\$733) per month in 1988 across all old-age pension beneficiaries; the model pension for newly retired married workers with 40 years participation and an average earnings record was over ¥197,800 (\$1,100).²¹ Average benefits in the mid-1980s amounted to about 40–42 percent of average wages, while the model benefit provided about 52 percent for married workers (36 percent for singles).²² This replacement rate is at least comparable to that of many other industrialized nations, and note again it is paid from age 60 rather than 65; in short, Japanese employees' pension benefits, at least for the model pension, are generous.

Within the EPS framework, 9 million employees of the largest firms become entitled to still better benefits through Employee Pension Funds (Kōsei Nenkin Kikin), a public-private "contracted-out" system with higher employer contributions. Women and coal miners are treated more favorably through EPS, and until recently a separate but similar pension system was maintained for seamen.

Farmers, shopkeepers, and other self-employed are not so well treated. All those not in another pension system are covered only by the National Pension System (NPS, Kokumin Nenkin), which in 1990 had 18 million enrollees (not including employees' spouses, who belong but do not contribute directly), and 7.6 million beneficiaries of its contributory old-age pension. Enrollees contributed a flat ¥9,000 (\$50) per month. The average monthly benefit after age 65 was about ¥30,000 (\$167); the model (now called the basic pension) is ¥55,500 (\$308). The benefit for a couple is thus only ¥111,000, well under 40 percent of average wages (justified by the fact that many of the self-employed own property and perhaps legitimated by the widespread suspicion that they all cheat on their taxes). Beginning in 1991, NPS members could also contribute voluntarily to National Pension Funds, which amounted to tax-sheltered savings. People enrolled in NPS for less than the contributory period of twenty-five years received smaller benefits, and some 1.4 million over age 70 who had not

²¹ At \$1 = ¥180. The average pension in 1988 at *current* exchange rates was over \$850, and the model for an average couple over \$1,500 per month. U.S. Social Security average payments were \$490 for single and \$742 for married beneficiary in 1987; in 2000, a single beneficiary with average earnings should receive \$659 and a couple \$989 (in 1985 dollars). *Kōsei Hakusho*, 1990, pp. 346–49, and Eric R. Kingdon, Barbara A. Hirshorn and Linda K. Harootyan, *The Common Stake: The Interdependence of Generations* (Washington, D.C.: Gerontological Society of America, 1986), p. 24.

²² Estimate for 1984 provided by Lillian Liu. The denominator is average earnings in the non-agricultural sector including bonuses; without bonuses, the ratio is 74 percent for couples or 51 percent for single retirees. In the United States, Social Security replaces 42–43 percent of wages for average workers. The complexities of these data preclude a systematic international comparison of pensions here; see Schulz, Borowski, and Crown, *Economics*, pp. 191–92, and the IMF and OECD publications cited previously.

been enrolled received a noncontributory means-tested Welfare Pension (Fukushi Nenkin) of ¥29,050 a month.

Among the other large programs, 5.8 million public or quasi-public employees are enrolled in several Mutual Assistance Associations (MAA, *kyōsai kumiai*), which generally offer higher benefits and more favorable terms. MAA old-age pensions went to 2.1 million in 1990; the system is gradually being partly integrated with EPS. A large but declining number (about 2 million in 1987) of veterans, war-widows, and long-ago government employees receive benefits under a system called *onkyū*.²³ A supplementary Farmers Pension System (Nōgyōsha Nenkin Kikin) enrolls almost 800,000 and pays a small old-age pension (in addition to NPS) to over 260,000 persons, plus a benefit to encourage transfer of land to almost 500,000. Finally, some 233,000 older households (under 2 percent) received Public Assistance (Seikatsu Hogo) in 1989; benefits for an elderly couple in Tokyo were ¥133,000 (\$739) a month as of 1990.

Because these systems differ so much in their qualifications (e.g., pensionable ages vary from 55 to 70), and because there are many overlaps of coverage, it is impossible to determine who gets what by examining program data. Moreover, because income and expenditure data are collected on a household rather than individual basis, and so many older people live with their children, one cannot get a comprehensive picture of the impact of public pensions from surveys. Rapid change is nonetheless obvious. In 1977, public pensions and *onkyū* made up ¥523,000 (\$2,906) or 34 percent of the average ¥1,534,000 (\$8,522) income of old-age households (household head 65 or over); by 1986, they provided ¥1,363,000 (\$7,572) or one half of the ¥2,731,000 (\$15,175) average old-age household income.²⁴

With rapid improvement in pension benefit levels and particularly in coverage—much higher percentages of the elderly are now eligible for decent pensions—the economic worries of older people have declined significantly. In 1985, just 32.8 percent of old-age households, compared with 39.8 percent of all households, reported economic difficulties; in 1980, the corresponding figures had been 51.2 percent and 49.2 percent.²⁵ Another indicator is that average household expenditure for households including

²³ This highly politicized system, which for many years had far more beneficiaries than the regular pension systems, is often not treated in writings on social policy. *Hoken to Nenkin no Dōkō*, 1989, pp. 189–92.

²⁴ Again, at the \$1 = ¥180 rate. From the Welfare Ministry's annual *Kokumin Seikatsu Kiso Chōsa*, reported in *Zusetsu Kōreisha Hakusho*, 1990, p. 44, and *Kōsei Hakusho*, 1991, p. 161

²⁵ From the same survey, *Zusetsu Kōreisha Hakusho*, 1990, p. 64. Incidentally, the number reporting severe difficulty (*taihen kurushii*) among old-age households fell from 16.4 percent to 7.4 percent; among all households, from 13.1 percent to 9.9 percent.

(not necessarily headed by) someone 65 or older increased by over 65 percent in real terms from 1975 to 1985, compared with a 53 percent increase for all Japanese households.²⁶ As in the United States, then, the gap in levels of living between the elderly and the rest of the population has narrowed substantially in recent years, and in some respects older people are better off.

Both the EPS and the NPS were semifunded from the start. Because long contribution periods were required before eligibility for benefits, over many years income vastly exceeded payouts and large reserves built up. These reserves continued to grow, though at a much slower pace, in the 1980s. However, contribution rates have not been high enough to cover the actuarially determined incurred liability of enrollees' future benefits. They must therefore rise in the future, to a high for the EPS estimated at 31.5 percent of wages in 2020.²⁷ When health insurance contributions are added in, that would mean some 40 percent of wages going to social insurance before paying taxes, which nearly everyone in Japan sees as far too high.

Pension reserves—some ¥73,439 billion (\$408 billion) in 1989—are mostly deposited in the Finance Ministry's Trust Fund and loaned out for public works and so forth via the Fiscal Investment and Loan Plan. The interest it earns is below market rates, and recently the Welfare Ministry won the right to invest a portion of the reserves itself to gain more revenue, one aspect of the financial liberalization of the 1980s.²⁸ Benefits are paid from contributions, interest, and a supplement from general revenues.

A rather stable set of problems has been associated with pension policy throughout the postwar period. The big three have been inadequate coverage and benefits, for future beneficiaries or those already old; the impending financial burden; and the extreme fragmentation of the system, leading to inequities, overlaps, and severe administrative problems. A set of potential solutions had also been generally accepted for years, at least among the specialists in and around the Welfare Ministry, but the necessary political energy to get them onto the agenda and enacted was gener-

²⁶ Samuel H. Preston and Shigemi Kono, "Trends in Well-Being of Children and the Elderly in Japan," in John L. Palmer, Timothy Smeeding, and Barbara Boyle Torry, eds., *The Vulnerable* (Washington, D.C.: The Urban Institute, 1988), pp. 277–307, at 290.

²⁷ If the pensionable age continues to be 60. If the government succeeds in raising it to 65 the estimated rate for 2020 is 26.1 percent. Both figures are the proportion of standard wages up to a ceiling. From the Welfare Ministry's 1989 Fiscal Review; *Kōsei Hakusho*, 1989, p. 134.

²⁸ See Kent Calder's forthcoming book on government credit allocation for more details. Investment of company pension funds (including both the Employee Pension Funds and Qualified plans) has also been somewhat deregulated, and has attracted attention from foreign financial institutions. See Edward J. Lincoln, *Japan: Facing Economic Maturity* (Washington, D.C.: The Brookings Institution, 1988), pp. 194–201.

ated only sporadically, notably in 1959, 1972, and 1985. It is more than ironic that the large-scale pension reform of 1985, which unified the flat-rate portion of EPS with NPS, was quite similar to a plan first officially proposed in 1949.

Several aspects of Japanese pension policy look rather distinctive in comparative perspective, and invite explanation. First, dramatically in earlier years and to an extent still today, Japanese pension outlays are substantially lower than in other nations of comparable wealth. Second, for a nation generally devoted to small and cheap government, Japan's future benefit structure as established in 1973 and only marginally restrained since is remarkably generous, at least for employees. Third, for a nation whose bureaucrats are both powerful and usually quite solicitous of their own convenience, the extreme fragmentation and administrative unworkability of the pension system is anomalous.²⁹ A variety of explanations for these puzzles will be suggested in the following chapters and in the conclusion.

Health Care

Government health care outlays exceeded pensions in Japan's social security accounts until the early 1980s. Largely due to the obvious implications for national strength of healthy soldiers and workers, the development of medical care coverage had generally preceded pensions. A few employer-sponsored systems and government public health efforts starting in the Meiji period led to a health insurance program for employees in 1922.³⁰ Full national coverage was attained in 1959; as with pensions, benefits were improved thereafter, particularly in the early 1970s, and attention shifted to restraining costs in the 1980s.³¹

Also similar to pensions is the fragmentation of the health insurance sys-

²⁹ Though it is worth noting that the pension system in France—also famed for a strong bureaucracy—is also very fragmented and hard to manage. Cf. Douglas Ashford, *The Emergence of the Welfare States* (Oxford: Basil Blackwood, 1986).

³⁰ Implementation of the employees' system was delayed by the 1923 earthquake until 1927, when it covered about two million workers.

³¹ See Margaret Powell and Masahiro Anesaki, *Health Care in Japan* (London: Routledge, 1990); Emiko Ohnuki-Tierney, *Illness and Culture in Contemporary Japan* (Cambridge: Cambridge University Press, 1984); and Edward Norbeck and Margaret Locke, eds., *Health, Illness and Medical Care in Japan: Cultural and Social Dimensions* (Honolulu: University of Hawaii Press, 1987), particularly William E. Steslicke, "The Japanese State of Health: A Political-Economic Perspective," pp. 24–65. Also see Steslicke, *Doctors in Politics* (New York: Praeger, 1973), and "Development of Health Insurance Policy in Japan," *Journal of Health, Policy and the Law* 7 (1982): 197–226. Good brief overviews include John K. Iglehart, "Health Policy Report: Japan's Medical Care System," *The New England Journal of Medicine* 319:12 and 17 (September 22 and October 17, 1988): 807–12, 1166–72; and Naoki Ikegami, "The Japanese Health System—Another Success Story?" *Hospital and Health Services Review* (November 1984): 261–64.

tem, although the disparities in the quality, quantity, and cost of medical care received are actually quite narrow. Basically, anyone can go to any doctor or hospital and get the same care, but some get extras like subsidized annual health exams, and the patient's share (or copay) varies from nothing to 30 percent of fees. Best off are the 5 million employees plus 7 million dependents of governmental or quasi-public organizations enrolled in several MAAs and the 14 million employees plus 17 million dependents of the 1,800 Health Insurance Societies (*kenpo kumiai*) organized by large firms or consortia. About 17 million employees plus 18 million dependents of smaller companies are enrolled in the somewhat less advantageous government-managed (*seifu kanshō*) health insurance. The 44 million Japanese not otherwise covered are enrolled in National Health Insurance (NHI, *Kokumin Kenkō Hoken* or *Kokuho*), mostly through local insurance pools in each municipality, with higher copays.³² The systems for private employees (collectively called Employee Health Insurance, EHI) generally ran surpluses until recently, but NHI had long been in deficit and required large government subsidies.

Although Japan does not have an unusually large number of doctors, they work hard; annual visits per patient are among the highest in the world. The ratio of hospital beds to population is also very high, cause or effect of the striking fact that hospital stays average almost forty days. In any case, Japan's health care policy has been remarkably successful. Such factors as a low-fat diet and habits of cleanliness have certainly helped "to make the Japanese population, according to several important indicators, the healthiest in the world."³³ Still, broad access to high-quality medical care must also have been significant in achieving the world's highest life expectancies (and lowest rates of infant mortality). Moreover, costs have been low: per capita health expenditures in 1987 were just \$917 in Japan, compared with \$2,051 in the United States and over \$1,000 in most other advanced nations.³⁴

The health care policy area is highly politicized in Japan, and has seen many complicated battles among, mainly, the Ministry of Health and Welfare, the Japan Medical Association, insurance carriers and their constituents (large firms—management and unions—and local governments), and of course the Ministry of Finance. Money and power have been the major issues. Many of these disputes are beyond the scope of this book, but in recent years, in Japan as elsewhere, old people have become the main focus

³² These are 1990 figures from *Kōsei Hakusho*, 1991, p. 333.

³³ Iglehart, "Health Policy Report," p. 808.

³⁴ Italy and the United Kingdom were lower than Japan. These figures are based on a 1985 OECD estimate of purchasing power parities. See George J. Schieber, "Health Expenditures in Major Industrialized Countries, 1960–87," *Health Care Financing Review* 11:4 (Summer 1990): 159–67.

of health care controversy. Inadequate health care was a major focus of the old-people boom of the early 1970s, leading to a program of so-called free medical care for those 70 and older, covered by general revenues. Utilization and costs increased rapidly: more spending on more older people was the main cause of the rapid increase in medical expenditures in the 1970s, from ¥4 to ¥12 trillion (\$22 to \$66 billion) from 1973 to 1980, or from 4.1 percent to 6.0 percent of national income.³⁵ In the early 1980s, people 65 and over made up less than one-tenth of the population but accounted for over one-third of health care spending. The government responded by requiring a small copayment in the free medical care program, by partially reorganizing health insurance so that the relatively well-off EHI systems would subsidize the deficit-ridden NHI (and thus reduce Treasury costs), and by initiating a range of health-education and preventive-medicine services aimed at keeping older people healthier and therefore costing less.

The latter provision can also be seen as slow recognition of a more subtle problem than simple cost, that older people's ailments are often more chronic than acute and may require different kinds of care. This problem appears most sharply in the area of long-term care. In 1989, Japan had about 153,000 nursing home beds (plus 85,000 in other old-age institutions), up from 80,000 (plus 80,000) in 1975. Thus, just over 1 percent of the 65 and over population was accommodated in nursing homes, but another 3.5–4.5 percent were in hospitals for extended periods.³⁶ Nursing homes are almost entirely supported from public funds on a per-person basis, whereas hospital care is paid by health insurance plus government subsidies, mainly on a fee-for-service basis. The fiscal crunch of the 1980s led to two new programs. From 1984, hospitals with a high proportion of elderly patients were designated old-people hospitals (there were 1,081 with 143,406 beds in 1990), and from 1986, a new program of "intermediate" (between hospital and nursing home) Old-Age Health Facilities was initiated; some 300,000 beds were planned by the year 2000. Both are financed mainly by per-person payments from health insurance. Another policy focus is home health care services, which recently have developed rapidly but from a very low base.

One may doubt whether Japan is yet very close to an ultimate solution in long-term care and the other dilemmas of providing for the health needs of the ever-growing elderly population (including a sheer lack of trained personnel, the focus of the Welfare Ministry's 1987 *White Paper*). Nonetheless, the nation has managed to assure broad access to high-quality med-

³⁵ *Kōsei Hakusho*, 1987, p. 335.

³⁶ The proportion of the 65 and over population in long-term care facilities appears similar to the United States (5.7 percent) and West Germany (3.6–4.5 percent), although comparisons are difficult: "Long-Term Care in International Perspective," *Health Care Financing Review* 1988 Annual Supplement, pp. 145–55, and *Kōsei Hakusho*, 1991, p. 241.

ical care at relatively low cost: even in 1987, the proportion of GDP going to health care was just 6.8 percent in Japan, compared with 11.2 percent in the United States and over 8 percent in Canada, France, and West Germany. The problem of restraining these costs remains high on the health care agenda, and is profoundly restructuring the power balance in this contentious policy arena, particularly by strengthening the hand of the Welfare Ministry bureaucracy.

Other Policies for the Elderly

The Japanese government does much else for old people, as a glance down the list of national-level programs in the Appendix will indicate. Many of these programs are at least briefly described in the following pages (particularly in Chapter Six), but a word on their overall character is needed here. In comparison with other advanced nations, Japan has been considerably more active in the area of old-age employment, and perhaps somewhat more so in recreational or activity programs and in aiding families living with dependent parents. It is substantially behind in such areas as social services and housing policy.³⁷

Strong points. Employment policy for the elderly is probably Japan's most distinctive area, and is treated in some detail in Chapter Seven. The Ministry of Labor has actively and successfully pushed for higher mandatory retirement ages (*teinen*) and provides a variety of subsidies (plus administrative guidance) to encourage firms to retain, retrain, and hire older workers. It also has created a nationwide set of quasi-public organizations to find and administer part-time jobs for retirees. Most other advanced nations have been trying to get older people out of the work force, whereas the United States has concentrated on age discrimination or refusal to retire as a civil rights issue without much attention to positive job creation. Clearly this distinctive Japanese emphasis stems from the very low retirement age, supported by something of a work ethic among the elderly, low unemployment rates, and a particularly activist bureaucratic agency looking for attractive policy ideas.

In the recreational area, a unique Japanese program is the old people's clubs (*Rōjin Kurabu*), which enroll about half of the elderly population in groups of some fifty members; in principle, every neighborhood in the

³⁷ This statement is quite impressionistic with respect to policy toward the elderly in other advanced nations. Although anecdotal information about specific programs is plentiful, I am not aware of any systematic attempt to characterize the overall old-age policy spectrum across several nations. Two semisystematic attempts are the Organization of Economically Developed Countries, *Socioeconomic Policies for the Elderly* (Paris: OECD, 1979) and Martha I. Teicher, Daniel Thurz, and Joseph L. Vigilante, eds., *Reaching the Aged: Social Services in Forty-four Countries* (Beverly Hills, Calif.: Sage, 1979).

nation is covered. Subsidies are provided for each club and for local, prefectural, and national federations. Most clubs meet about once a month for sociability, though not a few are more active. There are also several programs targeting the rural elderly, providing a mixture of recreation and pocket-money employment, a response to the population shifts that brought so many younger people to the cities. Recreational senior centers are fairly plentiful (1,986 of the larger Rōjin Fukushi Sentaa and 4,091 of the smaller Ikoi no Ie in 1989) and well attended, and a variety of educational programs (some called old-people universities, Rōjin Daigaku) are available.

Unusual attention to families with dependent elderly is easily explained by the much greater proportion of older people living with their children. The most important provisions are tax breaks and housing loans. An elderly dependent rates a higher exemption for the national income tax and the local residents tax, and older people's own income, particularly pensions, receives advantageous tax treatment. Larger government-supported loans and easier terms are provided to families living with a parent who are building a new house, and special loan programs, mostly from pension funds, cover adding a room to an existing house. None of these programs could be considered a major offset for the strains of caring for an elderly parent, though they are helpful; much more significant is the recent improvement in pension benefits, which considerably relieves the financial strain.

Finally, since the early 1960s, Japan has offered a good deal of symbolic recognition to the elderly. Respect for the Aged Day, September 15, is a national holiday, celebrated in many localities with ceremonies and the distribution of gifts, often to all residents of auspicious ages (65, 77, 88). Cynics dismiss such symbolism as a cheap gesture toward traditional Confucian values, but judging from newspaper letters-to-the-editor columns, it is highly regarded by many citizens young and old.

Weak points. The custom of living with children is also the major explanation for Japan's most glaring deficiency in old-age programs relative to other advanced nations (if not necessarily to demand), the lack of specialized housing. Elsewhere one finds a variety of public, partially subsidized, or purely private housing projects designed with the elderly in mind and usually providing some services. Japan's only public congregate housing had been a limited number (290 in 1989) of low-fee old age homes (Keihi Rōjin Hōmu) administered by (and suffering from association with) the Welfare Ministry. Older people have received preferential admission to both public and corporation (subsidized) housing, but the Ministry of Construction until quite recently had paid little attention to their needs. The 1980s saw some experimentation with publicly supported care houses

and silver housing, and a few retirement communities for the relatively affluent have been started by private developers with government encouragement.

Personal social services is a somewhat vaguely defined area that overlaps with home health care. These are national programs, with the central government covering one-third or one-half of costs, carried out by localities. The largest program is home helper service for (mostly) old people living alone. In 1990, about 36,000 helpers were employed—considerably fewer than in many other nations. Other programs to provide telephones, special beds and toilets, day care, or various home services cost the central government about ¥1 billion, and many local governments have small programs of their own. Japan has some interesting cultural wrinkles—for example, providing baths for the bedridden either in a central location or by transporting a bathtub to people's homes—and sees this area as a high priority, but social services are still well below international levels in terms of quantity.

For some reason, the few Japanese programs for old people that attract much notice in the West tend to be of little importance in policy terms. Musashino, a city in western Tokyo, is well known for an experiment with providing intensive services to be repaid with the older person's home equity after death (called reverse mortgages in the United States), but there were few takers and the idea has not caught on elsewhere. Many Americans have heard about Silver Columbia, a fanciful idea among MITI officials for exporting the elderly to retirement colonies overseas, which struck most Japanese as funny and has since been repeatedly revised. At the same time, Japan's difficulties and successes in dealing with the fundamental problems of the aging society—by and large, the same problems we all face—have received little notice.

A Japanese-Style Welfare Society?

It is often claimed for social policy, as for management style and other aspects of Japan, that "the provision for welfare within Japanese society is likely to remain unique among other industrialized nations."³⁸ Traditional virtues of family, community, and work ethic will bring true welfare with less government intervention, and thus avoid the dependency and cold bureaucracy of the Western welfare state. This notion of a Japanese-style welfare society (*Nihongata fukushi shakai*) became an ideological justification for conservatives (notably Prime Minister Ōhira) worried about rapidly rising social expenditure in the late 1970s.

³⁸ Naomi Maruo, "The Development of the Welfare Mix in Japan," in Richard Rose and Rei Shiratori, eds., *The Welfare State East and West* (New York: Oxford University Press, 1986), pp. 76–77.

Has it dominated policy toward the elderly? Perhaps in one negative sense: the assumption that older people should be cared for by their families allowed the government to delay paying livable pension benefits and to provide lower levels of various other services than in other advanced nations. But contrary to popular impression, neither community—voluntary groups in local areas—nor the firm plays a very large role in welfare provision for the elderly, certainly nothing like in the United States.³⁹ Moreover, other than perhaps in the employment area, there is little in Japanese governmental policy aimed at sustaining traditional supports in a positive way, so that social change would not lead to growing government responsibilities in the long run. Viewing Japanese policy toward the elderly as a whole, similarities with the West greatly overshadow the differences.

The Japanese-style welfare society is essentially ideology, evocations of a past ideal, whether real or mythical, by a conservative elite hoping to obscure a reality that has already changed.⁴⁰ Even as ideology it is already passing from the scene. The administrative reform campaign in the 1980s was quite devoted to minimizing the role of the state, including attempts to cut back or constrain welfare spending, but its rhetoric owed more to American and British free-market individualism than to traditionalistic evocations of Japanese community solidarity. Still more recently, government and Liberal Democratic Party (LDP) pronouncements have again turned to an emphasis on the state's responsibility for the elderly. The large-scale tax reform that finally passed after a long battle in December 1988 was justified largely in terms of the need for more revenues (in the form of a new consumption tax) to cope with the aging of society. In the 1990 general election campaign, the opposition parties pointed out that the government had been quite vague about how it planned to use the money, and the LDP responded with a new Gold Plan, a Ten-Year Strategy to double the scope of many old-age health and welfare services—no mention of “Japanese-style.”

EXPLAINING OLD-AGE POLICY

Where did all these programs and reforms in old-age policy come from? This question has not been much explored for Japan. Historians have recently focused on the development of social policy (*shakai seisaku*) in pre-war Japan, but these studies have quite properly concentrated primarily on workers and secondarily on the poor—the components of the social prob-

³⁹ Most health coverage and a significant portion of pension costs are provided by companies in the United States, and organized community charities are far more widespread than in Japan.

⁴⁰ Karl Mannheim, *Ideology and Utopia* (New York: Harcourt, Brace & World, 1936).

lem of the time.⁴¹ The aging, old-people and aging-society problems are substantially different, and are almost entirely phenomena of the postwar era. In fact, imaginative research on the development of the postwar welfare state even within Japan is rare, although the recent efforts of the Social Science Research Institute of Tokyo University provide a good start.⁴² Western scholars have approached this topic mainly in brief overview chapters, or as an example within some broader interpretation of postwar public policy.⁴³

Four Models

One can nonetheless discern three broad types of explanation—and I will add another—in writings both on Japan and on the development of the welfare state in the West.⁴⁴ They are differentiated here by whether and how they treat government and politics as important to the development of social policy.

First, sociologists and economists not much interested in politics tend to describe the development of welfare policy as an inevitable or automatic response to historical social trends such as industrialization and the breakdown of the traditional family, the crisis of capitalism, or increasing economic surpluses and government revenues. Japan's long backwardness in relative terms is explained by the persistence of traditional supports plus

⁴¹ See Sheldon Garon, *The State and Labor in Modern Japan* (Berkeley: University of California Press, 1987), esp. chap. 1; Andrew Gordon, *The Evolution of Labor Relations in Japan: Heavy Industry, 1853–1955* (Cambridge: Harvard University Council on East Asian Studies, 1985); Masayoshi Chūbachō and Koji Taira, "Poverty in Modern Japan: Perceptions and Realities," in Hugh Patrick, ed., *Japanese Industrialization and its Social Consequences* (Berkeley: University of California Press, 1976), pp. 391–437; and Sally Ann Hastings, "The Government, the Citizen, and the Creation of a New Sense of Community: Social Welfare, Social Organizations and Dissent in Tokyo, 1905–1937" (unpub. Ph.D. dissertation, University of Chicago, 1980).

⁴² Tokyo Daigaku Shakai Kagaku Kenkyūjō, ed., *Fukushi Kokka*, Vols. 4–6, and *Tenkanki no Fukushi Kokka*, Vol. 2 (Tokyo: Tokyo Daigaku Shuppankai, 1984–85, 1988).

⁴³ E.g., John W. Bennett and Solomon B. Levine, "Welfare, Environment, and the Postindustrial Society in Japan," in *Industrialization*, Patrick, ed., pp. 439–92; Ezra Vogel, "Welfare: Security without Entitlement," *Japan as Number One: Lessons for America* (Cambridge: Harvard University Press, 1979), pp. 184–203; T. J. Pempel, "Social Welfare: The Tentative Transition," *Policy and Politics in Japan: Creative Conservatism* (Philadelphia: Temple University Press, 1982), pp. 132–70, and more recently, "Japan's Creative Conservatism: Continuity under Challenge," in Francis G. Castles, ed., *The Comparative History of Public Policy* (Cambridge: Polity Press, 1989), pp. 149–91; Kent E. Calder, "Welfare Policy: Strategic Benevolence," *Crisis and Compensation: Public Policy and Political Stability in Japan, 1949–1986* (Princeton, N.J.: Princeton University Press, 1988), pp. 349–75. A forthcoming book by Stephen J. Anderson will take up some aspects of old-age policy in the context of Ministry of Health and Welfare strategies.

⁴⁴ For citations, see chap. 11.

the very rapidity of economic growth; the expansion of the early 1970s is associated with a surge in revenues, and the scaling back of the 1980s with the economic slowdown. Such analyses locate the engine of change in the policy environment, and implicitly treat the political system as a passive black box (which need not be investigated because it does not affect policy), or perhaps as a set of routine processes, an incremental machine that unconsciously converts environmental trends into policy (perhaps with some time lag and with a tendency to persist even when conditions change). I call these *inertial* explanations.

Second, policy analysts and conventional bureaucratic historians similarly view policy change as beginning with social trends, but these are seen as presenting a series of problems that government must solve. The choices are thus not inevitable, but depend on the relative importance of various national goals (which themselves might change) and consideration of which solutions will be most effective or efficient. In fact, a common source of policy change is the realization by government officials that existing government programs are not working well and must be corrected, a learning process. This approach to Japan would stress the priority given to economic growth in the early years, with more attention to welfare goals in the 1970s, and attempts to cope with the unanticipated high costs of new programs in a new policy environment in the 1980s. The analysis would trace such developments largely through the reports of governmental advisory committees, as an essentially technocratic process. These may be called *cognitive* explanations.

Third, most Western literature on the welfare state treats its development as the result of political struggle, most often between social classes or the parties that represent them (although there is considerable variety of interpretation). Outcomes thus depend on the balance of power between contending forces, the strategies they adopt, and their political skill. For Japan, such an analysis stresses the long rule by conservatives to explain relatively low levels of welfare, punctuated by threats from the opposition parties and the LDP's attempts to broaden its traditional constituency which brought increases; cutbacks occurred once the pressure was off. In any case, whether the contenders are interest groups, parties, classes, or more abstractly conceived social groupings, the essence of the process in such *political* explanations is conflict among actors pursuing different goals.

All three of these explanations "make sense," in that they are both plausible and logical: causes are linked to effects in a straightforward manner. They do not, however, admit a fact known (if sometimes not admitted) by anyone in politics: that policy making does not always make sense. Sometimes governments do things by accident, or rather for extraneous reasons that have nothing to do with the logic of the policy area in question. Such processes are usually seen as "noise" or random factors not worthy of at-

retention, but I contend that one can assess the likelihood of a given decision-making process falling victim to accident, and can thereby explain (in a looser sense than in the three previous approaches) otherwise inexplicable “unintended” public policies, which in fact are not at all uncommon. These are called *artificial* explanations.

These four models are explored in terms of the decision-making literature in the next chapter, and are applied to the entire postwar development of Japanese old-age policy in the conclusions. Their main purpose, however, is to help our analysis of particular cases of policy change. They serve in three ways: as competing causal hypotheses, as a way to disentangle different processes going on at the same time, and as a prophylactic against the common fallacy of retrospective inevitability—of seeing past events as if they necessarily happened according to some logic, usually exactly the logic the analyst expected. In particular, starting from a null hypothesis that whatever occurred might have happened by accident is the best way to keep an open mind about what actually caused what.

Policy Sponsorship

These explanations might appear rather abstract and impersonal. Actually, most of the book is narrative history, and as such is largely concerned with the motives, actions, and relationships of real people and—an important factor in Japan—of organizations that act like people. Particularly important are sponsors of policy change, actors (individual or collective) who try to achieve some idea (draw attention to some problem, enact some solution) by mobilizing political energy. We will examine the obstacles they face, the strategies they employ, and their victories, defeats, and compromises, not only over policy, but over control of the processes that produce policy change.

Effective sponsorship is not a necessary condition for policy change. Some new policies have little to do with the strategies and skills of a particular actor pursuing a goal. However, fortunately for the author, in most of the cases described hereafter an active protagonist does appear. Such human stories are interesting to tell.

A Theory of Policy Change

MY PLAN of attack at the outset of this study was to identify the most significant policy changes in the old-age policy area, find out what caused them, and then look for general patterns and variations—an almost purely inductive approach. But any inquiry must be based on at least an implicit theory, and I started with two. One was the conventional model of governmental outputs as resulting from inputs: pressures from the general public, conflicting social groups, service providers, influential politicians, opposition parties, and so forth. The other was a more technocratic view of government as problem solver, monitoring social trends and devising appropriate public policies. The questionnaire I drew up for my first interviews was therefore full of questions about, on the one hand, various actors who might be demanding various benefits, and on the other, mechanisms for systematic research on social problems and policy solutions.

My respondents (mostly middle-level bureaucrats) tried their best to come up with answers to both sets of questions. Many, however, wound up with shrugs and blank looks. I increasingly got the impression that my two pictures of policy change seemed to have little to do with the participants' perceptions of what they were doing. I therefore started asking less loaded questions: How did you get involved with old people? Where did the idea for this program come from? With whom did you have any contact? I was then focusing mainly on small service programs (those treated in Chapters Four, Six, and Eight), but when I turned to look at larger policy changes in pensions and health care, relying on documentary and secondary sources as well as interviews, I had similar difficulties in applying the usual sorts of explanations for how policy decisions get made, in general (e.g., in a set of stages of decision making) or with regard to the welfare state (e.g., working class organization as the key factor). It was not so much that my material was rejecting hypotheses from the literature; rather, it seemed not to be operating on the same logic, at least much of the time.

What I needed was a more open, less deterministic theoretical approach, one that would allow an assessment of whether various cause-and-effect relationships suggested in the literature were working, but would also allow the possibility of different logics altogether, perhaps several logics working simultaneously. Graham Allison's pathbreaking scheme of three models or conceptual lenses (rational-actor, organizational process, bu-

reaucratic politics) provided a good start.¹ However, it has two difficulties: it is quite specific to foreign policy decision making (e.g., legislative politics, interest groups, and so forth were not much discussed); and each of the three models uses its own vocabulary and set of variables, with no way to tie them together. It would be more elegant to start from a more basic theoretical level by positing a small set of elements common to all decision making and then defining the specific models or types of decision making in terms of different combinations of these elements.

I found this set of elements in the “garbage-can theory” of organizational choice.² The vocabulary it uses is not about mobilization and social movements, about issue-broadening and the search stage, about bureaucrats and agency missions, about progressive and conservative ideologies, about leadership, or about anything very specific. It speaks of how opportunities for change appear and disappear, how participants come and go, and how problems and solutions develop and are linked together. In the ideal-type model, the four streams of choice opportunities, participants, problems, and solutions are independent, produced by unrelated processes, and they are linked up not by any inherent logic but by “accidents” of the timing and sequence of their arrival on the scene. This model is not a complete account of actual decision making, of course, but allowing the possibility that it might be one is liberating, it clears the mind of preconceptions, and so allows us to discern other factors that might bring participants to think about and enact particular sets of problems and solutions.

What other factors? Consider a still more fundamental level of analysis: In psychology, we need to know what the individual wants and the strength of his motivation. In economics, demand curves are based on the products people prefer and the prices they are willing to pay. Genius is 1 percent inspiration and 99 percent perspiration. In physics, a vector is completely described by its direction and force.

Extend the physics metaphor and imagine a government policy as a billiard ball rolling in a straight line, so that what we try to explain is a change of course or of speed. It follows that we should look for what happened prior to the change, and describe this event—the impact of another billiard ball, or the cue stick—in terms of its direction and force.

Direction and force here represent the two realms we must analyze in order to understand policy change. The first is the realm of ideas: how

¹ Graham T. Allison, *Essence of Decision: Explaining the Cuban Missile Crisis* (Boston: Little, Brown, 1971).

² Michael D. Cohen, James G. March, and Johan P. Olsen, “A Garbage Can Model of Organizational Choice,” *Administrative Science Quarterly* 17:1 (March 1972): 1–25; March and Olsen, *Ambiguity and Choice in Organizations* (Bergen: Universitetsforlaget, 1976); March, *Decisions and Organizations* (Oxford: Basil Blackwell, 1988).

social conditions come to be seen as problems, how solutions are identified or otherwise present themselves, how they are linked intellectually. Problems and solutions do not develop and come together in a vacuum, of course; they are affected by goals, preferences, norms, beliefs, theories, ways of thinking, and other “ideas” in this broad sense which are present before the story of some particular policy change begins.

The second is the realm of energy. The term “participant” means someone who is doing something, exerting energy—in short, actors act. A choice opportunity is an occasion for energy to be expended by participants. These two elements do not occur in a vacuum either; they are affected by the preexisting balance of power (of potential energy, in a sense) among institutions, groups, and individuals

The dichotomy I started with, decision making as a pressure process versus a technocratic process, implied choosing between energy and ideas as the single cause of policy change. Now this formulation looks too simple, but it does suggest that two quite different kinds of analysis are needed to interpret a given policy change. We must understand the intellectual structure of policy as it was, and then look for how some problem or solution produces new thinking. We must also understand the power structure of the decision-making system, and then how some event activates some participants and alters the energy balance. In a sense, both must occur, just as in a practical situation simply thinking about how things could be different will not accomplish much, but neither will just agitating for change without any idea of what should change how.

But to say that both processes occur does not mean that they must be equally significant in how a particular case of policy change develops, or in how we interpret it. A new problem or solution might well appear first, and itself stimulate enough of a shift in the power balance to produce a change in policy. Or, a rise or fall in some participant’s power or level of activity, or perhaps an increase or decrease in the amount of energy in the entire system (e.g., as when everyone starts paying attention to politics when an election is coming up) can lead to new thinking and increase the likelihood of *any* problem or solution coming to the fore. In this sense, a policy change can be seen as “driven” by ideas, a problem or solution, or by energy, activity by participants or even a choice opportunity.

Or take the same argument another way, from the point of view of an outside observer trying to test various theories of policy change. What can I ignore without losing too much explanatory power? Can I disregard any shifts in the power balance and just examine how *thinking* about problems and solutions has changed? Or can I forget about ideas and just analyze the sources of new energy and how they affect activity and power within the decision-making system? Or—a true null hypothesis—can I explain a pol-

icy change well enough without worrying about any changes in either the intellectual structure or the power structure at all?

FOUR SOURCES OF POLICY CHANGE

In examining a particular policy change, then, we can ask whether new energy, or new ideas, or both, or neither, mattered very much in what happened, or should matter very much in terms of some theory about what happened. Crossing these two dimensions produces a four-cell typology that exhaustively defines four possible modes of decision making.

		<i>Ideas Matter</i>	
<i>Energy Matters</i>	<i>yes</i>	<i>yes</i> political	<i>no</i> artificial
	<i>no</i>	cognitive	inertial

These four modes may be seen as Weberian “ideal types,” which may not exist in a pure form in the real world, but represent separate, coherent logics of decision-making behavior or of explanation for why policy change occurs.³ As argued at the end of Chapter One, and more fully in Chapter Eleven, each can provide a plausible explanation for the development of social policy in Japan or in general. Each in fact has a pedigree, long or short, in the political science literature, although until now they have not been drawn together into a common theoretical framework.⁴

Cognitive

Policy change as problem solving: the process is technocratic decision making, purely a matter of intellectual logic. The “most important” problem

³ That is, in Weber’s model, the authority relations in any real system can be defined as a mixture of the rational, traditional, and charismatic forms; it is useful to describe a given case as predominantly one of the three, and the analyst’s tasks are to specify the conditions which produce each form, and predict its consequences for how the system will function. Max Weber, *Economy and Society* (2nd ed.; Berkeley: University of California Press, 1978), pp. 215–16; also see Talcott Parson’s discussion of ideal types in *The Structure of Social Action*, Vol. II (Paper ed.; New York: The Free Press, 1968), pp. 605–10.

⁴ Two studies are somewhat similar to my approach. Johan P. Olsen, “Choice in an Organized Anarchy,” in *Ambiguity and Choice*, March and Olsen, pp. 82–139, stresses the dimension of whether the intentions of participants are important or not in making a decision; his three-cell typology excludes consideration of inertial choice. Recently, in *Rediscovering Institutions: The Organizational Basis of Politics* (New York: The Free Press, 1989), chap. 1, March and Olsen in effect suggest a three-fold typology of theories of politics: rational competition (cognitive plus political in my terms), temporal sorting (artificial), and institutional (related to my inertial category).

will be addressed and the “best” solution enacted, according to some criteria, regardless of whether they are proposed by the prime minister or a lowly policy analyst—the power of the actors participating is irrelevant to the decisions reached (either because there is no disagreement or because some participant has so much power that others’ views can be disregarded).

In many decision-making theories, “rational” policy change amounts to a unitary policy maker carefully monitoring the environment for the most important changes that might affect the interests of the nation, drawing on the best knowledge available to devise possible responses, and selecting the alternative that maximizes achievement of goals at least cost. But our cognitive mode does not necessarily imply strict rationality in this sense, which indeed is almost never found in the real world because the necessary agreement, time, information, and wisdom are lacking. Decision makers’ rationality is bounded, and usually proceeds by problemistic search among a fairly narrow range of alternatives. In fact, the decision-making process may even be perverse, based on outmoded or erroneous images and driven by symbols rather than real problems.⁵

Our cognitive mode also does not require agreement. However, disagreements here are differences of judgment, and they are worked out not by applying power but by persuasion, intellectual arguments about which goals or which problems are most important and which solutions are most effective. Jack Walker argued that “communities of policy professionals” are often dominated by Kuhnian “paradigms,” similarly to academic disciplines, and Martha Derthick and Paul Quirk have shown how quickly an intellectual fad like deregulation can diffuse in Washington.⁶ In two works that were particularly important for this study, Hugh Heclo found that a major explanation of welfare state advances in Britain and Sweden was the effort of responsible officials to solve problems created by existing pro-

⁵ See Allison, *Essence*, for a good summary of the rational-actor perspective; a classic analysis of rational choice is Herbert A. Simon, *Administrative Behavior* (New York: MacMillan, 1945). Note that many models usually seen as alternatives to the rational model are included within our cognitive mode: cf. John D. Steinbruner, *The Cybernetic Theory of Decision: New Dimensions of Political Analysis* (Princeton, N.J.: Princeton University Press, 1974). For a good review of such models, see Donald A. Kinder and Janet A. Weiss, “In Lieu of Rationality: Psychological Perspectives on Foreign Policy Decision Making,” *Journal of Conflict Resolution* 22:4 (November 1978): 707–33.

⁶ Jack L. Walker, “Knowledge into Power: A Theory of Policy Change” (Ann Arbor: University of Michigan, Institute of Public Policy Studies, Discussion Paper No. 55, September 1973), and “Setting the Agenda in the U.S. Senate: A Theory of Problem Selection,” *British Journal of Political Science* 7 (October 1977): 423–45; Thomas S. Kuhn, *The Structure of Scientific Revolutions* (2nd ed.; Chicago: University of Chicago Press, 1970); Martha Derthick and Paul J. Quirk, *The Politics of Deregulation* (Washington, D.C.: The Brookings Institution, 1985). Also see Robert B. Reich, ed., *The Power of Public Ideas* (Cambridge: Harvard University Press, 1990).

grams, and John Kingdon identified several ways in which American policy makers in the health care and transportation fields came to see specific problems as important and solutions as worth pursuing. All these are cognitive processes in our terms.⁷

To the extent that a process resembles strict rationality, all we would need to know to predict outcomes are the goals being sought and the nature of the problem; being rational ourselves, we can then put ourselves in the shoes of the decision maker and predict the solution he will choose.⁸ To the extent rationality is bounded or perverse, or a matter of a social process, a more exhaustive investigation of how participants actually think, of important images and symbols, and of the social process of communicating ideas becomes necessary.

The cognitive mode is the stock-in-trade of writers on foreign affairs, who often find it possible to explain policy change as a reasonable response to some shift in the international environment, in the light of national interest. Domestically, it is employed by policy analysts and historians of public policy who write about why problems are considered important and why one solution is better than another. This mode is also a crucial element of our broader explanations, because without some sense of good policy, we have no benchmark to judge how things went wrong.

Political

Policy change as conflict: both energy and ideas are important because energy is linked to ideas. Participants have different goals or preferences; each has enough power to avoid complete submission to others; the process is some sort of fight or bargaining; the result is determined by each participant's relative power, or by the amount of energy each is able and willing to expend on that issue and how skillfully resources are deployed. Participants here can mean individual officials or politicians (as in Allison's bureaucratic politics model); or collectivities like parties, factions, ministries, and interest groups; or broad social aggregates like classes, regions, or generations. All that is necessary is that there be more than one, that they are pursuing different interests with respect to the issue at hand, and that policy is explainable as the outcome of their conflict.

Most political scientists use political analysis most of the time. The main

⁷ Heclo generally observes that "governments not only 'power' . . . they also puzzle." Hugh Heclo, *Modern Social Politics in Britain and Sweden* (New Haven, Conn.: Yale University Press, 1974), p. 305; John W. Kingdon, *Agendas, Alternatives, and Public Policy* (Boston: Little, Brown, 1984).

⁸ Or as Allison points out, more commonly the analyst observes behavior, figures out the problems and solutions that must have been considered, and then infers the underlying goals. Allison, *Essence*, pp. 252–54. If the decision in question were completely rational such an analysis would be quite reasonable.

argument in the field of American politics used to be between the group theorists or pluralists who saw power as rather widely distributed and thus available to any group that is able to organize, and a power elite school who argued that real power is highly concentrated and outsiders are systematically excluded. Both sides assumed that analyzing politics means understanding power. Descriptions of decision making by participants, journalists, and political scientists are full of words like power, clout, muscle, force, influence, heavyweight, pressure, contest, tactics, allies, struggle, campaign, mobilization, entering the fray, taking a beating—all evoke a sports or military metaphor for the process of forming public policy and imply that victory goes to the strong.

The analyst of a political process needs a lot of information. A simple rank-ordering in power terms of all actors in the political system is not enough, because the nature of the problem and of the possible solutions determines which participants will become active, and how active they become. Some indeterminacy is introduced by the fact that participants in a given situation might adopt different strategies—in particular, various sets of coalitions might be possible—that would lead to different results.⁹ Still, if we know enough about the issue and the power and stakes of the various actors, we should be able to predict the overall shape of the outcomes of a political process.

Bueno de Mesquita has developed an elegant method for predicting policy change that exactly follows this logic. He disaggregates the various dimensions of a problem and its possible solutions and then asks expert panels to estimate, on two scales, the preference and the degree of interest of each potential participant with regard to each dimension, along with an overall estimate of the participant's relative power (he does not take skill into account). Finally, simultaneous equations are solved to produce the multidimensional compromise outcome.¹⁰ Although my approach is hardly so rigorous, much of the following analysis is devoted to figuring out who is participating, what they want, and how much energy they command or can mobilize.

Artifactual

Policy change as coincidence, literally: a choice opportunity opens up, in the sense that enough energy becomes available in some situation to over-

⁹ William Riker, *The Art of Political Manipulation* (New Haven, Conn.: Yale University Press, 1986).

¹⁰ The high rate of accuracy claimed (without much supporting evidence) would appear to substantiate a view that important decisions of the kind chosen to analyze do fall into this political mode. See Bruce Bueno de Mesquita, David Newman, and Alvin Rabushka, *Forecasting Political Events: The Future of Hong Kong* (New Haven, Conn.: Yale University Press, 1985).

come inertia, so something new becomes possible. This energy, however, is not firmly attached to any particular ideas. All sorts of unrelated ideas get dumped into the opportunity; problems receive attention without regard to which are most important and solutions are considered whether or not they are likely to solve the problem. Such garbage-can processes are likely to occur in “organized anarchies” where goals are unclear (people do not know, or cannot agree on, what they want), means–ends relationships are uncertain (there is little knowledge of how to solve a problem or what the effect of some action might be), and participation is fluid (no rule governs who is active when).¹¹

The key determinant of whether something will occur is therefore whether a choice opportunity appears. What will occur is accidental: momentous decisions may depend on the want of a nail, such random factors as whether or not a powerful person (one bearing a lot of energy) shows up at a meeting; whether a particular matter emerges at a time when decision makers are actively looking for problems or when their energies are completely occupied with other business; and whether, in a broader sense, the general public is in a mood to pay attention to politics or to welcome change or not.

Note that accidental here means something outside the logic of the process we are analyzing, factors that impinge on the decision-making process we are analyzing but whose causes are unrelated to it. In both the cognitive and political modes, the story of why, how, and when a policy change occurred can be told in its own terms; its logic is self-contained. In the artifactual mode, the change in policy is part of some other logic, a story about a different subject. Actors participate energetically from motives that are not closely linked to their interest in the issue, and therefore raise problems or push solutions that do not make sense in those terms.

Energy matters in this mode because whether some policy change occurs at some time depends on the level of activity independent of goals or motives, on how unrelated participants, problems, and solutions become energized.¹² That will depend on which participants, problems, and solutions happen to be in the neighborhood when the opportunity to make a choice appears, or on the sequence in which they present themselves. The garbage-can model thus is not random in its own terms, in that the simultaneity or sequence of events is an important ordering principle. In fact, such

¹¹ Because the term garbage can to me implies that a situation either is or is not one—it is hard to think of somewhat garbage can—I follow Olsen, “Organized Anarchy,” in preferring “artifactual” in its biological sense of something “not normally present but produced by some external agency or action” (*American Heritage Dictionary*, 2nd College Ed.).

¹² The concept of energy is not well explained in garbage-can writings, but it is crucial to the workings of the model. Cf. Lawrence B. Mohr, *Explaining Organizational Behavior* (San Francisco: Jossey-Bass, 1982), p. 50.

global characteristics as how many decisions will get made, how much time they will take, and so forth can be predicted for various organizational structures and for differences in the amount of energy relative to the quantity of problems.¹³ For the analyst interested in explaining a particular policy change, however, artifactual factors have the effect of disrupting predictions or normal explanations.

We are therefore quite interested in the conditions under which garbage cans are more or less likely to develop, and in what can be done by participants with a real interest (say, a policy sponsor) to prevent them from occurring. This is largely unexplored territory: there have been few empirical applications of garbage-can ideas in governmental decision making other than the work of the inventors and John Kingdon's model of independent streams in agenda setting—his treatment of the "politics" stream describes how energy becomes attached to proposals.¹⁴ Most analysts implicitly treat garbage-can phenomena as noise; the most unusual aspect of the case studies in this volume is the attempt to take the impact of exogenous energy seriously.

Inertial

Policy change as routine: the residual category with neither energy nor new ideas. In all three of the other modes, the change in policy can be explained as a result of something new happening within the decision-making system—thinking about a new problem or solution, some alteration of goals, a shift in the power balance bearing on the issue, or at least a change in energy levels, in how much activity is going on. But many policy changes are not preceded by something new occurring within the decision-making system. Rather, some change in the outside world is processed in a completely routine and predictable way to produce a change in policy. As the economy goes up and down, spending on unemployment compensation will go down and up—an important policy change without a real "decision."

The mechanism here is that a complex organization inevitably develops capabilities and standard operating procedures that determine most of its activity without conscious thought. It can work like a machine, a computer with a prewritten program, that is designed to monitor specified aspects of

¹³ A computer simulation to do so, first reported in Cohen, March, and Olsen, "Garbage Can Model," is described along with some applications in a university setting in Michael D. Cohen and James G. March, *Leadership and Ambiguity* (2nd ed.; Boston: Harvard Business School Press, 1986). For the model as nonrandom, see p. xv.

¹⁴ Kingdon, *Agendas*. See also Johan P. Olsen, *Organized Democracy* (Bergen: Universitetsforlaget, 1983).

its environment and respond to changes by modifying its output.¹⁵ Some policy changes (e.g., the increase in Labor Ministry spending when unemployment rises) are simple and completely automatic; in others, some element of choice may be left, but rules, SOPs, and fixed ideas already will have determined most of the decision or very much narrowed the range of options.

Routines are not restricted to single organizations, since very stable and essentially mindless SOPs also develop among organizations that interact frequently. When a certain sort of problem arises, everyone knows who will talk to whom, what they will say, and by and large what decision will emerge. Allison has shown the impact of organizational and interorganizational SOPs even in a crisis situation.¹⁶ Another good example is the administrative budgetary process: defining an issue as a budgetary matter means it will be decided through a highly formalized process, with restricted participation, and according to limited criteria; the result is usually a small percentage hike in spending—in practice, no other decisions could even be considered. Although political and cognitive processes play an important role at the margins—how much of a hike?—most of the outcome is essentially determined by inertia.¹⁷

Inertial decision-making processes work the same regardless of the problems being processed or the kinds of solutions potentially available: recall Wildavsky's observation that budgeting inevitably substitutes administrative criteria for programmatic considerations.¹⁸ They also are not affected by the power of those involved: the behavior of Weberian bureaucrats is completely prescribed by rule and precedent, regardless of their personality or power, and favorable treatment of influential people in an administrative process is properly seen as an inappropriate intrusion of politics. So the analyst need not collect information on ideas or energy, although of course inertial decisions can be accurately predicted with a different sort of information, a good knowledge of what was done in the past.

Many explanations of social policy are implicitly inertial in these terms, although they do not discuss routines and rules specifically. As will be observed in Chapter Eleven, social scientists often interpret policy change as directly caused by changes in the environment, with the decision-making system treated as a black box that remains unexamined. If an analyst be-

¹⁵ For discussions that carry this sort of feedback model considerably further, see Karl W. Deutsch, *The Nerves of Government* (New York: The Free Press, 1966), and Steinbruner, *Cybernetic Theory*, chap. 3.

¹⁶ His organizational process model, although note that in our terms that is partly artificial, to the extent organizations are really fighting, but over something other than the issue at hand (say, turf). Allison, *Essence*.

¹⁷ Aaron Wildavsky, *The Politics of the Budgetary Process* (Boston: Little, Brown, 1964).

¹⁸ *Ibid.*, p. 60.

believes that development of a social security system is the product of industrialization (or demographic change, or a revenue surplus), he will study those causes. He might notice in passing that government officials are assiduously pondering the issues, or even that great conflicts over policy are occurring, but these phenomena literally do not matter to him. Since such explanations can ignore both ideas and energy within the decision-making system, they fall into this inertial cell of our typology.

Some scholars have examined both direct environmental effects and routinized decision processes in the same model. Wilensky explains different levels of social security spending across nations as the product of level of GNP and of population aging (direct causes) plus years since the system was established (routine, incremental decision making).¹⁹ Also, recent research by Rose (from whom I borrowed this term) argues that the growth of programs and the overall size of government over decades can in many respects be seen as an inertial process rather than a product of conscious decision (cognitive or political), although eventually, to use a Marxist notion, quantity becomes quality—the program becomes so big it draws attention and opposition.²⁰

The Modes as Method

In my view, this kind of multifaceted approach is crucial when disentangling a complicated policy change, if only as a prophylactic. An analyst who begins with the assumption that decision making is cognitive or rational will always find, in looking at the real world, enough evidence to tell a story of consistent goals, identification of problems, development of alternative solutions, and choice based on maximizing utilities. Similarly, someone who tends to see decision making in terms of conflict will inevitably discover power struggles among interested parties. Almost any long-term policy development will look inertial when viewed through a sufficiently wide-angle lens. And although there have been few such studies at the level of national policy, one can well imagine that a romantic attachment to the garbage-can theory runs the danger of exaggerating every little coincidence at the expense of a significant underlying logic. Decades of decision-making research reveal that all sorts of interpretations will work, for three rea-

¹⁹ Harold L. Wilensky, *The Welfare State and Equality: Structural and Ideological Roots of Public Expenditures* (Berkeley: University of California Press, 1975).

²⁰ Richard Rose and Terrence Karran, *Taxation by Political Inertia: Financing the Growth of Government in Britain* (London: Allen & Unwin, 1987). Note that the new interest in institutions among political scientists opens up new possibilities for analyzing inertial processes. See James G. March, "The New Institutionalism: Organizational Factors in Political Life," *American Political Science Review* 78:3 (September 1984): 734–49, and March and Olsen, *Rediscovering Institutions*.

sons: policy making is complicated, decisions are often overdetermined (i.e., there are several sufficient causes), and the information available to the analyst is so fragmented and partial that considerable inference is required.

The implication of these facts is not that truth lies only in the eye of the beholder. It is rather the same point that I discovered after my first interviews: one must strive to strip the assumptions from the process of inquiry, do one's best to let the facts speak for themselves. Later, looking at those facts (including participants' interpretations of what happened) from several angles (such as the four modes) will often reveal possible explanations that otherwise would be missed. In particular, explicit consideration of the radical artifactual mode forces the analyst to confront the most easily overlooked possibility. Early in the 1989 baseball season, when the Detroit Tigers were in a terrible slump, a television interviewer asked Manager Sparky Anderson why. "Everybody always asks me for reasons," he replied. "Most of the time there aren't any reasons!"²¹ Actually, usually there are some, but it is important to avoid reading more causes into effects than are really there.

The Modes as Theory

I would contend, with Allison, that such methodological virtues are sufficient justification for this approach. It allows us to ask how much explanatory power each mode provides in a given policy change. But can we go further? Political scientists who try to make sense of decision making may find helpful an abstract though not comprehensive discussion of how I see these modes working as theory.

The theory of policy change proposed here would seem to have additional potential because it goes beyond Allison's three quite independent conceptual lenses or, for example, Odell's five competing explanations of change in U.S. international monetary policy (markets, world power structure, domestic politics, organizations, ideas), or Heclo's five hypotheses about the forces behind welfare state development (elections, parties, interest groups, administrative agencies, socioeconomic conditions).²² Alli-

²¹ Detroit, Michigan: Interview on television station WDIV, May 6, 1989. Or, Hugh Heclo: "Because certain outcomes exist, it is tempting to think that someone must have planned that they should be so." "Generational Politics," in John L. Palmer, Timothy Smeeding, and Barbara Boyle Torrey, eds., *The Vulnerable* (Washington, D.C.: Urban Institute Press, 1988), pp. 381–411, at 382.

²² This is a point about form, not content: these works do provide sophisticated discussions of each hypothesis and the relationships among them. However, the typologies are ad hoc, based on observation or the literature rather than theory, so the categories tend to overlap, and nothing prevents simply adding more categories. Allison, *Essence*; John S. Odell, *U.S. International Monetary Policy: Markets, Power and Ideas as Sources of Change* (Princeton, N.J.:

son concludes his three accounts of the Cuban missile crisis by hoping for a “more adequate synthesis” based on a “typology of actions and outcomes, some of which are more amenable to treatment in terms of one model and some to another.”²³ Our theory permits such a synthesis, by treating the modes not only as conceptual lenses in the mind of the outside analyst, but also as existing in the real world as different ways that participants—or the decision-making system as a whole—actually behave. The approach here is to assess the relative weight of each mode of decision making in a given policy change, and then to categorize policy changes by which mode predominates or by a particular pattern of their combination (such as the policy sponsorship pattern—see subsequent discussion).

Identifying the mode. How do we determine which mode has more explanatory power in a given policy change? There are two approaches, suggested by Weber’s distinction between formal rationality and substantive rationality.²⁴ First, one can examine the process itself: Was a lot of time spent on analyzing a problem and evaluating alternative solutions? Were there sharp conflicts among interested participants? Did people seem to be acting energetically for unconnected reasons? Or did the process work like an automatic transmission in a car, or a computer humming away? Answering such questions requires detailed case studies of particular decision-making processes.

The other approach is to look at outputs: Did the policy that was enacted deal with an important problem in a reasonable way? Did the more powerful participants get most of what they wanted? Did the policy turn out to be literally nonsensical—ignoring the real problems, or applying some irrelevant solution? Or were the outputs today the same as the outputs yesterday? Only a policy analytic approach, with considerable attention to the substance of social problems and of programmatic solutions, can answer these questions.

By comparing the results of the process analysis with the policy analysis, one tests the fundamental hypothesis underlying this theory (and indeed the entire literature from which it is drawn): that process causes policy. Characteristics of the way government decides what to do affect characteristics of what it does. The usefulness of the theory rests on the extent to which classifying a given policy-change process into one of these four types, or estimating the relative explanatory power of the four ideal types,

Princeton University Press, 1982); Heclo, *Social Politics*, esp. 284–304. All these approaches, including my own, can be termed “descriptive quasi-theories”: see Mohr, *Explaining Organizational Behavior*.

²³ Allison, *Essence*, p. 275.

²⁴ Weber, *Economy and Society*, pp. 85–86.

helps us predict or explain interesting aspects of the resulting policy. The chapters that follow constitute a series of such tests.

Why? Of course, “process causes policy” is just half of a complete theory; we would also like to know what causes process. Why is it that some decisions are made cognitively, politically, artifactually, or inertially? This theory suggests simply that decision-making modes are caused, proximately, by variations in the importance of ideas and energy in the process.

Either ideas or energy may be strong or weak. Strong ideas are compelling: people believe in the importance of a problem or the efficacy of a solution. When there is not much attachment to relevant ideas, decision making will be artifactual or inertial. When compelling ideas are present, the process will be cognitive to the extent there is agreement about them; to the extent powerful participants disagree, it becomes political.

Energy means activity. A decision-making system may be quiescent or active, or perhaps potentially active in the sense that its members have the resources and free time to participate if they wish. In an energized situation, decision making is political to the extent that participants’ actions are directed toward or motivated by ideas relevant to the issue. To the extent that participants are active for no reason (or for reasons that are unconnected to the ideas in question), the process becomes artifactual. Any resulting policy change is caused by the transitory and accidental attachment of energy to ideas.

It follows that a process may be cognitive either because ideas are strong or because energy is weak. That is, in a situation where the importance of a given problem or the logic of adopting a particular solution is unusually clear and compelling, it will not matter that many powerful participants are intensely interested in the issue; responding to a military attack is the extreme case. Alternatively, even if the ideas are not very convincing in their own right, the process will be cognitive when a single participant (individual or institution) is able to choose the problems and solutions on his own simply because others do not care. Or, others may care, but the single participant has so much more power that they are unable to intervene.

The reverse is also true: artifactual decision making can result from weak ideas or strong energy. As noted, the organized anarchy is defined by ambiguity of goals and theories (weak ideas) and fluid participation (in effect, strong energy—many participants able to intervene actively). Processes go awry and policies become peculiar when decision makers do not know what they are doing, or when outsider politicians or the media involve themselves for their own reasons.

We can also see these factors in a more dynamic sense, by asking how a given decision-making process is pushed toward a particular mode. For

example, an influx of political energy into a routine or cognitive process will make it more political or artifactual—the former, for example, when some powerful actors move in because they see some real stakes in the issue, the latter if the energy is unfocused, as often happens when the general public gets excited in its normally somewhat confused way. On the other hand, a new idea, or the increased prominence of an idea, will move an artifactual or routine process in a cognitive or political direction. The classic case is when a problem seems to be getting worse and so people start thinking harder about how to solve it. Or, a new idea about solutions may capture people's imaginations and transform a decision-making situation—the diffusion of the safety-regulation idea into several policy areas, and the later enthusiasm for pro-competition deregulation, provide good examples from American policy-change processes.²⁵ Whether the transformation is more toward the cognitive or the political mode depends on the level of energy or power in the system, since this determines the extent to which the new ideas succeed by pressure or by persuasion.

Incidentally, the same dynamic can happen in reverse. Energy can drain out of a situation; powerful actors find something better to do, or the public simply loses interest. When a previously hot topic cools down, things are likely to get decided by inertia, the routines taking over, or perhaps by some bureaucrat who had been trying to do some policy analysis and now has the chance to experiment with a cognitive solution. Ideas diminish in importance when problems get better, or when the available solutions become less plausible, perhaps because they seem not to work. Participants also simply get tired of thinking the same thoughts after a time. If energy leaves at the same time, a political situation becomes inertial; if the level of activity remains high but the quality of thought declines—problems and solutions are no longer being connected up very logically—we fall into a garbage can.

Finally, we can ask what properties of a given policy area, or era, or political system, will affect the strength of ideas and energy, and thus the likelihood of one of these four modes dominating decision making. In terms of ultimate causes, there is an infinity of possibilities. Decision-making patterns for particular policy areas at particular times in particular countries might be affected by the technical difficulty of the issues involved; many characteristics of administrative, political, and social structures; participatory versus quiescent political cultures; the state of the economy; perhaps whether the nation is heavily exposed to the international environment—far too many to make theorizing worthwhile. We therefore treat all such ultimate causes as exogenous to the theory and deal with them as needed case by case. A more systematic account of how policy

²⁵ Walker, "Agenda"; Derthick and Quirk, *Deregulation*.

has been affected by distinctive characteristics of the old-age policy area, of various eras, and of Japanese politics in general will be deferred to the concluding chapter.

SPACE AND TIME

Our major tool for disentangling complicated policy changes is the differentiation among the four modes of decision making outlined previously. Less fundamental but very useful are two further distinctions: one in space and one in time. Participants, ideas, and energy interact differently depending on whether the process is confined to a limited group of specialists or is taken up by generalists, and on whether the issue has yet reached a given policy agenda.

Arenas

Large organizations become segmented: no single unit can process all its information and make all its decisions, so lower-level units are given particular functions so that the higher level (i.e., top management) can concentrate on matters that are most important or that span several specialized functions, as well as supervising the units. Both the bureaucratic hierarchy of a governmental ministry and the committee system of a legislature (with the “floor” or the committee of the whole as the higher level) serve this purpose.²⁶

Specialized arenas. The same logic applies to a governmental system, although that “organization” is so complex that it is impossible to draw on a chart, or indeed—for the participants—to enforce any hard-and-fast rules about what gets taken care of where. Instead of easily identified entities like a bureaucratic unit or a committee, the lower level is made up of specialized arenas, where a narrowly defined set of problems and solutions is considered by a limited group of participants, usually more or less full-time specialists. These specialized arenas are usually defined by policy area: education, agriculture, welfare, or perhaps a narrower area like social services for the elderly. Although an arena does not occupy a physical space (like a bureau office or a committee room), it is best seen as an abstract place in which participants and ideas interact.

What sort of participants? Nearly always, the bureaucratic agency (or agencies) with jurisdiction, which because of its control of information and

²⁶ For a theoretical treatment of segmentation and choice, see Michael D. Cohen, James G. March, and Johan P. Olsen, “People, Problems, Solutions and the Ambiguity of Relevance,” in *Ambiguity and Choice*, by March and Olsen, pp. 24–38, and March, “Institutionalism,” p. 746.

policy implementation is at the core of decision making in most political systems.²⁷ Almost as often, representatives of the interest groups affected by public policy are active, whether organizations of beneficiaries, opponents (say to regulation), service providers, or all of the above. In some systems, elected politicians will participate as specialists, often as members of a legislative or party committee responsible for that policy area. Finally, particularly in recent years, experts (e.g., individual scholars, think tanks) have become important participants in much specialized policy making (such arenas have been called communities of policy professionals).²⁸ All these specialized participants are drawn together by their shared interest in a particular policy area, and in many cases by frequent meetings and discussions, heated or cooperative, particularly when some policy change is in the offing.

Each participant is in a position to do favors for the others, and if there is mutual agreement on what is good policy, or on what policy will most benefit the insiders, they may well all unite in a conspiracy to keep outsiders from having influence or even from finding out what is going on. This situation approximates the subgovernments or "iron triangles" long seen as important phenomena in American politics.²⁹ We use the less denotive term arena to indicate that specialized participants might well disagree, and fight with each other more than cooperate. But even in a highly conflictive arena, a shared paradigm, a sense of what the important problems are and what solutions are at least worthy of debate, is likely to grow up. In any case, specialized participants usually interact rather intensively, and in that interaction dominate the bulk of decision making for their policy area.

²⁷ The United States is somewhat exceptional; in many policy areas a legislative committee is more nearly the core. For a United States–Japan comparison and applications of this notion to several countries, see the symposium on policy communities in comparative perspective in *Governance* 2:1 (January 1989).

²⁸ Walker, "Knowledge into Power"; Kingdon, *Agendas*.

²⁹ See, e.g., J. Leiper Freeman, *The Political Process* (New York: Random House, 1965), and Douglass Cater, *Power in Washington* (New York: Vintage, 1964). Hugh Heclo contends that the old iron triangles have broken down in the United States because of the increased volume, complexity, and interdependence of government policy making; today, one finds issue networks, much more fluid and permeable, with different participants at different times and a wide variety of problems and solutions in play. "Issue Networks and the Executive Establishment," in Anthony King, ed., *The New American Political System* (Washington, D.C.: American Enterprise Institute, 1978), pp. 87–124. A British tradition focuses on business–government relations as interaction in a structure of dependent relationships, a policy network that may be quite integrated and stable. See Stephen Wilks and Maurice Wright, "Conclusion: Comparing Government–Industry Relations: States, Sectors, and Networks," in Wilks and Wright, eds., *Comparative Government–Industry Relations: Western Europe, the United States, and Japan* (Oxford: Clarendon Press, 1987), pp. 275–313; and R.A.W. Rhodes, "Power Dependencies, Policy Communities, and Intergovernmental Networks," *Public Administration Bulletin* 49 (1985): 4–31.

The general arena. This includes the bulk of decision making, but not the biggest decisions. War is too important to be left to generals, and policy changes that are expensive or significant to many people tend to move upward, as do issues that span several policy areas or those on which the specialists are divided. But up to where? Certainly, in a democracy at least, the chief executive rarely has the authority or ability to make these large decisions alone; nor does any other individual or single unit. The “management” level of the governmental system is itself an arena, a place where various participants, problems, and solutions interact. The ideas are generally important, costly, or otherwise controversial. The regular participants are powerful and are generalists (they do not spend most of their time in a single policy area): the chief executive, political parties and other groupings of politicians, the treasury (in charge of budgets), perhaps large interest groups, influential individuals of various sorts, and in a sense the mass media and even public opinion. We call them heavyweight actors.

Clearly, a policy-change process and probably also its outcome will differ depending on whether it is handled within a group of specialists who know each other well (harmoniously or not) or whether it draws the attention of the prime minister, opposition political parties, and the general public via mass media coverage. The general arena lacks the sense of common interest or the shared quasi-scientific paradigm of specialized arenas, although various assumptions and prejudices may well structure how new ideas are received. More energy is needed to get anything done; more is available, because the participants are more powerful, but then there are also more problems and solutions competing for attention. At any one time, few ideas will be drawing attention from any but a few general arena members. We would therefore expect to find more artifactual and less cognitive decision making here, since what, when, and how policy change will occur will depend heavily on what participants and ideas happen to become activated.

Of particular interest are processes that cross arena boundaries: what happens when general-arena problems and solutions impinge on specialized arenas (e.g., attempts to deal with a deficit by cutting budgets), or when specialized actors try to operate in some other specialized arena (e.g., welfare specialists trying to influence housing policy) or in the general arena (e.g., when seeking a larger solution—more money—than is possible without high-level attention). The losers in some subarena conflict may invite in heavyweight participants to tip the balance of power their way, as in Schattschneider’s classic case of the “socialization of conflict.”³⁰ Or, not infrequently, policy ideas reach a specialized agenda first, and then gather

³⁰ E. E. Schattschneider, *The Semi-Sovereign People* (New York: Holt, Rinehart and Winston, 1960).

enough impetus there to be pushed onto the general agenda. Because the two levels differ considerably in their power relationships and sets of institutionalized ideas, they call for different strategies.

This division of the governmental system into a single general arena on top and a set of discrete specialized arenas below is clearly a gross oversimplification of reality. Actually there is no one general arena in the sense of one place (like the floor of the legislature) with well-defined "rules of the game." Who participates, how they behave, and the way decisions are made will vary considerably depending on the issue. Similarly, specialized arenas actually overlap a good deal, horizontally and vertically. One can identify, for example, a long-term care for the elderly arena that is part of both the larger health care and the social welfare arenas; these can be seen as nested within an overall social policy arena (defined by the jurisdiction of the Ministry of Health and Welfare, including pensions, children's allowances, and so forth) or perhaps—as in the boundaries of this book—within the arena of overall policy toward the elderly.

But we need not deal with all this complexity for the purposes of our theory, which after all is supposed to be a simplification of reality. In fact, participants in specialized arenas very often do form a true sociological group, with intense interaction and a shared sense of boundary, of who is inside and outside.³¹ The general arena is more amorphous, in Japan and elsewhere, and so its properties cannot be specified, but after all, big problems, expensive solutions, and powerful participants have to be someplace. The image of a large arena with a number of games going on simultaneously is a reasonable approximation of reality.

Stages

Many models of decision making outline a set of stages in the government's process of making up its mind. Typically, rational-actor analysts speak of problem recognition, research to specify alternatives, choice based on maximizing goals, implementation, and feedback; conflict-oriented theorists see a clash of interests leading to a social movement, mobilization of broader support, movement onto the public and then the governmental agenda, the formation of coalitions pro and con, and a final struggle leading to victory, defeat, or compromise. The difficulty with elaborate models of stages is that it is so easy to find exceptions—solutions arriving before problems, proposals enacted with no discernible public support, and so forth. We employ a minimalist model of only two stages, depending on whether participants are actively considering the issue in question. It seems

³¹ In fact, a policy community may be best defined as a sociolinguistic community, since command of its specialized vocabulary and way of speaking is often the key differentiation between insiders and outsiders.

reasonable to see the process by which decision makers come to think that something might be done, and the process of deciding what to do, as different sorts of enterprises.

Reaching the agenda. In a famous political science observation, after examining American trade politics, Bauer, Pool, and Dexter concluded that “the most important part of the legislative decision-process was the decision about which decisions to consider.”³² Any society has a multiplicity of potential problems, conditions that the government *might* worry about. And there are always many more possible ideas about things the government could do—solutions—than are actively being considered at any given time. Somehow, a few of these conditions become defined as problems deserving attention, and a few policy ideas become thought of as plausible solutions: they reach a policy agenda.

These observations are commonplace, but a difficulty that runs through most research in this area is defining when something is on the agenda. Our definition is that an idea is on the agenda of a given arena when a preponderance of decision makers there believe that it is likely to lead to policy change. This definition requires that more than one or two participants are thinking about some problem or solution, but it is less restrictive than requiring a formal proposal (e.g., submitting draft legislation); policy change being likely means that the idea is receiving serious consideration for enactment, not just being talked about to impress some constituency or amuse the participants.

Sometimes problems or solutions reach the agenda in a purely cognitive mode: decision makers might be keeping an eye on some social trend, and when it starts to look serious they decide that something must be done. A central bank tracking the money supply follows this pattern. Or—a common phenomenon in Japan—officials and experts read about some policy change overseas and wonder if some similar program might not be a good idea in their own country (i.e., the solution reaches the agenda first, followed by an appropriate problem). More frequently, however, given that paying attention itself is a form of energy, power will affect whether ideas reach the agenda. Cobb and Elder concentrate on group struggle and how social movements can mobilize power to push their concerns onto the policy agenda; Crenson or Bachrach and Barantz, in studying “non-decision-making,” argue that those with power will be able to prevent threatening ideas from even being considered.³³ Or perhaps some insider within a

³² Raymond A. Bauer, Ithiel de Sola Pool, and Lewis Anthony Dexter, *American Business and Public Policy: The Politics of Foreign Trade* (New York: Atherton Press, 1963), p. 405.

³³ Roger W. Cobb and Charles Elder, *Participation in American Politics: The Dynamics of Agenda Building* (Boston: Allyn and Bacon, 1972); Mathew A. Crenson, *The Un-Politics of Air Pollution: A Study of Non-Decisionmaking in the Cities* (Baltimore: The Johns Hopkins

given arena works hard to impress others with the importance of some problem or solution. These examples all fall into the political mode; agenda setting can also happen artifactually, as when an airplane crash suddenly puts the issue of airline regulation on the agenda, or even inertially. Organizational routines, such as the budget cycle or a requirement for periodic reauthorization of legislation, often bring up items for discussion that otherwise would be ignored.³⁴

We need not explore all these possibilities; clearly there are many ways in which decision makers come to pay attention to particular problems and solutions. Various attributes of a given policy area (or political system, or era) would seem to make some routes to the agenda more or less likely, and would favor, for example, lots of different ideas or few, narrowly circumscribed ideas being considered. The key point for our purposes is that the way in which a problem or solution reaches the agenda, and the shape it is in when it gets there, will affect what happens afterward and the substance of any ensuing policy change. The largest contrast is between a vague set of concerns and a specific proposal carefully nurtured by a skilled sponsor.

Enactment. Once participants are paying attention and think that some policy change is likely, they focus on what should or should not be done. Sometimes the answer is obvious and quick, but sometimes the process is protracted, whether a matter of solving thorny problems, fighting a tough battle, or just endless confusion.³⁵ One difficulty can be deciding when enactment occurs, and therefore where our analysis ends. Often there is no single point, but we take as a working definition that a policy change is enacted when a majority of participants in the arena come to believe that something has been decided. That is, we are interested in the period when important aspects of the decision are still problematical; later pro forma approvals of the decision (perhaps acceptance by the budget bureau, or a vote in the legislature when a clear majority exists) are not much examined in this book. Of course, a given policy change may actually be an aggregate of many smaller decisions, some settled early and some late in the enactment process.

Press, 1971); Peter Bachrach and Morton S. Baratz, *Power and Authority: Theory and Practice* (New York: Oxford University Press, 1970).

³⁴ Walker, "Agenda," and Kingdon, *Agendas*, emphasize this process. For a different typology of routes to the agenda, see Roger W. Cobb et al., "Agenda Building as a Comparative Process," *American Political Science Review* 70:1 (March 1976): 126–38.

³⁵ That is, cognitive, political, and artifactual enactment; inertial factors can bring nonenactment, problems or solutions actively considered but not leading to a policy change, or can account for policy change that is not really enacted in a conscious way but just happens automatically.

How enactment proceeds depends on two sets of factors. One consists of characteristics of the arena, such as who participates and the rules of the game; these are simple in the case of a legislature with a majority-vote rule, but often are far more complicated. The other consists of characteristics of the issue as it reaches the agenda. The linkage of problems and solutions can occur either before or after an issue reaches the agenda. If a very specific proposal arrives on the agenda with a lot of steam behind it, the enactment process might be a quite simple though perhaps intense political process, closely focused on whether that proposal will pass or not. A diffuse problem will stimulate quite a variety of solutions during the enactment process, and which gets enacted might depend on rationality (which would work better), politics (which has most support, or least opposition), or coincidence. The arrival of a protean new solution—computers, deregulation—could bring forth a lot of problems already on the minds of participants and lead to a quite artifactual process.

Many studies by political scientists assume that the normal or most important process in decision making is a straightforward conflict among powerful actors backing different interests. In our terms, that means the enactment stage, in the general arena, in the political mode.³⁶ The following material includes such cases, but not very many; understanding what happened in the agenda-setting stage and in quite specialized arenas, and considering other decision-making modes, was usually critical in explaining policy outcomes. In fact, a particular hybrid pattern of all these elements was especially common and important.

POLICY SPONSORSHIP

The main point of this study is not elaborating abstract theory, but making sense of a long and complicated story about how policy toward the elderly developed in Japan. Chapter Eleven includes explanations of the entire story from the viewpoint of each of the four modes. The bulk of the text, however, is based on a logic that policy develops in fits and starts, and that explaining policy requires understanding the causes of the individual policy changes. The purpose of the theory is thus to explicate particular cases.

And the closer we approach particularity, the more *people* seem to matter. People as individuals: the goals, personality, and drive of a given bureaucrat or politician had a large impact on many of the policy changes recounted herein. Also, people in organizations, or even organizations *as*

³⁶ For example, in Bueno de Mesquita's scheme in *Forecasting Political Events*, all issues are always on the agenda, participants always act on the basis of differences of interest, and no participant ever has special access to or is excluded from the process. Of course such simplifications make for powerful theory, and are advantageous if one can pick appropriate cases, or to the extent that ignored factors are minor enough to be treated as noise or random error.

metaphorical people—a bureaucratic agency or some other collectivity—can have goals, personality, and drive, which substantially affect how a process unfolds and the resulting policy change.

Such factors matter the most in a pattern we will call policy sponsorship. In the agenda-setting stage, usually though not always, participants come to believe that policy change is likely because somebody (again, an individual or organization) is pushing some idea. The shape in which the issue reaches the agenda depends largely on how it is handled by its sponsor. Then, in the enactment stage, a proposal will be more or less effectively managed; when more effectively, usually one participant is making most of the decisions. Often, though not always, the same participant is the sponsor at both stages. The best first step in analyzing a particular policy change is therefore to try to find the sponsor and evaluate “his” motives and behavior. And beyond describing single cases, we will discover that sponsorship is a critical explanatory factor: the presence or absence of an effective sponsor—one with sufficient skills, resources, and drive to take charge of the process—is the single most important “variable” in determining whether and when a policy change will occur, and sometimes its content as well.

What are the tasks of the sponsor? On the ideas side, to select and analyze a problem, and to find or invent a good solution. At any one time, sponsors are likely to be pushing for some problem–solution linkage, a specific proposal, but often they are mainly attached either to a problem or a solution. Solution-oriented sponsors will be ready to discard the problem they are currently emphasizing if a more promising problem appears, and vice versa—a key strategy.³⁷ On the energy side, the task is to mobilize enough energy to overcome inertia and any resistance, as by activating existing allies (say, a bureaucratic agency calling on the clientele groups and specialized politicians within its policy community). If such sources are insufficient, the sponsor might attempt to enlist public opinion, via the media, or to bring other participants into a new coalition. Energy and ideas are closely related, since enactability is a key consideration when selecting and formulating problems and solutions; as noted earlier, the shape of an issue, particularly at the time it reaches the agenda, is an important determinant of what happens later. A skillful sponsor will “nurture” a proposal so that it will be ready to go when circumstances become favorable.

³⁷ To take a couple of American examples, Sputnik’s going into orbit was the classic case of a new problem that was very attractive to many solution sponsors, officials, or politicians pushing such causes as guided missiles, reforms in elementary mathematics instruction, space exploration, and foreign area research (I learned Japanese under a National Defense fellowship). The NAACP, a typical problem sponsor, has often put its energy into whatever solution might help Blacks that seemed most likely of approval at a given time—access to public facilities, voting rights, economic aid, affirmative action in employment, and so forth.

The analysis of a particular case thus requires a dialectal approach: characteristics of the sponsor on the one hand and of the situation on the other. After considering his own goals and resources, and the power relationships and institutionalized ideas that he faces, the sponsor devises a strategy. Appropriate strategies will differ depending on both stage and level. Typically, in the agenda-setting stage, the sponsors of various problems and solutions are jostling for the attention of decision makers, but they are most often not in direct conflict with one another. Overcoming inertia is the usual predicament. Once an issue reaches the agenda, however, conflict may sharpen as specific proposals attract proponents and opponents mobilize; they may or may not be led by a counter-sponsor actively trying to organize the resistance. In our cases, incidentally, such clear-cut, organized opposition was rare; often enough the sponsor's main strategy was aimed at preventing a garbage can from opening up.

As for levels, the amount of energy needed is higher for general arena processes than within a specialized arena, and the sorts of problem formulations and policy solutions that will be appealing will differ. It is obvious that specialized-level participants trying to sponsor a large proposal in the general arena will often run into trouble because they are insufficiently powerful; less obviously, heavyweight actors have a difficult time getting their way in specialized policy matters simply because they lack the expertise to understand problems and come up with their own solutions. In fact, analysis of policy sponsorship is often most interesting in these cross-arena processes.

My usage of policy sponsorship as a linkage between the realms of ideas and energy is related to the American "policy entrepreneur" described by Walker and others, typically a senator of the Edward Kennedy sort who tries to gain attention and support for specialized proposals in the general arena.³⁸ Heclo, writing about Britain and Sweden, similarly emphasizes "individual agents of policy change," though few were professional politicians; academics, administrators, and various "talented amateurs" took the lead in getting social policy ideas onto the agenda (though not so much in getting them enacted).³⁹ Looking at Japan, it is perhaps natural to generalize this role to include organizations as sponsors, although even there, individuals have been crucial more often than one might expect.

Clearly, policy sponsorship is not a comprehensive model. Some policy changes occur without any real sponsor, and for others, factors that have little to do with sponsor characteristics and strategies are more important in determining whether, when, and how a policy change will happen. The

³⁸ Walker, "Agenda"; Derthick and Quirk, *Deregulation*; and Kingdon, *Agendas*, also discuss entrepreneurship. Incidentally, I reserve that term for the occasional case when a sponsor looks beyond the obvious and risks his own "capital" to pursue a new idea.

³⁹ Heclo, *Social Politics*, 308–9.

availability of an effective sponsor is thus not a necessary cause for policy change, and it is not sufficient either, since the situation must also be favorable. Nonetheless, in case after case we find sponsorship to be important: in particular, when a policy change seems to go well—timely development of a proposal that is both sensible and enactable—we usually find effective sponsorship, and when the process is confused or the policy stupid, more often than not the proximate cause is the absence or bungling of a sponsor. More theoretically, given our emphasis on ideas and energy as the fundamental elements of policy change, it is logical that the participant who brings the two together into a strategy will be worth special attention.

Within the overall theory of policy change, policy sponsorship is one pattern of how our four basic modes fit together. There are quite a few such patterns.⁴⁰ Understanding them is very helpful to the analyst: to reach a little for an appropriate metaphor, if one were faced with a room full of small mechanical devices to figure out, it would be helpful to start out with more than a theoretical knowledge of the mathematics of gears and the physics of springs. Someone who knows from experience how clocks and thermostats work would have a real advantage.

CONCLUSION

This chapter has come a long way, from a relatively simple insight that one must consider both ideas and energy in explaining policy change, through four modes of their interaction, two additional differentiations in space and time that aid our analysis, and finally the common policy-sponsorship pattern. Empirically, each categorization appears to capture significant differences in how policies change, and each also has a theoretical justification. Indeed, in one form or another, all of these notions have been found useful by other political scientists; the new theory draws a number of disparate approaches together into a unified framework, and in the process discards a good many categorizations (such as multiple-stage models of the decision-making process) which seem less justified theoretically or useful empirically. We may conclude by going back to the beginning, since in fact much of our account of particular cases is carried out at the fundamental level of analyzing ideas and energy. Both are difficult concepts.

Ideas

A decision-making system contains many ideas, which may be more or less institutionalized: goals, preferences, norms, beliefs about cause-and-effect

⁴⁰ As will be described in chap. 11, others include budgeting, foreign-policy crisis decisions, and the sort of small-program initiations covered in chap. 6.

relationships, conceptions of social problems that deserve attention, a repertoire of policy solutions. The more dynamic ideas can usually be categorized as problems (something should be done about the homeless, or the deficit, or Soviet expansion) and solutions (we should have more urban mass transit, or a new computer, or cut government employees, or raise defense spending). Policy ideas are like charged particles, however, and although they can be found in isolation, they tend to attract their opposites. A proponent of urban mass transit will not talk about its attractions for long without mentioning some purportedly urgent problem it will solve (pollution, decaying inner cities, the oil shortage, unemployment). Problems that lack solutions are unlikely to reach the agenda or at least remain there for long.⁴¹ Sometimes specific problems and solutions are closely coupled from the start, sometimes they link up fortuitously, sometimes one man's problem is another's solution—the problem of agricultural surpluses and the problem of poor nutrition can lead to a school lunch program with lots of real butter (in the United States; it was rice in Japan). Some terminology is helpful here: we call a tightly defined linkage of problem with solution a proposal, and a more amorphous conglomeration of loosely coupled problems and solutions an issue. Policy is a set of enacted problems and solutions; policy change means addressing a new problem, applying a new solution, or discarding or modifying either a problem or solution.

Energy

The quest for workable definitions of power, influence, and related terms has gone on for many centuries, and I claim no systematic contribution to that effort. As previously noted, our usage encompasses both the usual political science conceptions of power, as employed in conventional decision-making studies, and the rather cryptically described energy of the garbage-can theory. The importance of energy is easiest to understand when it is firmly attached to a goal or a policy idea: a strong actor defeating a weak one and gaining his preferences, or the deliberate mobilization of political energy behind or against some demand by an interest group. The notion of the more generalized power of a participant (potential energy) is also straightforward: any sponsor knows that if he can attract the prime minister to endorse his issue it will gain a lot of momentum. A bit more difficult is the concept of free-floating energy, not attached to any specific

⁴¹ Kingdon calls these conditions rather than problems, and cites the pertinent example of long-term care in the area of old-age health, which everyone knew was serious, but no one could think of solutions cheap enough to be seriously considered. It therefore never reached the agenda in our terms—decision makers thinking action is likely—during the period of his study, although more recently it has been moving in that direction. *Agendas*, p. 145.

idea or participant; phrases like “a time of ferment” or “an energized situation” perhaps come close. Hardest of all is the assertion that simply thinking about something, or paying attention, is also the exertion of energy.

In our theory, the choice opportunity of the garbage-can model is viewed as a matter of energy. It means that participants are paying attention to the possibility of a policy change, with no necessary connotation of the problems or solutions involved; their attention itself means that energy becomes available. The commonly evoked examples of a suddenly vacant deanship in a college or the yearly start of the budgeting cycle in this sense create, or at least mobilize, energy.⁴² Also, energy creates opportunities for decisions, as when an election generates more attention to politics in general among the public, often leading to new problems and solutions reaching the agenda.

Clearly, energy is not zero-sum: a given arena or for that matter an entire political system can have very little total energy (active or potential) at one time and a lot at another. One is reminded that, as Talcott Parsons has observed, power is to politics as money is to economics.⁴³ Indeed, both can be seen as forms of energy, often substitutable for each other (a sudden increase in governmental revenues is itself an important type of choice opportunity).

Recall, finally, our most basic metaphor: government policy as a body in motion, inertia carrying it endlessly in the same direction—doing the same things—until something happens to divert its course. The direction it is diverted to is the new idea. Diverting it requires energy. Understanding policy change means explaining both.

⁴² Cf. March and Olsen, *Ambiguity and Choice*.

⁴³ Talcott Parsons, “On the Concept of Influence,” *Public Opinion Quarterly* 27 (1963): 37–62.

The Aging Problem: Establishing Pensions

IN THE EARLY 1950s, as Japan was emerging from the immediate postwar recovery and from being ruled by foreigners, the problems of old people were hardly at the top of its policy agenda. Economic rebuilding and the political controversies about occupation reforms and the conservative “reverse course” were the main concerns. Even within the social policy domain, taking care of all the people left bereft or impoverished by the war was a persistent worry, although the toughest problem for the immediate future was what to do with the children of the postwar baby boom. Imagine the reaction of a politician or official of the day if he were told that, in the late twentieth century, Japan would be fretting about the problems caused by those babies retiring.

But although anxiety about the aging society was thirty years away, many Japanese believed, implicitly or explicitly, that something called the welfare state was a desirable and intrinsic element of modernity and democracy. Many also worried about their personal welfare, how they would make ends meet when they got old. The *rōgo mondai*, as it later came to be seen, means the problem of aging or of old age in the sense of providing for one’s old age; it calls attention not to those already old, but to the worries of current workers about how they will fare when they no longer have a job.

This aging problem was the initial focus of policy toward the elderly in most countries, and its main solution, public pensions, is the single most expensive item among all public policies for most industrialized nations, including Japan. This chapter describes how the Japanese pension system was built up in the 1950s and 1960s. It was a period of policy achievement, in that nearly all the elements of today’s relatively generous pension system were put in place, but also of policy fiasco—the substantial inequities, overlaps, irrationalities, and problems of fiscal and administrative control that have plagued policy makers since the mid-1970s are all rooted in the decisions or nondecisions of these years.¹

¹ This chapter is indebted to imaginative and detailed research on the Japanese pension system by Paul M. Lewis: “Family, Economy and Polity: A Case Study of Japan’s Public Pension Policy” (unpublished Ph.D. dissertation, Department of Sociology, The University of California, Berkeley, 1982), cited henceforth simply as *Pension Policy*. Also see his “Social and Political Causes of the Passage of the 1959 National Pension System Law” in *Kikan Shakai Hoshō Kenkyū* 15:4 (1980): 52–60. An excellent overview of substance and process

At the end of the Occupation in 1952, Japan's pension system was both puny and fragmented. The only programs that approached adequacy were a fairly generous noncontributory retirement benefit for former upper-level civil servants, a set of subsidized Mutual Assistance Associations (MAAs) for various groups of public employees, and a special program for seamen. Farming and other self-employed households, the vast majority, had no coverage at all, and even the general pension system for company employees had effectively been demolished by the postwar inflation. A decade later, virtually everyone in Japan was covered by some old-age public pension scheme, and by a decade after that substantial proportions of retirees were receiving sizable benefits. However, the system had steadily been fragmenting to an even greater extreme.

This point can be illustrated by running down the variation in national government old-age income maintenance coverage by social groups, as of the early 1970s:

1. Prewar civil servants continued to receive noncontributory pensions called civilian *onkyū*.
2. Wartime veterans had their own pensions, military *onkyū*, and military widows had special provisions within the noncontributory *onkyū* system.
3. Postwar civil servants and employees of public corporations were enrolled in several contributory but subsidized MAAs.
4. Certain quasi-public employees, such as private school teachers and employees of agricultural cooperatives, had their own MAAs.
5. Seamen continued to be covered by a special system.
6. Employees of many large companies enjoyed the benefits of a public-private or contracted-out system, Employee Pension Funds.
7. Most employees were enrolled in the large Employees Pension System (EPS). Distinctive provisions were included for female employees and for mine workers.
8. The self-employed were enrolled in the other large plan, the National Pension System (NPS). Lower benefits were provided for those enrolled for only five or ten years, not long enough for full maturity.

for the EPS is Yamazaki Hiroaki, "Nihon ni okeru Rōrei Nenkin Seido no Tenkai Katei," in Tokyo Daigaku Shakai Kagaku Kenkyūjo, ed., *Fukushi Kokka* (Vol. 5, *Nihon no Keizai to Fukushi*; Tokyo: Tokyo Daigaku Shuppankai, 1985), pp. 171–237, cited as "Development." Behind-the-scenes stories are told in Kōseidan, ed., *Kōsei Nenkin Hoken Seido Kaikoroku* (Tokyo: Shakai Hoken Hōki Kenkyūkai, 1988), cited as *Reminiscences*; and Nihon Kokumin Nenkin Kyōkai, ed., *Kokumin Nenkin Nijūnen Hisshi* (Tokyo: Nihon Kokumin Nenkin Kyōkai, 1980), cited as *Secret History*. The most useful documentary collection for this period is Shakai Hoshō Kenkyūjo, ed., *Sengo no Shakai Hoshō* (Tokyo: Shiseidō, 1968), cited as *Postwar*. As throughout the book, an invaluable recent resource is Kōseishō Gojūnenshi Henshūinkai, ed., *Kōseishō Gojūnenshi* (Tokyo: Kōsei Mondai Kenkyūkai and Chūō Hōki Shuppan, 1988), cited as *Fifty-year History*.

9. Farmers participated in both the NPS and in a special Farmers' Pension System, which itself had two components.
10. Wives of employees were entitled to dependents' benefits under EPS and could also enroll voluntarily and independently in the NPS.
11. People with low income had their NPS contributions paid by the government, and would draw lower benefits.
12. Those over 70 who could qualify under a rather liberal income test received a noncontributory Welfare Pension.
13. Many elderly households received public assistance.

A plethora of programs existed, each with its own distinctive characteristics of administrative jurisdiction, financial arrangements, extent of government subsidy, contribution rates, maturity periods, retirement age, benefit levels, uses of accumulated funds, and so forth.² A central question for this chapter is to ask why the Japanese pension system became so fragmented. Does this pattern reflect some national goal, was it the result of cross-pressures from contending interest groups, or did it just carry over from the past? Or could it be accidental, the by-product of various people doing things for other reasons?

All of the above: cognitive, political, inertial, and artifactual explanations each contribute to our understanding of this puzzle and of other aspects of Japanese pension policy in the high-growth era. Why should one of these decision-making modes rather than another be important at a given point? Here too the answers vary, but more often than not, the key was the presence or absence of effective policy sponsorship.

THE EARLY 1950s

The first potential sponsor for pension policy was a small group of bureaucrats and scholars, influenced by their prewar studies in German-style social policy, the reform mood of the Occupation, and inspiring examples from abroad.³ In October 1947, the Social Insurance Investigative Commission (Shakai Hoken Chōsakai), an advisory committee of the Ministry of Health and Welfare, released what came to be called Japan's Beveridge Plan after the 1942 British proposal for "cradle-to-grave" security. The lan-

² Some but by no means all of this muddle was rationalized in the 1980s: see chap. 10.

³ For an overview of Occupation-era social policy, concentrating on welfare and social work, see Toshio Tatara, "1400 Years of Japanese Social Work from its Origins through the Allied Occupation, 552–1952" (unpublished Ph.D. dissertation, The Graduate School of Social Work and Social Research, Bryn Mawr College, 1975), pp. 279–567. Also see Deborah Joy Milly's insightful "Poverty and the Japanese State: Politics, Technical Analysis and Morality in Policymaking, 1945–1975" (unpublished Ph.D. dissertation, Department of Political Science, Yale University, 1990); and Murakami Kimiko, *Senryōki no Fukushi Seisaku* (Tokyo: Keisō Shobō, 1987).

guage was that of idealists: "We must not simply revise the preexisting systems. We must extricate ourselves from old customs and privileges for a portion of the population, and establish a revolutionary new system."⁴ A comprehensive pension program covering the entire population was the centerpiece of this proposal.

Japan's Beveridge Plan was criticized as too broad and expensive by the American authorities (particularly in a July 1948 report by a visiting committee of experts mainly from the Social Security Administration, led by William H. Wandell) and did not in fact create much of a stir. Some of the scholars involved, including Kondo Bunji, Suetaka Makoto, Hirata Tomitarō, and Ōkōchi Kazuo, then moved on to the Social Security Systems Deliberation Council, established in 1948. This Council issued a somewhat more realistic report in October 1950, which along with elaborations in 1952 and 1953, became a fundamental benchmark in Japanese pension history.⁵

The Systems Council took a clear-cut position on two out of the three most basic pension issues. First, it called for *universality*, the entire population to be covered by a single pension system, to be achieved by unifying existing pension programs and then adding the people currently uncovered. Second, everyone would receive a *fixed-amount* benefit at least as a first tier; various groups could also get a supplemental second tier proportional to income. On the third issue, *contributions*, the Systems Council at first called for a noncontributory or tax-based system for the self-employed; it later modified this idea, but continued to insist that general revenues should support the lower-level floor of the system.⁶ A scheme quite close to this plan was in fact enacted, but not until 1985.

A solution that was reasonable, attractive, well nurtured, legitimated by foreign example, and endorsed by an official commission was thus available from an early stage. What it lacked was sufficient energy to reach the policy agenda, to convince a preponderance of policy makers in the relevant arena that action in this area was likely. A comprehensive pension system, or even the foundations for such a system, would require enactment within the general arena, not only because it was a large and important decision, but because the issue engaged the interests of several ministries (any logical

⁴ *Postwar*, p. 159; *Pension Policy*, p. 362, *Fifty-year History*, p. 604.

⁵ The Shakai Hoshō Seido Shingikai—referred to as the Systems Council—reports to the Prime Minister rather than the Minister of Welfare, and is staffed by the Prime Minister's Office. It includes Dietmen, ex-officials and representatives of various social groups, as well as scholars, but has not been a site for working out differences of interest; instead, scholars took the lead, and it often played the role of a rather academic outside critic in the development of Japanese social policy. *Pension Policy*, pp. 363–65.

⁶ *Ibid.* Here and elsewhere in this chapter, details on other important aspects of pension policy are ignored to concentrate on the most fundamental issues in the decision-making process.

sequence of development would require unification of the MAAs, and these are administered by different ministries). The pension issue did reach the general agenda, but not until 1956, and by that time a number of policy changes in several specialized arenas had already fragmented the system.

Fragmented Processes

In the brief period from 1952 to 1954, four important but unconnected policy changes occurred in the area of postretirement income maintenance. Three were the result of pressure from organized interest groups, while one—the 1954 Employee Pension System reform, our main subject in this section—was sponsored by the Ministry of Health and Welfare itself.

Private pensions. One of these policy changes was not seen at the time as falling within the old-age problem policy domain at all. In the late 1940s and early 1950s, many Japanese companies were cutting back their work forces, leading to bitter labor disputes and substantial payments of retirement allowances. Financial problems led employers to seek special tax treatment for these payments. This was granted in 1951 after quiet negotiations with the Ministry of Finance. A portion of the retirement bonus, which was simply expensed in the year paid, could be deducted as a financial loss.⁷ Although the Welfare Ministry and the scholarly experts generally favored developing public rather than private programs—the Systems Council later called for incorporation of corporate pensions into a broader scheme in a December 1952 report—they did not intervene in this process.⁸ A chance was missed to move toward integration of old-age income maintenance.

Veterans and teachers. The other two interest group demands got more attention from the scholars and the Welfare Ministry, but to no avail. The most publicized issue was *onkyū*, the old noncontributory pensions for civil servants and the military. After the defeat, the American authorities had abolished veterans' pensions on grounds that they fostered militarism. This and related issues provoked tension for several years.⁹ When the end of the

⁷ This in-house Retirement Allowance Reserve Fund System, which got under way in 1952, was included in the 1951 amendment of the Corporation Tax Law. *Fifty-year History*, p. 1416. Also see *Pension Policy*, pp. 272–99.

⁸ Apparently the officials drafting the EPS reform were nervous that considering private pensions would interfere with the process. "Development," p. 182, n. 18.

⁹ Actually, a sensible Japanese suggestion that military pensions be combined with the EPS had earlier been accepted by the Americans but rejected by other allies on the Far Eastern Commission. Such a broader strategy did work for the disabled, leading after some squabbling to the Welfare Law for the Physically Disabled (Shintai Shōgaisha Fukushimahō) of 1949. See *Fifty-year History*, pp. 772–78.

Occupation was in sight, the veterans as well as soldiers' widows and other war-injured groups started an intense campaign for special pensions. This demand was strongly opposed by the socialist parties, for obvious reasons, and by Welfare Ministry officials, who believed in benefits according to need rather than status. Even several conservative party leaders were unenthusiastic because they feared the precedents for other social groups. Nonetheless, whether out of respect for previous service to the Japanese nation or for votes, many rank-and-file conservative Dietmen went all out for the veterans, and they forced an enormous grant of ¥45 billion in 1953 (double the amount spent on public assistance in that year).¹⁰ The jurisdiction for the program was lodged in the sympathetic Prime Minister's Office rather than the hostile Welfare Ministry.

Much smaller, but perhaps even more significant for the development of the pension system, was the establishment of the Private Schools' Faculty and Staff Mutual Aid Association in August 1953.¹¹ Postwar MAAs were supposed to be restricted to public employees, but private school teachers (kindergarten through university), who were eligible only for the Employees Pension, argued that their social function was similar to that of public school teachers and they were entitled to the same benefits. Private schools and their teachers had deep connections with both conservative and socialist politicians, and their demand was unanimously passed by the Diet.

Both the Systems Council and Welfare Ministry officials had strongly attacked this proposal, because it would remove an important occupational group from the EPS, further fragment the pension system, and set a dangerous precedent for others. But as one Welfare bureaucrat remembered: "We were braced to give our opposition to the bill, but it had already been decided. We were simply asked, 'From the point of view of social insurance, do you have any advice?'" The Social Insurance Bureau chief at the time added that "halfway through the negotiations, three of us were summoned to the conservative party's Policy Affairs Research Council, and were told that 'the time for opposition is past; the general policy has already been decided.' . . . I felt that the establishment of the Private School Faculty and Staff MAA was a turning point with respect to the unification of the pension system."¹²

Clearly, the Welfare Ministry lacked the power to penetrate policy arenas that were dominated by politicians; it is worth noting that the much stronger Finance Ministry also opposed both the *onkyū* and teachers' MAA demands without much success. The abstract virtues of pension unification

¹⁰ From the Ministry of Finance's annual compilation fiscal statistics, *Zaisei Tōkei*, 1980, p. 184. The amount was \$250 million at the conversion rate of ¥180 = \$1 used throughout this book.

¹¹ *Pension Policy*, pp. 404–06, and *Fifty-year History*, pp. 618–19.

¹² Quoted in *Pension Policy*, p. 406.

were no match for the specific proposals and concentrated political energy of these two highly organized and strategically positioned interest groups.

The Employees' Pension Reform

By far the most important of these events of the early 1950s was reform of the EPS itself, which followed quite a different pattern. Japan's first general pension system for employees had been established in 1941 as a way both to mobilize capital for war and to control the industrial labor force.¹³ The system had some four million enrollees in 1946; the Welfare Ministry managed to keep it operational during the Occupation, actually reducing the contribution rate in 1948 to ease the burden on employers and workers, but in fact the postwar inflation had demolished its assets and the system had become unworkable. The first enrollees in the related Seamen's Pension would start drawing their old-age pensions in 1954; unless the system could be corrected by then, their monthly benefit would buy little more than a pack of cigarettes.¹⁴

The EPS reform thus reached the policy agenda by quite the same mechanism that Heclo found so important in the development of pension programs in Britain and Sweden: an existing program was unworkable, and bureaucrats had the responsibility to deal with the consequences.¹⁵ This meant that bureaucrats made the proposals and the other participants—employers, unions, the Finance Ministry—responded. And as it happened, whether inevitably or not, the negotiations remained bureaucratic to the end. Although there were sharp clashes of interest and sometimes rancorous debates, the issue was confined within the specialized arena to the end.

First, the politics. Each of the participants had its own interests and proposed its own solutions, which interrelated with each other in complicated ways:

1. Employers (represented by the Japan Federation of Employer Associations, Nikkeiren) would have been happy to see the entire issue postponed, but at most favored low contributions and a small fixed-amount benefit financed on a pay-as-you-go basis from current revenues. One of their motives was to

¹³ See *Fifty-year History*, pp. 554–59; “Development,” pp. 174–77; and esp. *Pension Policy*, pp. 95–98, for brief accounts of this policy change, which had substantial artifactual characteristics. The system was an expansion of a Seamen's Pension started in 1939; it was called the Rōdōsha Nenkin, or Workers' Pension, but later was changed to Kōsei Nenkin, lit. “Welfare Pension”—note that I follow the common practice of using the term Employee Pension System (EPS) as more descriptive and to avoid confusion with other programs.

¹⁴ *Reminiscences*, p. 77.

¹⁵ Hugh Heclo, *Modern Social Politics in Britain and Sweden* (New Haven, Conn.: Yale University Press, 1974). Yamazaki characterized this EPS reform as a “bureaucratic leadership-big business resistance” pattern. “Development,” p. 181.

- avoid government control of investment capital. Any additional pensions would be handled either privately or on a contracted-out basis by companies.
2. The unions (the Dōmei and Sōhyō federations) agreed with pay-as-you-go, because they wanted both immediate benefits and low contributions, but they insisted that the benefits should be proportional to preretirement income rather than a fixed amount, and of course they wanted higher benefits in general.
 3. The experts looked forward to a universal plan for everyone. This meant unifying the existing pension systems around a basic flat-rate benefit, with a second tier of income-related benefits for particular groups. In this plan, the entire system was to be based on contributions.¹⁶
 4. The Finance Ministry wanted little or no government subsidy, and a funded system rather than pay-as-you-go; it also wanted control of the funds.
 5. Several other ministries passively but tenaciously insisted on maintaining control of the MAAs within their jurisdictions.
 6. Finally, although many Welfare Ministry officials sincerely believed in a unified and comprehensive pension, their key organizational interest was in getting some plan that would be administratively feasible negotiated out and implemented before 1954.

The main arena for airing all these views was the Welfare Ministry's statutory Social Insurance Deliberation Council (Shakai Hoken Shingikai). In the first clash, a 1952 Welfare Ministry draft for overall reform was opposed by both the unions and Nikkeiren because it required increased contributions; workers felt strapped, and Japanese industry was particularly capital-short in the Korean War boom and was in the midst of a rationalization campaign. With this deadlock on the Council, only a minor set of reforms could be passed in 1953. Failure apparently energized the Welfare bureaucrats, however, and although the disagreement continued—the Council wound up making three different reports (by employers, workers, and public representatives) in February 1954—in fact a compromise was quickly hammered out behind the scenes. The 1954 EPS reform was sent to the Diet in March, and was passed unanimously with small amendments after only two months of deliberation.¹⁷

The newly reformed system had to be small, given the economy of the early 1950s. With so many farmers and self-employed, coverage was only about eight million employees, about one-fifth of the labor force. The main concern for both workers and employers was to hold down contributions (shared 50–50), which were set at just 3 percent of standard wages, well

¹⁶ This position was expressed in a strong unsolicited opinion by the Systems Council in December 1952, and was reiterated in its rather grudging assent to the 1953 reform plan. *Fifty-year History*, p. 867.

¹⁷ *Fifty-year History*, pp. 600–18, 863–70; "Development," pp. 178–84.

below the level in the 1941 system. The scheduled benefit was accordingly quite low, ¥2,400 a month for the fixed-amount portion, plus a proportional portion that would bring the total to about ¥3,500 a month for an average couple (average wages in manufacturing were then ¥16,717 a month).¹⁸ Moreover, twenty years of participation were required before benefits would be paid.

But if the size of the program was largely determined by economic constraints, the details were more the result of politics: each of the participants got something of what was wanted. The result was a complicated system: it included both a proportional and a fixed-amount benefit, it was contributory but partly subsidized from general revenues, it was funded but not on a completely actuarial basis (i.e., there was some pay-as-you-go), and so forth. The Welfare Ministry did achieve, a bit later than hoped, its main objective of gaining agreement on a system that would be workable (the EPS functioned without major structural changes until 1985). In most respects, the new program did not look very different from the old one—the inertial component of this decision was substantial. The goals of the experts were reflected to some extent in its major innovation, the partial fixed-amount benefit, which had an egalitarian effect and created the possibility of later unification.¹⁹

But just a possibility: The lack of real progress toward a more rational and unified system was quickly demonstrated in the following year when the Welfare Ministry tried to take the simplest possible step toward amalgamating existing pensions. This was to unify the reformed EPS with Seamen's Insurance, which had been operated on the same general principles and was within the Welfare Ministry's own jurisdiction. However, Seamen's Insurance benefits were higher and the program was backed by an exceptionally powerful union, which resisted even when offered a special status within EPS (such as that extended to mine workers). The Ministry backed off, failing even to abolish its own separate Seamen's Insurance Bureau, and Seamen's Insurance—along with all the other fragments of Japan's pension system—continued into the 1980s.

¹⁸ In 1955: *Hoken to Nenkin no Dōkō* (1976), p. 38. The pension is thus just under \$20 and wages \$93 at the ¥180 = \$1 rate (under \$10 and \$47 at the official exchange rate). Although international comparisons of pensions are tricky, it is worth mentioning that as late as 1950 the average monthly benefit in American Social Security was just \$43.86, when monthly wages in private employment were averaging about \$240. Martha Derthick, *Policy-making for Social Security* (Washington, D.C.: The Brookings Institution, 1979), p. 277.

¹⁹ According to a participant, this idea came from the Welfare Ministry and was based on the minimum pension established in the American Social Security reform of 1950, although the West German system may also have been an influence. "Development," p. 180. In political terms, it was a compromise of the old proportional system to meet demands from both business and the experts on the Systems Council for a flat-rate system. *Reminiscences*, p. 79.

Interpreting the Early 1950s

Four policy changes (EPS reform, *onkyū*, the private school MAA, and the tax break on severance allowances) and one nonchange (continuation of Seamen's Insurance) occurred from 1952 to 1955 in the policy area we have identified as *rōgo mondai*, the aging problem. How can these changes be explained?

First, the severance allowance and Seamen's Insurance decisions were routine subgovernment cases: a simple conflict resolved by negotiation between an interest group and a bureaucratic agency, with the interest group getting or keeping what it wanted.

Second, the *onkyū* and private school MAA cases fall into the common pattern of rank-and-file Dietmen (only conservatives in one case, from all parties in the other) representing a large, electorally oriented interest group. The conflict, to the extent any occurred, was between the interests of the Dietmen and the interests of the Finance Ministry, with the political leadership as intermediary; Welfare Ministry bureaucrats were mainly protesting ineffectually from the sidelines. Here too the interest groups got what they wanted.

Third, the EPS reform should also be seen as subgovernmental, though since there were several participants and several technically difficult issues involved, it became a nonroutine and more complicated case. This outcome was a bargained settlement with no clear-cut winners or losers.

Each is clearly in the political mode, as defined in Chapter Two: the outcomes reflected the power balance among participants pursuing clear-cut goals within the relevant subarena. The puzzle here is not why any of these individual cases worked out as it did, but rather, why each was so individual, so compartmentalized. Were there other possibilities?

One is that the process could have become political in the more usual sense of the term: heavyweight politicians, political parties, the mass media, or public opinion could have gotten involved and dragged pension issues up to the general arena, perhaps leading to a more generous system with broader coverage or higher and quicker benefits. There are always myriad reasons why something does not happen; here, the important factors include the complexity and apparent technical nature of the issue, public apathy (recall that hardly any pensions were being paid at the time), and that none of the direct participants in these subarena processes were sufficiently dissatisfied with the results to risk socializing the conflict by bringing in outsiders.²⁰ Or more simply, perhaps it was just that no heavyweight actors happened to notice the issue; as we will see, soon they would.

²⁰ The likeliest would be the unions in the EPS case, but they were worried about diluting employees' benefits. Privatizing policy conflict is of course a classic function of subgovern-

Most Japan-watchers will not be surprised that pensions failed to become a large-scale political issue in the early 1950s, but they might wonder why the Welfare Ministry was not better able to manage the process and develop a more comprehensive and “rational” system, one that would not cause so much trouble in the future. The bureaucrats and the experts certainly recognized the problem, and they came up with some reasonable if no doubt imperfect solutions. The difficulty was not a lack of ideas, but on the energy side: insufficient impetus to overcome, first, the inertia of the decision-making system—manifested most clearly here as the height of the boundaries between specialized arenas—and second, the active resistance (in the *onkyū* and MAA cases) by the sponsors of particular competing solutions to broadening their issues.

Whether the Welfare Ministry could have done better is moot. It clearly was not powerful enough to enact its preferred solutions on its own; purely cognitive decision making was precluded by the power of other participants with differing interests. The Ministry therefore would have had to develop a strategy to win support and minimize resistance among others. To have any chance of success, they presumably would have needed more attractive themes than comprehensiveness and rationality, but at any rate, as can be seen even more clearly in the next case, the Welfare Ministry in the 1950s was hardly up to the task of effective policy sponsorship for pensions.

THE NATIONAL PENSION

The pension system was completed, in the sense of extending coverage to the entire population, with the passage of the National Pension Law in April 1959. At first glance, Japan looks late in the game, a welfare laggard, but in fact the extension of pensions to cover the self-employed generally occurred in the 1950s among industrialized nations. Germany first provided pensions for farmers in 1957, and the United States completed most of the expansion of its pension system only in 1956 (physicians were not included until 1965, and Social Security still does not independently cover housewives).²¹ Given that Japan was still a relatively poor country in the 1950s, it is worth asking why it took such a large jump toward the welfare

mental politics—see, e.g., Randall B. Ripley and Grace A. Franklin, *Congress, the Bureaucracy, and Public Policy*, 3rd ed. (Homewood, Ill.: The Dorsey Press, 1984), p. 10.

²¹ See *Pension Policy*, p. 161; Peter Flora and Jens Alber, “Modernization, Democratization, and the Development of Welfare States in Western Europe,” in Flora and Arnold J. Heidenheimer, eds., *The Development of Welfare States in Europe and America* (New Brunswick, N.J.: Transaction Books, 1981), pp. 37–80, at 54; and W. Andrew Achenbaum, “The Elderly’s Social Security Entitlements as a Measure of Modern American Life,” in David Van Tassel and Peter N. Stearns, eds., *Old Age in a Bureaucratic Society* (Westport, Conn.: Greenwood Press, 1986), pp. 156–92.

state then, our first question in this section. We can then ask about why it took that particular jump.

That is, the NPS (Kokumin Nenkin) was an extremely complicated program. Here are some of the details: All those not enrolled in another system were compulsorily enrolled (although the compulsion was less than stringent), and dependent spouses of those covered elsewhere could sign up voluntarily. The system was financed by a flat-rate contribution (plus a second-tier optional contribution added later), with a sizable subsidy (originally one-third of contributions, then one-third of benefits) from general revenues. The poor could apply to have their contributions paid by the government (granted to about 10 percent of enrollees). Benefits were calculated on the basis of the length of the contribution period. The benefit level was initially set at ¥2000 a month; by 1985, when the system was reformed, it had grown to ¥50,000. There was provision for a "coordination" or "job-change" pension for those who had been enrolled in another pension system as well as the NPS.

Like the EPS, the NPS was funded rather than pay-as-you-go in principle, and it built up a large reserve, but the fund was not actuarially sound and indeed had built-in financial weaknesses. The pensionable age was 65, although benefits could start five years earlier or later with adjustments; the contribution period was in principle twenty-five years but special provisions were added to allow benefits after ten, and later five, years of enrollment. Administration was shared between the national (Social Insurance Agency of the Welfare Ministry), prefectural, and local levels. Contributions were made by purchasing stamps from one of a variety of vendors and pasting them in a book, which would be examined annually by the local government office. The NPS included other pensions as well, for disability, bereaved mothers, guardians, orphans, and widows, and a death benefit. Also included in the same legislation was a small noncontributory Welfare Pension (Fukushi Nenkin) for those aged 70 and over and below a given income, paid completely from general revenues.

The NPS was a totally new system, not a reform or adaptation of an earlier system (as had been true of the 1954 EPS reform and the other policy changes discussed earlier), and most of it was invented in a hectic, high-energy process that lasted less than a year. Important participants included heavyweight actors such as the prime minister, both major political parties, the unions, large interest groups, and the mass media, as well as specialized actors including bureaucrats in the Ministry of Health and Welfare and other agencies, a few enthusiasts among LDP rank-and-file Dietmen, two contending groups of experts, and service provider interest groups. Although a certain amount of rational planning and plenty of politics can be observed, the enactment of the NPS cannot be understood

without taking artifactual processes into account; it was closer to a true “garbage can” than any other major policy change treated in this book.

In describing the interplay of ideas and energy that led to the enactment of the NPS, I will focus first on the question of why this program was enacted in 1959, and then try to explain three important and interesting decisions about its content: to establish a separate rather than universal system; to rely mainly on contributions rather than on general revenues; and to cover wives of employees voluntarily.²²

Agenda Setting

Providing for employees through the reform of the EPS had naturally raised the issue of everyone else—after all, in the mid-1950s over three-quarters of the population was uncovered by any public pension plan.²³ However, as Paul Lewis argues, there was no intrinsic reason that the self-employed and others needed a pension system right away, and there had been no sudden large change in Japanese society to require one. For example, although many point to a breakdown of the traditional Japanese family (due to occupation reforms in the civil code, urbanization, etc.) or to the aging of the population as a direct cause, in fact there were no such trends in the 1950s, and there had been no downturn in the economic position of farmers, the main target group.²⁴ Although at the most general level one might see the expansion of pension coverage as a natural or “inertial” policy change for an industrializing nation, there are no obvious reasons why this issue should appear prominently on the national policy agenda in the late 1950s. We must therefore look a little deeper.

REACHING THE SPECIALIZED AGENDA

As is generally the case, it is pointless to try to trace the *origins* of the idea for a national pension. The problem had been discussed in many advisory committee reports in the late 1940s and early 1950s (quite concretely in the Systems Council’s December 1953 report), the small private National Social Work Convention had passed a resolution calling for a universal pension as early as 1947, the fact that several Western countries were expanding pension coverage in the 1950s was well known in Japan, politicians had been criticizing the Welfare Ministry for worrying only about

²² These questions, as well as much of the following information, are borrowed from *Pension Policy*, where the analysis is considerably more detailed. Lewis and I start with different assumptions about how policy making works, and our conclusions diverge in a few respects. The bureaucratic side of the story is told in *Fifty-year History*, pp. 1386–1408.

²³ See Yokoyama Kazuhiko, “Sengo Nihon no Shakai Hoshō no Tenkai,” in *Fukushi Kokka*, Vol. 5, pp. 3–48, at 28.

²⁴ See *Pension Policy*, chap. 9, for a detailed analysis of these arguments.

employees, and in 1954 the Diet formally resolved that the government should investigate universal pensions. There is no reason to see any particular source as primary—the idea was in the air. However, it is possible to discover how the national pension idea reached the policy agenda in the sense we use that term: a prevailing expectation among decision makers that government action is likely soon. That requires tracing the sources of impetus as well as ideas, and identifying the early sponsors of the issue.

The first major push came—somewhat ironically in light of later events—from the Japan Socialist Party. The socialists were in an optimistic mood in the mid-1950s. They had rebounded from an electoral debacle in the late 1940s to increase their Diet seats in successive elections, and the squabbles between the left and right wings had moderated sufficiently to permit reunification. The detailed October 1955 policy manifesto which celebrated the birth of the new party included a detailed plan for a universal pension.²⁵ Undoubtedly, an important factor in the emphasis given this proposal was the socialists' growing interest in farmers, an interest that had been further stimulated by an increase in their rural vote in the February 1955 general election (before which all parties had at least mentioned the idea of a broader pension).

The socialist manifesto of course included many policy demands as well as pensions, and in any case an opposition party cannot control the agenda. However, in an era when the conservatives felt unusually threatened, such opposition slogans could provide considerable impetus. When the conservatives themselves defensively amalgamated in November 1955, even Kishi Nobusuke—often seen as far to the right among prominent postwar conservatives—was saying that the new Liberal Democratic party, “to justify its designation as a party of all the people and prevent the return of Fascism, must turn to the left to some extent. For example, we must expand social security. . . .”²⁶ The preamble to the new LDP constitution, which called the party progressive, mentioned construction of a welfare state along with anticommunism and world peace. As for specifics, the party's first policy manifesto included only a brief promise to investigate a national pension, but during the campaign for the upper house election of July 1956, the LDP promised to establish the new system by 1960.²⁷

²⁵ Actually, calls for complete coverage had been mentioned in socialist policy documents since 1953, but these had been little more than slogans and attracted little attention. *Pension Policy*, p. 379.

²⁶ Quoted by Dan Kurzman, *Kishi and Japan* (New York: Ivan Obolensky, 1960), p. 270. Kishi's inclination toward a strong—even paternalistic—state role perhaps dates to his leadership in Manchurian industrialization. Ohtake Hideo sees his cabinet as a “rebirth of the social democratic line”: “Sengo Hoshu Taisei no Tairitsu Jiku,” *Chūō Kōron* (April 1983), pp. 137–51; abridged in *Japan Echo* 10:2 (Summer 1983): 43–53.

²⁷ For a more detailed account of these events, see *Pension Policy*, pp. 372–88. In general

There can be little doubt that the impetus here came from partisan competition; the NPS was indeed a classic case of policy cooption. Neither the press nor public opinion was aroused: as late as 1958, a clear majority had never heard of the idea.²⁸ Interest-group activity was also negligible, since the farm groups had yet to notice the issue, social welfare groups were positive but tiny, and the unions, ambivalent and inactive. The Welfare Ministry was passive at best. Its minister, Kawasaki Shūji, was personally enthusiastic and had set up a small planning office in 1955; just before leaving in a cabinet reshuffle he presented a brief five-year plan that mentioned the NPS. However, majority opinion among Welfare Ministry officials was negative about the idea then and later. Only the parties were active proponents—not as a response to public pressure, but in hopes of a potentially attractive election issue.

The 1956 campaign promise may have appealed to voters, but it did not really put the national pension idea onto the general policy agenda. Until some eighteen months later, when another election was looming, no one paid much attention except within the social policy subarena. There, several specialized actors were activated.

First, the 1956 promise was a cue to the Welfare Ministry that something was likely to happen in this policy area and it had better get ready.²⁹ Given the lack of enthusiasm among Welfare officials for the entire idea, it is not surprising that the Ministry did not move very aggressively, but it did carry out a survey of the economic status of the elderly (August 1956) and began collecting information on pension systems in foreign countries. That is, two or three young officials in the Planning Division of the Minister's Secretariat were assigned to look into pensions; they began buying whatever books were available in Tokyo (it turned out that most were too abstract to be useful), and the division chief took the opportunity of a short overseas trip in mid-1957 to pick up some materials on pensions as well.

Preparatory expenses were provided in the 1957 budget, allowing the Welfare Ministry to appoint a group of friendly experts as an outside National Pension Committee (Kokumin Nenkin Iin) in May. The generally negative attitude among the officials was exemplified in the first plan they submitted to this committee for comment. It was the smallest conceivable proposal: completely voluntary, for males only, and covering only those not enrolled in any other pension system. By six months later, however,

the Liberals (Jiyūtō) were uninterested and the Democrats (Minshutō) eager for a national pension: *Reminiscences*, p. 119.

²⁸ *Pension Policy*, pp. 343–49 and 436–40, reports on the small amount of survey data available.

²⁹ Indeed, Ozaki Shigetake, a division chief at the time, remembered that Miki Bukichi, a key architect of LDP unification, had visited on the Welfare Ministry specifically to say that “something would have to be done about pensions.” *Reminiscences*, p. 119.

the officials apparently had changed their minds. In November 1957, they submitted a new proposal to the advisory committee—actually four alternative proposals, all of which were substantially larger than the earlier plan. The Ministry's preference now seemed to be a fixed-amount basic pension covering the entire adult population, preferably contributory but possibly not, plus a second tier of income-related benefits for specific occupational groups. This idea, again, was similar to both the Systems Council's 1950 proposal and the pension reform actually carried out in 1985.

The second specialized actor to become activated in this period was the Social Security Systems Deliberation Council. Immediately after the Welfare Ministry's committee had been granted a budget and appointed, the Systems Council injected itself into the process: its LDP members requested that Prime Minister Kishi ask it for recommendations.³⁰ In April 1957, the Council created a special committee on pensions of leading scholars in the social policy field, who began to work very hard. Their dominating impulse was to be practical: LDP endorsement now seemed to make national coverage a real possibility, and because Council recommendations in the past had been rejected as too idealistic and expensive, devising a plan that could be implemented easily became its highest priority. Naturally, the sense of rivalry and competition with the parallel committee in the Welfare Ministry continued.

The third specialized actor to take the 1956 election promise seriously was the National Federation of Social Welfare Councils (Zenkoku Shakai Fukushi Kyōgikai), a mixed public-private association of local social service providers that had been established in 1952 by the Ministry of Health and Welfare. The National Council had taken on the role of a pressure group starting in 1953, when it successfully opposed a national government attempt to cut subsidies to orphanages and other welfare institutions (its major constituency). The national pension now became its main goal. At the local level, it sponsored respect for the aged day events and old peoples' clubs, and urged local governments to provide token "pensions" to the oldest residents—the Federation called this latter effort the pensions-for-all movement (*kokumin kai nenkin undō*). One prefecture and three cities initiated such tiny pensions for the very old in 1956, and by December 1957, 228 more localities had followed suit. In September 1957, the Federation sponsored the first National Conference on the Welfare of the El-

³⁰ By the mid-1950s, this Council's rather academic and idealistic criticisms had annoyed many conservatives. For symbolic reasons it could not be abolished, but it was avoided—a tricky health insurance problem had been given instead to a newly created committee appointed by the Welfare Ministry. When it appeared that this pattern was about to be repeated for the National Pension, a central interest of the System Council for years, many members reacted emotionally and insisted that they be consulted as provided by law. *Secret History*, pp. 42–43.

derly, mainly devoted to the national pension issue, and it stepped up attempts to get favorable newspaper coverage.³¹

REACHING THE GENERAL AGENDA

These activities within the social welfare specialized arena can be seen as generating a certain amount of impetus behind the national pension idea. Markedly more significant, however, were coincidental processes under way in the general arena. The Japanese economy was quite prosperous in 1957, and that fact plus an impending general election led a number of interest groups to see the 1958 budget (compiled in the fall of 1957) as a good chance to win major concessions. Notable among them were the *onkyū* recipient groups, Nōkyō (The Federation of Agricultural Cooperatives), and Chūseiren (The Political League of Small and Medium Enterprises), three of the most powerful interest groups in Japan at that time. All three made demands that related to postretirement income maintenance. The *onkyū* groups simply wanted another big hike in war-related pensions. Nōkyō was after a MAA for its own employees, arguing (quite similarly to the private school teachers in the early 1950s) that agricultural cooperative employees performed similar functions to local government agricultural officials but received inferior benefits through EPS. Chūseiren had been founded in 1956 by Ayukawa Gisuke, a heavyweight conservative political operator, and its demands for a corporatist small- and medium-enterprise law had been one of the thorniest issues facing the government and both political parties for two years.³² A sidelight to its campaign was a demand for a special pension plan for small and medium enterprises resembling an MAA. This plan would virtually wreck the EPS by removing a substantial portion of its enrollment.

As in the earlier period, these demands were strongly opposed by the Welfare Ministry and the Systems Council, and this time their warnings about the dismemberment of the public pension system were taken more seriously. In fact, the political leadership was itself becoming concerned about escalating demands from special interest groups: the 1958 budget turned out to be one of the most plundered by interest groups and their friends in the LDP up to that time.³³ A national pension system could be seen as a more encompassing solution to the specific problems being urged by the three groups.

³¹ Merle Broberg, Dolores Melching, and Daisaku Maeda, "Planning for the Elderly in Japan," *Shakai Rōnengaku* 1 (March 1975): 122–31.

³² See Kobayashi Naoki, "Chūsho Kigyō Dantai Soshikihō no Rippō Katei," *Tokyo Daigaku Kyōyōgakubu Shakaigaku Kiyō* 7 (1958): 34–84, partially translated in Hiroshi Itoh, ed., *Japanese Politics: An Inside View* (Ithaca, N.Y.: Cornell University Press, 1973), pp. 49–87.

³³ See my *Contemporary Japanese Budget Politics* (Berkeley: University of California Press, 1976), pp. 223–25.

In his January 1958 Policy Speech to the Diet, Prime Minister Kishi said that *onkyū* should be merged with the new NPS, although this idea was politically infeasible and soon disappeared. In February, he announced that although the Nōkyō MAA would be approved, no other departures from the EPS (such as the Chūseiren demand) would be permitted, and the entire pension system would be consolidated—another idea that did not survive political reality.

Despite these failures, it is significant that instead of remaining compartmentalized as in the early 1950s, these issues were now being considered as part of an overall problem. In fact, the impetus contributed by these interest group demands was a key to moving NPS onto the general agenda, as an official Welfare Ministry account indicates: “Before the Nōkyō MAA and the Small and Medium Enterprise Retirement Fund problems were settled in this way, discussion of pension problems came to an unprecedented high point, and the immediate establishment of NPS was firmly decided. . . . From the midst of a bad situation came this unexpected result.”³⁴

One final outside ingredient: in late 1957, the Japan Socialist Party (JSP) announced a draft National Pension bill of its own. The JSP had campaigned hard on its NPS promise in 1956 and had done rather well; with a general (lower house) election anticipated for the summer of 1958, it served notice that pensions would be a major issue. The LDP could not fail to respond. Prime Minister Kishi mentioned NPS (along with National Health Insurance) in the first sentences of his annual Policy Speech in January, and opened the election campaign on April 28, 1958, by saying, “The most notable aspect of our platform this time is the establishment of the National Pension.”³⁵ This statement clearly put NPS on the general agenda: everyone now knew that something would be passed, and soon—Kishi promised that the system would be established during the 1959 fiscal year.

THE SHAPE OF THE ISSUE

An issue can reach an agenda in various forms, from a very clear-cut proposal to an amorphous feeling of concern. Issues are made up of problems and solutions. In the NPS case, it is clear that the immediate problem, the one felt most strongly by the LDP as the primary sponsor, was the need to appeal to voters—the electorate in general, with the attractive slogan “pensions for all,” and farmers in particular. But solutions were not so clear-cut. Prime Minister Kishi himself had little interest in what a national

³⁴ See Kōseishō Nijūnenshi Henshūinkai, *Kōseishō Nijūnenshi* (Tokyo: Kōsei Mondai Kenkyūkai, 1962), p. 33; also *Reminiscences*, pp. 112–15.

³⁵ *Fifty-year History*, p. 945; *Pension Policy*, pp. 388–96.

pension should look like. Other participants did have ideas, but at the time the issue reached the general agenda these had not coalesced into a single, concrete proposal—a major reason why the ensuing enactment process was so turbulent.

Why was no solution at hand? Clearly there had been a failure to nurture the issue effectively. We can see many of the elements of issue-nurturing: bureaucrats were researching domestic conditions and foreign programs, experts were deliberating and preparing reports, specialized interest group activities and a small media campaign were getting under way. But there was no strategy to coordinate these activities and move them toward a coherent and sensible proposal.

This role of strategist and leader could only have been played by the Welfare Ministry, but as its vacillating behavior toward its own advisory committee well indicates, the bureaucrats simply were not very decisive. There are many possible explanations: the issue had been thrust upon the Ministry from above, many Welfare officials apparently did not think it was time for a major expansion of pensions, other distracting issues had to be dealt with, and there were turf battles inside the Ministry.³⁶ Whatever the reasons, leadership was lacking to identify social problems more precisely and persuasively, to come up with a set of solutions that would have advanced Welfare Ministry interests, and to build a consensus behind them within the subarena (that is, among the experts, the few interested Dietmen, and the specialized interest groups). Without such nurturing, the National Pension issue reached the general agenda in 1958 as an election promise, a time deadline, and very little else.

Enactment

Clearly some sort of solution had to be developed in an extraordinarily short time. The process could not really get started until after the May 1958 election, and a bill had to be ready by the end of the 1959 budget process, by about January 1959.³⁷ The number and difficulty of the problems that had to be solved are impressive—a partial list of those that caused particular trouble would include: universal or partial coverage; contributory, noncontributory, or both; how to handle housewives; fixed-rate ver-

³⁶ Note that pensions were within the jurisdiction of the Insurance Bureau, which then and later was much more interested in health insurance, a very hot issue at the time. NPS was handled first by the Planning Section of the ministerial secretariat and then by an ad hoc Preparations Committee, neither with the analytic resources or the clout of a regular bureau. *Reminiscences*, pp. 111–45.

³⁷ Apparently the possibility of postponing enactment until some of the problems could be worked out was not seriously considered. The election promise was specific, it had been credited for the LDP's strong showing, and an Upper House election was coming again in Summer 1959.

sus income-related contributions and benefits; fully funded versus pay-as-you-go or in between; who should control the reserve fund and for what purpose; the size of both benefits and contributions; what to do about the poor; what to do about those in more than one pension system. Lacking the space, information, and patience to deal with all of these matters, I will focus on the first three. We first need an outline of the overall enactment process.

On the party side, even before the election, Prime Minister Kishi had asked Noda Uichi, a senior Dietman who claimed a longstanding interest in social security, to take responsibility for the LDP part of the drafting process. Noda in turn asked an LDP staff aide, Kita Kazuo, to look into European pension systems during his scheduled trip to attend an International Labor Organization meeting in Geneva. Kita reported back that the Europeans had found pension programs for small proprietors and farmers to be exceedingly difficult and expensive. Noda replied, "Even if you are convinced that the Westerners couldn't do it, it is possible in Japan. At the time of the Russo-Japanese war, the Westerners did not believe that Japan could win. But Japan won. The National Pension will be the same. Kita, please help."³⁸ In July, a Special Committee for Measures to Implement the National Pension, with seventy-three members and Noda as chairman, was established within the party's Policy Affairs Research Council. It worked hard and came up with a draft bill in September.

On the bureaucratic side, the Welfare Ministry already had its National Pension Committee of outside experts, which had made some interim recommendations in February. In April, the Ministry appointed an internal National Pension Preparations Committee in the ministerial secretariat, made up of officials and nominally headed by the administrative vice minister. In July, a capable senior official named Koyama Shinjirō was moved from the Insurance Bureau (where he had been working on health insurance) to take charge of drafting the bill.³⁹ One of his assistants, who later observed that "without Koyama the National Pension would not have been completed," remembered his own entry to the committee this way: "Everybody at the 'Koyama School' was using all this specialized jargon and I didn't know what they were talking about. Mr. Koyama would turn to me and say, 'Mr. Takagi, you do understand . . . ?' I was hurt, so I just said, 'yes, I understand,' and he'd say, 'well, let's go ahead.'"⁴⁰ Despite its

³⁸ Recalled by Kita in *Secret History*, p. 82.

³⁹ This appointment reflected the Japanese bureaucratic practice of moving the most capable officials to meet critical new tasks. In the late Occupation period Koyama had literally written the book on public assistance when it had been the Welfare Ministry's most pressing problem: *Seikatsu Hogobō no Kaishaku to Unyō* (Tokyo: Chūō Shakai Fukushi Kyōgikai, 1951). Cf. Tatara, "1400 years," p. 554.

⁴⁰ *Secret History*, pp. 92–95.

lack of knowledge and experience, the young staff immediately started making important decisions about the shape of the new pension system; it too produced a first draft in September.

These LDP and Welfare Ministry documents were roughly similar. They served as the basis for Koyama and Noda, working closely together, to carry out a series of negotiations that lasted until December, with the Systems Council, government agencies (particularly the Finance and Home Affairs Ministries), various LDP party politicians, local government groups, and many others. Somehow they managed to come up with acceptable compromises on most of the difficult issues yet unsolved. In January 1959, the bill went to the Cabinet Legislative Bureau for the final drafting of the language and another last-minute compromise, and in February it was submitted to the Diet. This hectic pace was clearly not favorable for thoughtful policy analysis.

SHOULD COVERAGE BE UNIVERSAL?

One area in which good policy was clearly sacrificed to expediency was coverage: the National Pension, up until the 1985 pension reform, enrolled only those not enrolled by another pension system. As noted previously, bringing all pension programs into a common framework had long been a policy goal of experts and of Welfare Ministry officials for both theoretical and practical reasons. A common basic pension, with a second tier added where appropriate, would be more equitable, more secure financially, and far easier to administer than a large number of fragmented systems, each with its own conditions. Given that the entire population was to be covered anyway, a unified system need not be more costly, and by helping to restrain extra benefits to particular groups, it could actually save money in the long run.

Despite its attractiveness, this point of view had gotten almost nowhere in the early 1950s, but now the mood seemed more promising. Prime Minister Kishi had called for unification and the Finance Ministry was agreeable. Consistent and principled opposition did come from labor, but even the Socialist Party, which normally reflects union views, did no more than issue a series of vague and apparently contradictory pronouncements on this issue.⁴¹ One would think that the Welfare Ministry could have portrayed this issue to the public in terms of special interests opposing the obvious virtues of a single pension system covering everyone.

But the smooth ride to a unified pension was quickly derailed by a star-

⁴¹ A close reading of the several JSP draft bills and other proposals reveals in fact that none really called for integrating NPS with the Employee system, although unification of EPS with the MAAs was endorsed. However, the language was often misleading, and the JSP position was widely interpreted in the press as proposing a universal system, without immediate contradiction. *Pension Policy*, pp. 418–21.

ting reversal. The Systems Council had long been Japan's leading proponent for a flat-rate basic pension, *kihon* or *kiso nenkin*, that would cover everyone, above which a second tier of variable-amount benefits could be provided for various employee groups. But in February 1958, after holding thirty-four meetings, the Systems Council's special committee decided instead to recommend only partial coverage, for those not in another pension system. The grounds were practicality: as Council member Hirata Tomitarō put it, "while we were looking on, new systems were established helter-skelter. . . . energy was expended to unify the other systems, but it was simply out of the question. . . . Unification of the various systems, I believe, is impossible. Therefore, rather than sit idly by, the realistic and immediate problem, it seems to me, is to take the first opportunity to make concrete proposals for a pension system for the majority of the population which is still uncovered."⁴² The main Systems Council's June 14, 1958 final report endorsed this position, though adding that partial coverage would only be temporary and the NPS ultimately should cover everyone. The Welfare Ministry's outside National Pension Committee was already on record as favoring a unified pension, and its final report (July 29) brought the issue into the public spotlight. The controversy was intensified when a Council member later reneged and castigated his colleagues for abandoning their idealism.

This untoward intervention by the Systems Council was important because it dashed any hopes of reaching the subarena consensus needed to push through a universal pension. The lead Welfare Ministry official, Koyama Shinjirō, was firmly committed to universality, and the Ministry's internal drafts in the summer of 1958 included the basic pension idea. Noda Uichi and the other LDP Dietmen most involved apparently supported this position, although some uncertainty is revealed by contradictions in the party committee's statement of principles of August 19.⁴³ But by September 24, when the Welfare Ministry released its first formal draft, the officials had already given up. The first clause stated, "The National Pension System will cover all citizens. However, until such time as will be determined by another law, the NPS shall not cover people already covered by the Employee Pension System and other public pension systems."⁴⁴ The controversy continued, but it was mostly rhetorical; the only real issue now

⁴² Reported in the trade magazine *Gekkan Shakai Hoshō* (January 1958): 31; *Pension Policy*, p. 412.

⁴³ It called for universality, but in one section indicated this would be only until job-change provisions could be enacted. See *Pension Policy*, pp. 416–18.

⁴⁴ *Postwar*, p. 468; *Pension Policy*, p. 415. Rather unusually in Japanese administrative practice, the draft also included an "alternative" proposal, for immediate universal coverage. Koyama fought hard for this principle and managed to preserve language calling for future unification even in the final legislation, but this was no more than a symbolic achievement.

was how to establish a complicated set of job-change pension provisions to cover those who had enrolled in more than one pension plan.

Why did the Welfare Ministry give up such an important interest so easily? Koyama himself later said that during the preliminary drafting stage, the other ministries administering MAAs were consulted, and when they resisted unification the idea was dropped.⁴⁵ Such bureaucratic resistance is no doubt part of the explanation, but in fact the Welfare Ministry did not push very hard, and in any case the crucial point was not unification with the MAAs but with the Employees' Pension, which was within the Welfare Ministry's own jurisdiction. If the NPS and EPS could have been unified, 90 percent of the Japanese population would have been covered by one pension system, and the MAA problem could have been left until later. As for other opposition, "diluting" the EPS by combining it with an inevitably lower-benefit system was of course strongly opposed by labor, but the unions and the Socialist Party wound up opposing NPS anyway, and they could have been defeated on this issue had a real attempt been made.⁴⁶

The key explanation for why unification was not seriously attempted, it would appear, was less actual opposition than simply the deadline—an artifactual cause. Although a sizable coalition could have been built and considerable impetus mobilized behind a unified pension scheme, this process would have taken time, and then fighting the issue out with the other ministries and with the unions still more time. Moreover, there was some uncertainty about whether the fight was worth the effort among the experts, the specialized politicians, and even within the Welfare Ministry itself.⁴⁷ The deadline was but a few months away, and many other difficult problems could not be solved until the prior issue of coverage was settled. The simplest solution in terms of decision making, though ultimately the most complex in terms of public policy, therefore won out without much of a debate—the National Pension would cover only half the nation.

CONTRIBUTORY OR NONCONTRIBUTORY?

The decision about how the National Pension should be financed was one of the most significant in the history of Japanese social insurance, and it touched off a highly political debate that was intense, but ultimately beside the point. We must examine the general issue, how it applies to Japan, why the key participants took the positions they did, the conflict itself, and finally the compromised outcome.

As for the problem in general, there are essentially two ways to finance

⁴⁵ Koyama Shinjirō, *Kokumin Nenkin no Kaisetsu* (Tokyo: Jiji Tsūshin, 1960), p. 40.

⁴⁶ Lewis, however, argues that union opposition was the crucial factor: *Pension Policy*, pp. 421–25.

⁴⁷ The lack of enthusiasm among several officials in charge of the Employee Pension comes through clearly in *Reminiscences*, esp. pp. 115–24.

pensions: from ordinary tax revenues or from contributions. The contributory system has three major advantages. First, it looks more like insurance, in that an individual's benefits are somehow related to his own "premiums" so he has a "right" to the pension. In principle, a legislature cannot capriciously either take it away or pile on more benefits. Second, in most contributory systems (including the Japanese EPS), higher-income people pay higher contributions and get higher benefits, which allows maintenance of the preretirement standard of living and serves the value of "equity." It is also possible to redistribute income by adjusting the benefit formula to pay proportionally more to poorer people, thus serving the value of "equality" (though this redistributive effect is often offset by having contributions paid only on income up to some ceiling). Third, when contributions exceed benefits in total, money piles up that can be used for investments now, and thus help finance future benefits (in the form of interest on reserves).⁴⁸ One way to pile up funds is to require a long period of contributing before becoming eligible for benefits.

These and other advantages have led most countries to choose contributory systems, usually with income-related contributions and benefits, moderate income redistribution, largely pay-as-you-go financing, and a relatively small general-revenue subsidy.⁴⁹ Specialists and laymen alike tend to see it as the normal way to do pensions. However, Sweden and other Scandinavian countries as well as some Commonwealth nations have long included a substantial noncontributory, tax-based pension within their systems. These tend to be more redistributive, since the benefits are fixed amounts while the financing is somewhat proportional to income (the degree depending on whether an income or consumption tax supplies the funds). Their obvious advantage is simplicity: all the financial estimations and calculations at both the individual and macro levels are far easier, and there is no need to collect contributions, which can be difficult from the self-employed and harder still from the unemployed or poor. Also, immediate benefits for most people can be provided at relatively low cost.

These are abstract considerations; how should they play in Japan in the 1950s? Clearly, the Ministry of Finance wanted to accumulate capital for investment in economic growth, partly by holding down current consumption, and to minimize burdens on the regular budget. It was generally unenthusiastic about expanding social policy, but strongly favored the contributory principle for pensions. Politicians would be expected to prefer noncontributory pensions, with their something-for-nothing flavor, and in

⁴⁸ A "funded" system is actuarially sound, like commercial insurance, but in the real world contributions are not set high enough to cover incurred liabilities completely, so virtually all pension systems are more or less pay-as-you-go (benefits covered by current contributions).

⁴⁹ The United States differs on the last point and in the 1980s moved more in the direction of a funded system.

fact the early election promises for a National Pension by both the LDP and JSP were for a noncontributory system. Others had more complex but generally predictable positions.⁵⁰ The tricky case is the Welfare Ministry.

That is, ideologically, one would expect Ministry officials to prefer classic social insurance, emphasizing the right to a pension as opposed to charity and so forth. However, the more egalitarian aspects of a tax-based system, particularly its immediate eligibility for the already old, had appeal for at least some officials. Certainly a noncontributory system would avoid many administrative burdens of collecting contributions and keeping records, and would also minimize worries about balancing costs and benefits among social groups. In short, far less trouble, and several advantages.⁵¹

In assessing the pluses and minuses, it should be noted that one major advantage of the contributory system, the ability to make contributions and therefore benefits proportional to income, was not available in Japan because of a distinctive sociocultural feature. It was impossible, everyone assumed, to get farmers and small shop owners to reveal their real incomes to anyone who might talk to the tax collectors, so contributions would have to be a fixed amount.⁵² That meant in turn that benefits also had to be fixed-amount, or rather proportional only to the number of months enrolled, not to income. Moreover, contributions had to be quite low, since fairly poor people were included, and therefore benefits could not be very high. That would work against the important Welfare Ministry goal of achieving a pension system up to Western standards. It also invited some tough political pressures when the EPS, with its sound base in income-proportional contributions, inevitably would raise its benefits.

From the point of view of the Welfare Ministry, therefore, there would seem to be many good reasons to push for a noncontributory, tax-based pension system, perhaps, as happens often in Japanese politics, teaming up with the LDP to fight the guardians of the purse strings at the Finance Ministry. However, the Welfare officials never lost faith in their social insurance principles, and they even brought along some in the LDP. In one sense that was because they were quite influenced by experts and willing to weigh academic or ideological concerns rather heavily relative to prac-

⁵⁰ Given that the new system would be separate from EPS, the large labor unions wanted contributions because otherwise their members would pay taxes to support NPS without benefiting. Big business was in a similar position, but was generally against the government accumulating investment funds. Public opinion was uninformed and ambiguous. For details, see *Pension Policy*, pp. 426–55.

⁵¹ Note that a noncontributory system would also raise the Welfare Ministry's general account budget allocation substantially.

⁵² This point underlies many peculiarities of Japanese public policy, including the course of tax reform in the 1980s. Incidentally, apparently no one proposed to collect pension contributions through the tax system, as is done in the United States, perhaps due to bureaucratic sectionalism.

tical considerations. In another sense it was because of a lack of real expertise or research.

That is, experience with social insurance programs was shallow in Japan, an academic field had not developed, and most of the bureaucrats and LDP politicians involved in the actual drafting were relatively new to the issue: for example, Koyama Shinjirō had previously been occupied with public assistance and health insurance, he was assisted mainly by three quite young officials, and the LDP's Kita and Noda were interested but essentially amateurs in this highly technical area. Lacking much knowledge of their own, Japanese pension experts and officials in the 1950s tended to look abroad, mainly to the British exemplar, which meant that contributory pensions would be assumed.⁵³

For example, in a lengthy later account of "to what extent was knowledge of foreign systems employed" in developing NPS, Koyama mostly wrote about being influenced by reading a recent British Labor Party proposal, given to him by a colleague who had happened to pick it up on a May 1957 trip to look into British health insurance problems.⁵⁴ That is, a good deal of the "research" was not very systematic. The same could be said of the analysis: although the Systems Council had been discussing related issues for years, a member of its National Pension subcommittee recalled that relevant materials were quite scarce, and that the group's meetings often seemed no more sophisticated than student seminars, with much discussion of topics like the effect of pensions on grandparent-grandchild relations.⁵⁵

Given this setting, perhaps it is unsurprising that both the Welfare Ministry planning group and the Systems Council special committee gave short shrift to the noncontributory idea, although some were worried that the LDP leadership would insist on it.⁵⁶ Koyama said he "reached his conviction" that the system must be contributory on the basis of opinion within the Ministry and its outside advisory committee plus his grasp of British and German developments; his young assistant Yamazaki remembered "thinking that there was no way other than a contributory system

⁵³ Britain was by then firmly locked into the social insurance model by earlier decisions, so that issue had barely arisen in the debate there. See Heclo, *Modern Social Politics*, pp. 253–72.

⁵⁴ Koyama also used a British White Paper sent to him by a Finance Ministry acquaintance in the London Embassy (his hobby was pensions), and a doctoral dissertation by a Japanese scholar. His article briefly discusses German pension developments, which he saw as quite relevant, but he could learn about them only through two other Welfare Ministry officials with a passing knowledge, so this information was "too abstract." He mentions the noncontributory schemes in Sweden and New Zealand only in passing, saying that "conditions were different." *Secret History*, pp. 17–37.

⁵⁵ This group also visited an old people's home in the resort town of Atami. *Secret History*, pp. 60–68.

⁵⁶ *Reminiscences*, p. 122.

... this policy solidified rather early"; Systems Council special committee member Hirata recalled "the forecasts that the population would inevitably be aging, and besides, nearly all foreign countries had contributory systems. Therefore, thinking about the stability of the system and the burdens of future generations, it was decided early in our deliberation process that a contributory system would be the foundation." Even LDP Dietman Noda, heading up the party's special committee, said that "the contributory principle was ... an article of faith."⁵⁷ This is not the language of a searching assessment of alternative policies or organizational interests.

So the Welfare Ministry bureaucrats and experts, and their allies in the LDP, were firmly albeit perhaps foolishly on the side of contributions. What about higher-level politicians? We can see four stages in the rather rapid evolution of the LDP's attitude on this issue. First, as noted earlier, political instincts prevailed: the 1956 election promise called for something-for-nothing noncontributory pensions. Second, quite characteristically, once the issue actually reached the agenda, more bureaucratically minded politicians took the lead. In effect, a coalition developed between Noda and his friends in the welfare subgovernment at the working level and a group of Finance Ministry alumni in the party leadership. Kishi's Spring 1958 election promise had not been explicit on the question of contributions, but the LDP's "Three Principles of the National Pension System," adopted in August 1958, were firmly in favor of a contributory system.⁵⁸

The third stage saw a swing back to the political side—the start of the real debate. When the NPS issue reached the LDP Executive Council in early October, quick opposition came from farm-bloc party members. They argued that contributions were too burdensome for farmers and too difficult and expensive to collect. One factor here was genuine opposition from the grass roots: petitions from local agricultural cooperatives (especially in areas like Nagano Prefecture with a long history of tenant disputes) were already piling up in LDP headquarters, and farmers streamed into Tokyo to protest against the very idea of contributing. But at least as important were two essentially unrelated processes.

First, the internal factional battles that would soon depose Prime Minister Kishi were heating up. Executive Council Chairman Kōno Ichirō, a

⁵⁷ *Secret History*, pp. 33, 88, 64–65, 72–73, respectively.

⁵⁸ These were decided at a meeting attended by Fukuda Takeo, the head of the Policy Affairs Research Council; Hashimoto Ryōgo, the Minister of Health and Welfare; and Noda Uichi, the Special Committee chairman—all three had been Finance Ministry officials. See the interview with Noda in *Secret History*, pp. 69–74. Hashimoto, incidentally, died soon thereafter and his Diet seat was inherited by his then twenty-six-year old son Ryūtarō (the youngest member in Diet history). Ryūtarō went on to become Welfare Minister himself, and then Finance Minister and a candidate for the Prime Ministership.

major faction leader closely connected to agricultural groups, famous for both his antagonism to the ex-bureaucrats within the LDP and his talent for disruption, had already broken off from the mainstream factional coalition and moved into opposition. Although he had previously shown little interest in pensions, the contributions issue was ready-made for trouble-making by Kōno and his allies. Second, although the demand from Nōkyō for a MAA for local agricultural cooperative employees had already been granted in February 1958, the Finance Ministry had insisted on a provision to prohibit the use of the accumulated funds for housing loans, recreation facilities, and other benefits for Nōkyō staff (a privilege enjoyed by other MAAs). The group immediately began a campaign to reverse this decision, and for it too the contributions issue became a handy weapon.⁵⁹

This debate delayed LDP approval of the NPS draft into December, hard against the deadline. The argument was strident and contentious: Kōno as an individual politician and Nōkyō as a pressure group were exemplars of the pleasures of throwing one's weight around. Noda Uichi later vividly remembered his many visits with Koyama Shinjirō of the Welfare Ministry to Kōno's office and Nōkyō headquarters, but their arguments got nowhere until, finally, the LDP leadership gave in to Nōkyō's demand. This fourth swing of the pendulum was forthrightly described in a Welfare Ministry official history: "In early December the situation suddenly cleared up. Based on the condition that the Nōkyō MAA could also use its pension fund for the benefit of its members . . . an understanding was reached that the NPS would be (principally) contributory."⁶⁰

It was a victory for the Welfare-Finance coalition and social insurance principles, but not much of one: the contributory element in the National Pension as implemented was actually substantially compromised, though still big enough to cause trouble. The compromises included Finance Ministry agreement to a one-third subsidy from general revenues, later relaxation of the minimum enrollment period to provide still more heavily subsidized pensions to those with just five or ten years of contributions, and provisions that a substantial portion of the reserve funds would be used not for economic investment, but for welfare-related services.

The decision for contributions caused an immediate new problem. The question of what to do about those who would not be covered by contributory NPS could not be avoided, for both policy and political reasons, and led to a sharp albeit fairly decorous debate among the bureaucrats and experts. The protagonists were the Systems Council, which wanted a permanent though supplementary noncontributory pension to cover anyone

⁵⁹ *Pension Policy*, pp. 446–47.

⁶⁰ *Nijūnenshi*, p. 58, translated in *Pension Policy*, p. 446. Noda's story is told in *Secret History*, pp. 69–74.

too poor to contribute to NPS, and the Ministry of Finance, which offered only a transitory scheme covering those too old to have contributed long enough for benefits.

The Welfare Ministry here took a mediating stance. It accepted the Finance Ministry's idea of a transitory plan, which became the means-tested Welfare Pension (Fukushi Nenkin). This program is still operating today, and until the mid-1970s it provided some three-quarters of the population aged 70 and over with a small pension. It also met the Systems Council's concerns by adding a provision to the regular NPS for an exemption of contributions for the poor, those who were receiving public assistance or who applied to the prefectural government. This deal kept the enactment process on schedule at the expense of creating future policy complications—the exemption system has led to many contentious disputes over the severity of eligibility regulations and their applicability to individual cases.

The most important of these compromises with pure social insurance principles to meet political realities was the extraordinarily low contribution rate forced by the resistance to paying anything. Everyone would pay ¥100 per month before age 35, and then ¥150, well under a dollar. The promised benefits therefore also had to be low, at ¥2,000 a month (about \$11), which in turn meant a lack of much appeal for potential enrollees. The Welfare Ministry claimed on the basis of its formulas that the system was fiscally sound, although certainly it was structurally unsound in the sense that fixed-amount contributions from low-income groups could not be raised enough to cover any future benefit increases, inevitably incurring still higher government liabilities and less and less adherence to the real logic of a contributory system.

The Ministry of Finance's Fiscal Investment and Loan Plan (FILP) did gain some funds: in 1965, the addition to the contributory NPS reserve less the general revenue portion was ¥33 billion (\$184 million), and by 1970 that was up to ¥129 billion (\$717 million), which amounted to 3.7 percent of the ¥3,580 billion in FILP disbursements that year. But it should be noted, although I have not found any commentary making this point, that if the noncontributory Welfare Pension were included in the calculation, general account outlays for the entire NPS program exceeded its total revenues every year except for a brief period in the early 1970s. In that sense, there was no net accumulation of capital other than through accounting definitions—if NPS contributions were lumped in with taxes, as is done in the United States, the program would always have appeared in the red.⁶¹ There was thus no real financial point to the cumbersome contributions system.

⁶¹ Calculated from *Fifty-year History*, II, pp. 936–38, and Shibagaki Kazuo, “Nihon no Fukushi Kinyū,” in *Fukushi Kokka*, Vol. 5, pp. 109–69, at 144.

But then, the Finance Ministry's achievement, and perhaps its motive at the time, was less a matter of accumulating capital than restraining spending. If a noncontributory system had been installed, presumably pensions would have been paid immediately to everyone or nearly everyone 65 and over, rather than to the three-quarters of those 70 and over who actually received the means-tested Welfare Pension. Moreover, although the government could pay whatever it wanted in a noncontributory system, and the Finance Ministry would certainly have pushed for restraint, as a matter of practical politics benefits probably would have started at a higher level than the ¥1,000 a month Welfare Pension, and certainly would have grown more quickly (it took the Welfare Pension until 1970 to get to ¥2,000).

So the Finance Ministry won, but what about the Welfare Ministry? Leaving aside the undiscoverable matter of what benefit levels Welfare officials genuinely preferred, several points are clear: having to collect contributions incurred substantial resistance, including widespread refusal to enroll in the program; enormous administrative problems of collection and record keeping had to be dealt with, and the financial provisions were fundamentally flawed and brought continuous worries. All that trouble is a high price to pay for principle. Unfortunately, the question of whether the principle was worth the price was never really raised, because the LDP agriculturalist attack on contributions was—rightly enough—perceived as crass political manipulation. As a result, even so lively a debate obscured rather than clarified how the pluses and minuses might balance out for the Welfare Ministry's organizational interests or, for that matter, the Japanese public interest.

WHAT TO DO ABOUT HOUSEWIVES?

Women present difficult problems for pension policy everywhere because they are often but not always nonemployed dependents.⁶² In Japan, the EPS and the various MAAs assumed that housewives would share their husband's pension; along with the small dependent's allowance, the basic benefit was supposed to be large enough to support the entire household. The new National Pension was different: there was no dependent's allowance, and the wives of NPS participants were required to enroll and contribute on their own, so they would draw their own benefit after retirement. That provision perhaps made sense, but another did not: wives of participants in other pension systems were allowed to participate voluntarily.

The problem with voluntary enrollment is that benefits for the husband

⁶² The gender-biased terminology in this section, "wife" rather than "spouse" and so forth, reflects normal Japanese vocabulary at the time. Note that women who were employed had their own EPS accounts on favorable terms (smaller contribution rates and a lower pensionable age), and in some circumstances a dependent husband could receive a benefit.

in the EPS or a MAA could not be scaled back, because they still must cover the wife if she does not have her own pension. On the other hand, households in which the wife does enroll are then double-covered. In fact, under the provisions in effect until the system was reformed in 1985, an average couple retiring in the late 1980s who had participated in both EPS and NPS would have received the most generous public pensions in the world, actually higher than the average wages of current workers. Since one-third of National Pension benefits came from general revenues, this high income would have been heavily subsidized by taxpayers. And these were not isolated cases: by the mid-1980s two-thirds of the 28 million NPS enrollees were women, and half of these were voluntary participants.

This outcome was not intended. The way women were dealt with in the NPS is inexplicable in either cognitive or political terms; the decision was a nearly accidental by-product of an artifactual process. Because of the tight deadline and the need to deal with what seemed to be more pressing issues, the women's question was almost ignored by participants.⁶³ That was true from the start: whether women should be covered independently (rather than as dependents of employees) had apparently not been asked seriously when the EPS was reformed in 1954, and the early National Pension drafts excluded them. The flavor of how most of the well-off, middle-aged conservative males involved must have thought about this issue is well captured in this excerpt from an unpublished LDP working document from 1958:

It is normal for a wife to be largely supported and maintained by her husband. If wives are given their own independent NPS pension, then NPS would give a wife an independent source of income after her husband has been retired and has lost his own earning power. Thus in retirement the position of man and wife would be the reverse of what it was when he was working. . . . If the wife is normally provided for by the husband, then that condition should be continued in old age, with the pension going to the man, and the wife being supported through the man's pension.⁶⁴

There was a degree of ideological opposition to this view, based on the principle of equality of women as expressed in the 1947 constitution. Many also saw the dependent's benefit in the EPS as too small, or worried about pensions for divorced women. The main problem in simply leaving women out, however, was that a single contribution at the exceedingly low level dictated by other NPS decisions could not support a regular benefit big enough to support a couple, nor an adequate dependent's benefit.

⁶³ Which means it is hard to find materials: for example, Koyama's very detailed reminiscence of the process in the *Secret History* does not even mention the women's issue.

⁶⁴ Cited in *Pension Policy*, p. 462.

Mainly for that reason, the Welfare Ministry's outside National Pension Committee recommended covering women directly in NPS. The Ministry's crucial September 1958 draft went one step further, calling for compulsory NPS coverage of all wives, whether their husbands were in NPS or EPS. Perhaps giving the dependent wives of farmers and the self-employed their own pensions while employees' wives were covered only through their husbands (and not at all if divorced) seemed inequitable to Japanese officials; more important, as of 1959, the projected husband-plus-wife NPS benefit of ¥4,000 per month was larger than the projected EPS primary benefit plus dependent allowance, which was ¥3,500 per month.⁶⁵ Such an imbalance would cause political trouble.

The Ministry of Finance apparently cared little for this logic or for the point that compulsory coverage of wives in NPS would allow later limitations on EPS benefits. In October, it objected on narrow cost grounds, and proposed instead that wives of NPS enrollees be allowed to enroll voluntarily, and EPS wives should be excluded. The two ministries were thus at loggerheads. The LDP could have settled the issue, but Noda and the party's NPS special committee were distracted in fighting off the agriculturist push for a noncontributory pension, and completely ignored the women's question in their December draft. In short, the normal decision-making process had failed to deal with the issue. The legislation obviously had to say something about women, however, and someone had to decide what.

By default, the someone became the Cabinet Legislative Bureau, the small agency charged with writing proper language and checking out the legalities before a draft bill goes to the Cabinet for approval. Its officials are not supposed to deal with substance, but in this case, under enormous time pressure, they had no choice, and so mechanically split the difference between the Welfare and Finance Ministries—coverage of NPS wives compulsory, EPS wives voluntary. Because all the political energy available had been attracted to other NPS issues, the women's question was settled by default.

Launching

To the relief of the Welfare Ministry, it turned out to be possible to postpone the technically difficult job of writing provisions for job-change pensions, to take care of those who had been enrolled in more than one pension system, and negotiating these with the other ministries having

⁶⁵ Apparently no one even thought about the implications of extending a heavily subsidized pension (one-third of NPS benefits were to come from the Treasury) to relatively well-off employees' households. Incidentally, the women's problem was not even mentioned in the *Asahi Shinbun's* extensive front-page coverage of the September draft. *Pension Policy*, p. 464.

jurisdiction—otherwise the process would not have been finished in time.⁶⁶ Nonetheless, a great many difficult matters had been settled in the ten months between the April 1958 election and the submission of the bill to the Diet in February 1959. Complicated mechanisms for covering fatherless families and the disabled were invented. The detailed financial implications of the levels of contributions and benefits were worked through. The Finance Ministry, faced with the threat of a noncontributory system, agreed to assume a hefty subsidy, and in turn succeeded in gaining control of the reserve fund. The Home Affairs Ministry was talked into the new administrative burdens for local governments.

These were substantial burdens: an elaborate administrative apparatus had to be set up to assess eligibility for the Welfare Pension and to register enrollees. Extraordinary networks were organized to distribute contribution stamps, including local groups like women's clubs selling on commission, with local officials mobilized to supervise.⁶⁷ Because no funds for implementation had been provided in the national budget, local governments either induced their assemblies to make special allocations or somehow squeezed enough money from other accounts.

It is clear that the National Pension issue had brought many conflicts among ministries and between the national and local government levels. It also caused—or perhaps reflected—conflict between the conservative and progressive camps: in the era of the reverse course, the security treaty controversy, and Kishi's "high-posture" tactics, cooperation in the Diet was unlikely. The JSP came to oppose the NPS and voted against it, even though the main interest of the big unions had been satisfied when unification had been dropped and the noncontributory idea rejected. One reason was that radical small unions of marginal workers and other organizations connected to the party violently opposed making contributions, but the main factor was the heated atmosphere of the time—many on the left argued that the real purpose of the NPS was to accumulate funds to support Japanese rearmament.

The socialists did not choose to impede Diet deliberations—the NPS bill passed easily in April 1959, after just over two months of deliberations—but they spearheaded a movement against participation that was quite effective in many cities.⁶⁸ Moreover, in rural areas, opposition to contribut-

⁶⁶ *Reminiscences*, p. 125.

⁶⁷ According to Lewis, even in the 1970s over 300,000 separate associations were selling NPS stamps; many local governments also employed door-to-door collectors. Pension Policy, pp. 109–11, and Tomio Higuchi, "Pensions in the Japanese Rural Sector," *International Labor Review* 116:3 (Nov.–Dec, 1977): 315–29. Secret History, pp. 91–124, includes colorful anecdotes of the difficulties of such makeshift administration.

⁶⁸ In Tokyo, the strength of the movement particularly around the time of the Fall 1960 election, plus even more widespread indifference, made signing people up exceptionally dif-

ing had been fanned by the support by Kōno and other LDP Dietmen and continued well into the 1950s. The government was forced to respond to this opposition with three sets of amendments in the early 1960s that increased the treasury subsidy still further, relaxed qualifications for both contribution exemptions and Welfare Pension benefits, established a death benefit, and provided that a portion of the accumulated funds be used for various projects that were supposed to benefit enrollees. Less formally, the officials decided not to force the many noncontributors to enroll through legal means, nor to require payment of lapsed contributions.

Interpreting the National Pension

Liberals and conservatives might differ over whether the National Pension was generous enough or needed at all. No one could argue that the program as enacted was good public policy. The NPS was capricious in its coverage, financially unsound, extraordinarily difficult to administer, and for years engendered far more resentment than gratitude even among its intended beneficiaries. That is not just an outsider's judgment; as Paul Lewis points out, it was the consensus view of virtually all the groups working on pension reform in the 1970s, and indeed all three of the provisions I have emphasized here, plus several others, were substantially revised in 1985.⁶⁹ It is thus worth asking what went wrong, and evaluating our working hypothesis that characteristics of the policy-change process are important causes, though naturally not the sole causes, of characteristics of the resulting policy. Here, a confused policy was produced by a confused process, by what we have called artifactual decision making.

The most obvious example is women: voluntary coverage of employees' wives was irrational in terms of Japan's dominant national goals or of practical problems, and although one can detect hints of an argument that women should have an independent pension, this feminist appeal was backed by no politicians or interest groups with any power at all. The fact that eliminating this provision became a virtually noncontroversial goal for pension reform in the 1970s indicates that an accident—an artifactual decision—had occurred. When we look at the actual process, we find a lack of political controversy or indeed much attention at all attached to this issue, and then a last-minute decision made by the legal technicians of the Cabinet Legislative Bureau, who had no interest in the National Pension beyond their need to get something written. Voluntary coverage of em-

ficult. In October, some 700 local officials plus 500 temporary employees tried to visit each of the 2.52 million households in Tokyo, but by the end of the year only 1.51 million people, 52 percent of the estimated eligible population, had been enrolled. *Secret History*, pp. 106–09.

⁶⁹ *Pension Policy*, Part IV.

ployees' wives is a clear case of what the garbage-can theorists call choice by oversight, the decisions that get made when no one is looking.⁷⁰

Artifactual elements usually are more entangled with cognitive and political elements. First, consider again the contributory versus noncontributory issue. If one looks only at the result, a rational interpretation in terms of national goals (holding down consumption to favor growth investment) certainly makes sense. A political interpretation that sees the decision as the defeat of the LDP agricultural group by the Finance Ministry—each actor pursuing a logical goal—is also quite plausible. The several exceptions to the contributory principle (the Welfare Pension, exemptions for the poor, the heavy Treasury subsidy) can well be seen as political compromises.

But when one looks at the process, doubts come to mind. Why did the Dietmen give up so easily? The materials for organizing a real anticontribution movement were available, but Kōno and Nōkyō were really more interested in different games and so dropped out quickly. If they had not dominated the issue, perhaps some politicians with real stakes might have taken the lead, and stayed the course. Why did the Welfare Ministry favor the Finance Ministry's contributory position? Rationally speaking its interests might have been better served by a noncontributory pension, but lacking good information on foreign systems and enough time for analysis, Welfare officials continued making "programmed" responses about principles. If a coalition for a noncontributory pension had grown up between the Welfare Ministry and the LDP rank-and-file against the Finance Ministry, it would have been quite formidable, and not a violation of the rules of the game (this pattern is of course normal in the agriculture and public works areas). Factors we would call artifactual, as well as perversions of the cognitive mode, are thus a cause of the contributory system in the sense that they are crucial to an explanation of why the movement for a noncontributory system failed.

A similar line of argument applies even more clearly to the unification issue, where fragmentation of pension systems is clearly irrational, and the political power of the actors who should and in most cases actively did favor unification was greater than that of the opponents (really just the unions, who were outside the governmental system, and the ministries who wanted to protect their own MAAs). The fact that today a unified basic pension scheme has been enacted, despite the vested interests built up over twenty years, is a good indication that a successful coalition could have been formed by the Welfare Ministry and the LDP leadership (recall Kishi's worries about controlling interest group demands and his abortive

⁷⁰ See Michael D. Cohen, James G. March, and Johan P. Olsen, "A Garbage Can Model of Organizational Choice," *Administrative Science Quarterly* 17:1 (March 1972): 1–25.

proposal to fold *onkyū* into pensions), supported by big business (attracted by a contracted-out second tier, as was actually passed in 1965) and probably by many Dietmen (if the basic pension could be made noncontributory). Some reasons this coalition did not happen were lack of time, too many other problems to deal with, and the distracting turf war between the experts of the Systems Council and the Welfare Ministry—all artifactual.

More might-have-beens could be added. The relationship of contributions to benefits, or in other words the extent of funding versus pay-as-you-go, was a major issue in nearly every pension policy change in the postwar period, but it received little attention when the National Pension was established. One reason was that so much energy was devoted to the contributory versus noncontributory issue; another was that the progressives who usually support lower contributions and higher benefits were distracted by more ideological concerns. In effect, the Finance Ministry won by default—an artifactual nondecision.⁷¹

In general, looking at the overall NPS process, one cannot miss its resemblance to a garbage can. Participants floated in and out: Kishi mentions unification in his policy speech and then goes away; Kōno comes out of nowhere; Nōkyō, the *onkyū* groups, and the small radical labor unions cause trouble for their own reasons. All sorts of problems are jumbled together, even the Security Treaty. Ad hoc solutions appear: ceding control over MAA funds, covering women voluntarily, two-tiered contributions. Many participants change their minds in midstream: the Welfare Ministry switches from a tiny to an enormous recommendation to its advisory committee; the official positions of both the Liberal Democrats and the Socialists vacillate on the contributions issue; when a social movement develops among beneficiaries, it is against the NPS. Considerable energy is generated, but it fastens itself to trivial issues while important ones slide by. The mystery is perhaps that a workable system emerged at all—though given all the later amendments, workability itself might well be questioned.

Why did the NPS decision become so artifactual? Garbage cans occur when goals are unclear, means uncertain, and participation fluid. The relevant goals were unclear because there was no real social problem to be addressed. No one really knew what the NPS was for. Means–ends relationships were uncertain because NPS was a new system. Questions like how a given level of contributions would affect enrollment or even whether the administrative task of collecting contributions from farmers would be possible could not be answered without experience. Participation

⁷¹ The Welfare Ministry calculated that contributions plus the one-third subsidy from general revenues would fully cover future benefit obligations, technically achieving a fully funded system, although its methodology was somewhat dubious.

was fluid because this issue was fought out in the general political arena, where the boundaries are vague and the rules of the game rather lax, at a time when political energy levels were high. The NPS case thus contrasts sharply with the constricted participation of the four processes of the early 1950s, which did not rise above the subarena level and which each proceeded in a rather straightforward way.

If goals and means had been better understood and participation more limited, the process doubtlessly would have been more cognitive, in that discussion would have focused more coherently on appropriate solutions to defined problems. Probably it would also have been more political, because contenders would have had a better idea of what they were fighting about. As it was, decisions were quite susceptible to intrusion by extraneous problems and solutions, whimsical participation, and the vagaries of timing, jurisdictional disputes, and accidents about which countries are easiest to learn about. Excluding such artifactual elements would have required better control over the process, stronger policy sponsorship, on the part of Welfare Ministry officials.

PENSIONS IN THE 1960s

A new Pensions Bureau was established by the Ministry of Health and Welfare in 1959 to administer the National Pension, and after a short tussle with the Insurance Bureau it gained control of the Employees Pension as well. The new bureau was quite busy in its early years coping with implementing the NPS and, as noted previously, passing a set of amendments in 1961, 1962, and 1963 designed to make the system more attractive. It also shepherded the complicated negotiations on job-change pension (*tsūsan nenkin*) provisions, resulting in two more bills sent to the Diet in 1961. After this tidying up, the decade of the 1960s saw two additions to the pension system, the 1965 Employee Pension Fund and the 1970 Farmers' Pension, and two jumps in benefit levels for both the Employee and National Pension systems.

These policy changes are significant enough to warrant a brief account, and they are interesting in terms of our theory. That is, compared with the lively NPS enactment of the late 1950s or the old-people boom of the early 1970s, the 1960s were a placid era for pensions and social policy in general—in and out of government, people were more taken with economic matters. This section and the following chapter thus provide several good examples of nonhectic policy change.

The Mid-1960s Reforms

In 1962, Koyama Shinjirō was about to retire as the first director of the Pension Bureau, and a leading official named Yamamoto Masayoshi was

selected as his successor. Yamamoto had been serving as chief of the Ministry Secretariat and had already been worried about the Employees Pension: its benefit level of ¥3,500 for a couple was clearly inadequate in the light of Japan's improved living standards, and was even lower than the ¥4,000 per couple established for the NPS. Although the public was not much engaged, several events were focusing attention on pensions within governmental circles. In 1962, the first old-age pension payments started for regular EPS enrollees (those who had participated for twenty years since 1942), and in the same year the Social Security Systems Deliberation Council produced a major new report calling for a substantial increase in benefits, saying that the present level was clearly inadequate and lacked the appeal (*miriyoku ni toboshii*) to build public support. Another incentive was that Chūseiren, the small-business group, was still agitating for a separate system. When asked by the vice minister to take the new post, Yamamoto replied, "You will have to promise me the job for three years. Pensions are a big job, and if the bureau chief changes after one or two years it will be impossible to establish a solid policy." "O.K., go ahead," was the reply.⁷²

THE EPS ¥10,000 PENSION

Yamamoto saw his main task as building public confidence in the pension system, which required getting benefits up to a more reasonable level; the Employee Pension had not been hiked since 1954. The chance to do so was provided by governmental routines: the regular Fiscal Review of the Employees Pension was scheduled for 1964.⁷³ Yamamoto put his energy into establishing the so-called ten-thousand yen pension (*ichiman-en nenkin*) as the model monthly benefit after twenty years of average contributions. A hike from ¥3,500 to ¥10,000 was an aggressive move, and there was opposition from some senior ministry officials who thought a ¥7,000–¥8,000 benefit would be more prudent. Yamamoto replied that the Welfare Ministry's standard calculations of future financial burdens could be balanced, and pointed out that ¥10,000 would be 40 percent of the then average wage; after thirty years' participation the pension would be ¥15,000 or 60 percent of average wages, the International Labor Organization standard.⁷⁴ Within the ministry, Yamamoto carried his point that this dramatic increase was needed to gain public acceptance of the

⁷² *Secret History*, pp. 127–28; also see *Fifty-year History*, pp. 1408–13.

⁷³ The Fiscal Review (*zaisei saikeisan*), an analysis of pension finances, was stipulated in the 1954 reform so that the contribution rate could be raised every five years, necessary because the rate had been set artificially low due to political pressures. From 1965, the Review was also supposed to adjust benefits.

⁷⁴ *Secret History*, pp. 128–29. These average wages exclude bonuses so the percentages are overstated, and wage growth was higher than estimated, so that the ¥10,000 actually was 36.1 percent of average wages in 1965. See chap. 5 for the replacement ratio criterion as used in Japan.

pension system. Whether such a quantum jump would be approved by others remained to be seen.

EMPLOYEE PENSION FUNDS

As it happened, the usual main opponent to expanding public pensions, big business, had by now significantly changed its position. In the first scheduled EPS Fiscal Review back in 1959, business pressure—along with the distractions of the NPS—had precluded serious consideration of a benefit increase (and more than a marginal hike in contributions). But big companies were starting to worry more about their own financial problems with retirees: in particular, the tax relief they had gained in 1951 applied only to a fixed amount (and thus a declining proportion) of the retirement bonus, and in any case expensing the entire bonus in the year of retirement was increasingly burdensome. Influenced by the American system of private company pensions, Nikkeiren began touting company pensions paid over an extended period rather than a single-payment retirement bonus, and financing by building up reserve funds. Nikkeiren joined with the associations of trust banks and insurance companies (who would handle the reserves) to ask the Ministry of Finance for tax-deductibility of the payments into reserves. This demand was granted with little difficulty in 1962, establishing a new program for corporate pensions called the Tax-Qualified Retirement Pension System (Tekikaku Taishoku Nenkin Seido).

The still larger problem for business was having to support both their own private systems and the public EPS. Nikkeiren had been calling for some sort of coordination since the early 1950s, and these efforts were stimulated when its favorite solution—allowing companies with corporate pensions to opt out of EPS—was legitimated by the British pension reform of 1961. This legislation had introduced an income-proportional pension, but allowed large firms to contract-out by providing their own insurance pools. In 1963, during the Social Insurance Deliberation Council's discussion of the upcoming Fiscal Review, employer representatives demanded that large companies should be allowed to take over the income-proportional part of the EPS (the flat-rate portion would remain with the government), and then substitute this new pension for their old single-payment retirement bonus. Unions resisted strongly; they saw the retirement bonus as deferred wages, a matter for negotiation between labor and management, and called the proposal a reverse step on the road toward a full-fledged social insurance system.⁷⁵

The Council deadlocked and could not make a recommendation, but in the end, Welfare Ministry officials turned the confrontation to their own advantage. They gained tacit union approval for contracting-out, smooth-

⁷⁵ See "Development," pp. 185–94, and *Fifty-year History*, pp. 1416–20.

ing the way by arranging some sweeteners to the Nikkeiren proposal (worker approval would be needed, benefits must be at least 30 percent higher than under regular EPS, and reserve funds had to be deposited in a trust bank or insurance company rather than invested by the firm).⁷⁶ In turn, they secured business approval for their own goal, of course shared by the unions, of tripling regular EPS benefits. The deal worked: the Finance Ministry went along without demur, and both proposals were included in amendments to the EPS Law which passed the Diet in 1965 (with some socialist additions, such as a requirement that a new system be approved by a company's union as well as by a majority of its workers).

The new Employee Pension Funds (*Kōsei Nenkin Kikin*) were popular, with 142 companies or consortia (a main firm plus subsidiaries, or firms in the same region and business) covering about 500,000 employees signing up in 1966. The program grew to over 1,200 funds with almost eight million enrollees (and over ¥17 trillion or \$94 billion in assets) by the early 1980s. Coordination had not worked out entirely as business hoped, however, since many of the companies with funds continued to pay retirement bonuses as well as the prescribed pensions. In the longer run, many experts foresaw substantial problems as the main EPS moved toward pay-as-you-go financing, since the contradiction with the funded private-pension character of the funds would then become acute.⁷⁷

BALANCING THE NATIONAL PENSION

At the same time as these changes in the EPS, preparations were getting under way for the first Fiscal Review of the National Pension in 1966. As with the EPS, such scheduled Reviews were to examine revenue-expenditure projections and raise contributions at five-year intervals, but they also provided a choice opportunity that might activate additional problems, solutions, and participants. There were quite a few potential contenders. Many Welfare Ministry officials and experts maintained their interest in extending the NPS as a basic pension to all citizens to create a unified, universal system, and also entertained ideas about trying to introduce price indexing for benefits or other reforms.⁷⁸ A view had also gained strength

⁷⁶ These restrictions, particularly safeguarding the funds, were also favored by the Ministry under social insurance principles. Business leaders grumbled that instead of the British contracting-out system, which would give them flexibility, they were forced into becoming agents (*daikō*) for the Welfare Ministry. "Development," p. 194 n. 38.

⁷⁷ This problem was intensified by the government later agreeing to cover costs of price-indexing of Fund pensions. Murakami Kiyoshi, "Konpon kara Minaosu Hitsuyō no aru Mujun Darake no Kōteki Nenkin Seido," Special Issue, *Shūkan Tōyō Keizai* (December 22, 1989): 70–77.

⁷⁸ According to later bureaucratic hagiographers, Yamaguchi Shinichirō—later the architect of the 1985 pension reform, then an assistant division chief in the Pension Bureau—wrote up a "dream" draft for this NPS review including unification and other forward-look-

that the NPS should move from a flat-rate system to income-related contributions and benefits, so that benefits could be raised to a livable level for the general population without imposing impossibly high contributions on lower-income groups. This was not just a theoretical point: politicians' complaints during Diet debates in the early 1960s had prominently targeted the inadequacy of the NPS benefit, and as will be described later, the Ministry of Agriculture had proposed such a system for farmers in 1965. Broadly perceived problems, some reasonably well-developed ideas about solutions, and a coalition with substantial energy resources to back a thoroughgoing reform would all seem to have been available.

However, no actor outside the Welfare Ministry was both willing and able to take the lead, and the bureaucrats had hardly forgotten the troubles of 1958 and the subsequent pressures that had forced so many concessions in the early 1960s.⁷⁹ They were fearful of reopening a can of worms, particularly when the bargain struck over the EPS expansion was still at a delicate stage. Moreover, the idea that seemed easiest to attain—a simple benefit hike—had much to recommend it: the local officials who were still trying to expand enrollment and fight off the anti-NPS movement saw higher benefits as the key to future success, the catchy “ten-thousand yen pension” slogan had public appeal, and the success of Prime Minister Ikeda's income doubling economic policy meant that constraints on new obligations would be relatively low. The Pension Bureau therefore let structural reform go by, and decided instead to more than double the individual pension from ¥2,000 to ¥5,000 a month (after twenty-five years of contributions), so that a couple would receive ¥10,000 per month. Contribution levels were also to go up, but because of continued resistance it was decided that the increase should be limited to ¥100 (56 cents) a month.

In 1965, in the midst of this process, Yamamoto was promoted to vice minister and Ibe Hideo took over as director of the Pension Bureau. He immediately began organizing local government officials and the national groups that represent localities into a pressure campaign; later he helped organize an informal LDP Dietmen's League to back up the demand. However, perhaps because no real opposition developed, this campaign did not become very active, and it attracted little publicity. The new benefit formula became part of the Ministry of Health and Welfare's requests for the 1966 budget, where it was approved with virtually no controversy.⁸⁰

ing provisions. “Zadankai: Ko Yamaguchi Shinichirō Nenkin Kyokuchō o Shinobu,” *Nenkin to Kōyō* 4:3 (September 1985): 86–102, at 97.

⁷⁹ Then Bureau Chief Yamamoto in 1985: “It's too bad, but because ‘pensions for all’ had just started up in 1961, [Yamaguchi's] plan was just talked about within the Bureau and never reached the surface.” Ibid.

⁸⁰ The Finance Ministry's semi-official account of the 1966 budget mentions the increase only in passing, and the NPS did not come up at all in a long-published discussion among

The reform itself (an amendment to the National Pension Law) was passed by the Diet without dispute in February 1966.

In effect, the 1966 National Pension reform was approved without ever really getting to the general policy agenda. No one outside the specialized arena appeared to pay much attention, even though this was an enormous policy change in at least three respects. First, the level of obligation was far higher than anything even contemplated in the highly conflictive process that had led to enactment of the NPS only six years earlier. An extra ¥3,000 a month for some twenty million NPS participants would mean an additional future obligation of ¥720 billion (\$4 billion) a year, a substantial amount (for example, the Welfare Ministry's entire budget for 1965 was just ¥482 billion). Second, the fiscal soundness of the system—whether contributions plus the Treasury share and interest would cover future obligations—was at least thrown into doubt.⁸¹ Third, a completely new guiding principle had been established, that the EPS and the NPS should be in balance (*baransu*), in the sense that two National Pension benefits should match one model Employee Pension benefit plus the wife's supplement.

Adoption of this balance notion—which Ibe later called an “historic step”—was clearly a gloss of superficial rationality on political expediency, trading on Japan's unusually strong norm of fair allocation of either gain or pain across categories defined as somehow equivalent.⁸² An elementary knowledge of pensions demonstrates why benefit levels in two such different systems should not be equalized, and in fact the linkage was soon regretted by Welfare Ministry officials and was quietly abandoned a decade later. The NPS benefit hike was another decision by oversight—a few closely connected officials and experts simply decided a fundamental issue

reporters of how the budget process had developed. See the Finance Ministry's publicity organ *Fainansu* 1:3 (February 1966): 12–27, 63–68. The only two policy changes in the welfare area that were mentioned were an *onkyū* pension hike and a new small benefit for the severely handicapped, among perhaps fifty policy items the reporters found worthy of note—clearly NPS was not a big issue in the mid-1960s.

⁸¹ According to the Welfare Ministry's later official account, the new contribution rate (¥200 a month up to age 35, ¥250 thereafter) was equal to the actuarially calculated standard contribution (*hyōjun hokenryō*), but the then Pension Division chief remembered a conscious decision at the time to relax full funding to modified funding so that contributions would not have to be raised too much, and then Bureau Chief Ibe recalled that this decision was taken without sufficient discussion in the flurry of budget negotiations. See Kōseishō Nenkin'yoku Sūrika, ed., *Nenkin to Zaisei* (Tokyo: Shakai Hoken Hōki Kenkyūkai, 1981), p. 145, and *Secret History*, pp. 130, 133, 139.

⁸² Cultural and other explanations are plausible: see my “Japanese Budget *Baransu*” as well as the editor's introduction in Ezra Vogel, ed., *Modern Japanese Organization and Decision-Making* (Berkeley: University of California Press, 1975), pp. xxiii–xxiv and 71–100. For Ibe's remark, see the “Zadankai” cited previously, p. 89.

as they preferred, and other participants accepted it without paying much attention.

NONCONTROVERSY

One reason they did is that the Ministry of Finance officials, who might be expected to object, were unusually busy. The recession of 1965 had forced deficit financing for the first time in the postwar period in both the 1965 supplementary budget and the main budget for 1966. These two budgets were being compiled simultaneously, which meant that Finance officials were confronted with a large quantity of routine budget decisions, while also seeking ways to stimulate the economy and dealing with the many new and significant implications of going into debt. They had little energy left over to worry about pension matters, particularly since the benefit expansion required no immediate expenditures.

Of course, the 1958 decisions had little to do with immediate spending either, and yet the Finance Ministry had been an active and important participant. A key difference is that the earlier process was about establishing a new system, and so Finance officials and other participants had to figure out how it would affect their interests. In 1965, even though benefits were more than doubled, the issue could be perceived as a simple incremental expansion (and the EPS ¥10,000 pension seemed to provide a plausible precedent).

So there were significant differences in terms of a cognitive mode of policy change, and the political side was also different. Unlike 1958, in both the EPS and NPS reviews and the Employee Pension Fund idea, the Welfare Ministry had entered with a clear-cut proposal, backed up by the appropriate deliberation council recommendations and apparently unanimous subgovernmental support. Once Nikkeiren had accepted the EPS hike and the unions agreed to the new Funds idea, that deal was done. The pressure campaign behind the NPS reform that Ibe Hideo had organized may not have been very powerful in terms of big-league budgeting, but it was enough to assuage any Finance Ministry worries. Since only financial matters were in question, once the Welfare Ministry had approved and supported the proposal and the Finance Ministry chose not to make an issue of it, no one was left to object and thereby put the issue on the active general-arena agenda.

The Late-1960s Expansions

The pensions policy community, attached as it was to rational principles and the goal of constructing a modern pension system, was left uneasy by the mid-1960s pattern of quantitative expansion without structural reform. Doing more, however, would require formulation of a comprehen-

sive plan and mobilization of enough impetus to push it through. In 1967, Ibe thought that such a chance impended, and he decided to move up the next Fiscal Reviews for both the Employee and National Pensions (by one and two years respectively) so that a simultaneous reform covering the entire system could be proposed. He hoped the necessary energy might come by making an ally out of an old opponent, Japanese farmers. Therein lies another story.

THE FARMERS' PENSION

Recall the fundamental irony of the 1950s National Pension process: that a system invented as a political payoff came to be resented by its payees. The NPS was intended mainly as a pension for farmers, although other self-employed people and employees' wives were also included, yet the predominant reaction to it in rural areas was resentment. The most dramatic manifestation of this mood was the highly public anti-NPS movement. Of course, this campaign was closely identified with the left and could not attract the great majority of farmers, whose political orientation was conservative, nor the established agricultural interest groups who were closely connected with the LDP. But even conservative farmers and agricultural groups were far from enthusiastic about NPS.

During the early 1960s the demand for a special and better pension for farmers was being advanced (as one among many issues) by both the National Association of Agricultural Cooperatives (Nōkyō) and the National Chamber of Agriculture (Zenkoku Nōgyō Kaigisho).⁸³ It appears that these two organizations, whose constituencies were virtually identical and who shared an uneasy history of both cooperation and competition, together were responding to the mobilization of left-wing farmers' unions in the anti-NPS movement, while separately trying to appear as the champion of the farmers' desire for better pensions. Their claim—a familiar one in agricultural politics—was that farmers were not being treated as well as urban workers, in that the NPS was inferior to the EPS. Specifically mentioned were the twenty-five year maturation period, the pensionable age of 65, and the flat-rate benefit (where for employees the corresponding provisions had been twenty years, age 60, and an income-related benefit).⁸⁴

The agricultural interest groups had ready access to the Ministry of Ag-

⁸³ The former is the famous one, the latter is an outgrowth of the Occupation-era structure for carrying out the land reform and is a corporatist, pyramidal organization with aspects of both a quasi-official administrative organization and an independent interest group. On this point and agricultural politics in general, see Michael H. Donnelly, "Setting the Price of Rice," in T. J. Pempel, ed., *Policymaking in Contemporary Japan* (Ithaca, N.Y.: Cornell University Press, 1977), pp. 143–200.

⁸⁴ Zenkoku Nōgyō Kaigisho, ed., *Nōgyōsha Nenkin Kikin Hō no Kaisetsu* (Tokyo: Zenkoku Nōgyō Kaigisho, 1971), p. 6. This report is a detailed account of the entire process.

riculture and Forestry, whose officials quickly got busy on the issue. As noted earlier, in 1965 the Agriculture Ministry sent a detailed memorandum to the Welfare Ministry, urging an elaborate new system for farmers, and not incidentally providing for management of the accumulated funds by the agricultural organizations. The general idea had some appeal to the pension officials and experts who wanted to achieve structural reform of NPS in the 1966 amendments, but when they decided to press simply for higher benefits, all such plans fell by the wayside. The interest groups—or it is fair to say at this point the entire agricultural subgovernment—then took the political route and talked with their many friends in the LDP, via Minister of Agriculture Kuraishi Tadao. The fact that a general election was impending made this strategy especially attractive. It worked: Prime Minister Satō Eisaku promised to enact a new pension for farmers in a January 1967 whistlestop campaign speech at Utsunomiya Station. He called it *nōmin onkyū*, implying the sort of noncontributory benefits that were paid to veterans and “war victims.”

The use of this term indicates that Satō or his speechwriters had not thought about the farmers’ pension issue very much—extending the *onkyū* idea to farmers made no sense at all—and he probably saw his statement as a simple election promise.⁸⁵ In any case, this speech put the farmers’ pension issue on the policy agenda, although in the words of a participant I interviewed ten years later, “the Prime Minister’s statement was really ‘do something,’ not so much what to do. The contents of the program came later.”

The Agriculture Ministry immediately set to work to come up with a concrete proposal. It first worked with a Nōkyō draft that amounted to a mutual assistance association—the government would be seen in effect as the employer for farmers, so the Treasury subsidy would be very high, and administration would be by the agricultural cooperative organization itself. This proposal did not get very far. First, it was strongly opposed by the Welfare Ministry, since farmers would be removed from NPS (threatening its finances and indeed all principles of sound pension policy), and undoubtedly the Finance Ministry as well would resist. Second, inside the Agriculture Ministry (and later also among the political leadership), the farmers’ pension issue became caught up in the broader stream of agricultural policy making, which was quite turbulent in the second half of the 1960s.

Sparing the details, we can note two key problems: the farm population was shrinking and rapidly aging as younger workers departed for modern industry, and agricultural productivity was low partly because of the dis-

⁸⁵ By March, when Satō renewed his promise in a Diet committee hearing, he had changed the term to *nōmin nenkin*. *Nōsei Chōsa Jihō* 157 (April 10, 1968): 12.

persed pattern of small land holdings. Government policy had been to maintain the transfer of labor to increase agricultural productivity, and to keep farm incomes in some sort of parity with urban households mainly through heavy subsidies for rice-price supports. By the latter 1960s these policies had run into trouble, signified by enormous rice surpluses and a substantial fiscal drain.⁸⁶ Increasingly, the farmers' pension idea became seen as one among several structural reform solutions to this dilemma. The proposal that emerged was avowedly designed "to improve the present agricultural structure, that is, to increase large scale agricultural management, and also to promote management by the active, younger generations . . . [by stimulating] retirement of older farmers."⁸⁷ This notion may have been in the minds of some Agriculture officials and LDP Dietmen even in the early 1960s; it crystallized in a Farmers' Pension Problem Study Group (Nōmin Nenkin Mondai Kenkyūkai) organized by the Agriculture Ministry and the Chamber of Agriculture in June 1967.

Here the interests of the two agricultural groups diverged: the Chamber was much closer to the Ministry and was an enthusiastic proponent of structural reform, whereas Nōkyō had a strong ideological and practical commitment to maintaining the small family farm and a large agricultural population.⁸⁸ Nōkyō never opposed the farmers' pension, and in the final stage offered active support, but for most of the process it was a relatively passive and sometimes carping participant. The Chamber provided most of the impetus within the subgovernment. It organized a support association with chapters throughout rural Japan, sponsored a series of large demonstrations in Tokyo, gathered three million signatures on a petition, and of course mobilized Dietmen from agricultural areas, primarily conservatives but opposition party members as well.

This case is an excellent example of how a policy-change sponsor can manipulate ideas to increase support and diminish opposition. The fundamental linkage of benefit increases with agricultural structural reform brought the interests of farmers at the grass-roots level (and therefore politicians too) into conjunction with the interests of Agriculture Ministry bureaucrats, and also made the package far more appealing to the political leadership. At least lukewarm support was won from Nōkyō by including it in the program's administration, and from the Ministry of Health and Welfare by adjusting the plan to build on rather than supplant the National Pension.⁸⁹ The Finance Ministry remained formally opposed, but it was in

⁸⁶ See Donnelly, "Price of Rice," for a good analysis.

⁸⁷ From the Welfare Ministry's official annual, the *Outline of Social Insurance in Japan*, 1982, p. 86.

⁸⁸ A participant I interviewed observed also that Nōkyō itself runs an enormous insurance program for farmers, which higher pensions might threaten.

⁸⁹ The Welfare Ministry appointed a special subcommittee of its National Pension Delib-

effect committed to structural reform as the only plausible long-run solution to the rice-subsidy problem, and had little basis for opposition to the subgovernment's choice of policy tools for carrying it out.

In any case, after this substantial buildup, the proposal came up for approval in 1969, during the 1970 budget process, in the midst of which another general election was held. The Agriculture Ministry requested ¥8.4 billion for the first year, the Finance Ministry offered ¥2 billion, and in the final negotiations a compromise was reached at ¥3.5 billion as part of a large agricultural policy package that included rice-price supports and a variety of incentive payments. The formula that was adopted well reflects the many policy goals and political interests that had been accommodated. Farmers aged 60 to 64 who retired by passing their land to heirs or certain third parties would receive a Management Transfer Pension of ¥16,000 a month until age 65, when it would drop to 10 percent of that amount; he would then also receive (as would farmers who had not retired) a Farmers' Old Age Pension of ¥3,600 a month plus his regular National Pension (his wife would also get the National Pension when she reached 65).⁹⁰ The usual gaggle of provisions for less-than-full maturity, one-time payments, reduced contributions in time of need, and so forth were added. Although the program is contributory, the Treasury subsidy is much higher than for other pension programs. Some of the accumulated funds are devoted to projects benefiting farmers and to land purchases for the purpose of rationalization. Both Nōkyō and the Chamber of Agriculture participate in local administration. At the national level, the program is managed by an organization called the Farmers' Pension Fund, which is under joint jurisdiction by the Ministries of Welfare and of Agriculture.

From a rational-policy point of view, this arrangement does not make much sense. The Management Transfer pension is not really a pension at all, it is simply an incentive payment to encourage new management, and as such belongs in the Agriculture Ministry. The Farmers' Old Age Pension is an ordinary pension and belongs in the Welfare Ministry (which does have experience in managing specific occupational pensions, such as Seamen's Insurance and the special provision for coal miners in the EPS). The two programs are separately financed and have different purposes, and

eration Council to consider the proposal. It included representatives of both agricultural groups, familiar old Welfare Ministry faces such as Koyama Shinjirō, and several academics including the famous Tokyo University rural sociologist Fukutake Tadashi, who was the Ministry's main expert throughout the development of the farmers' pension idea. This group approved the pension proposal on grounds that it was mainly an agricultural policy, and Welfare Ministry officials helped out by drawing up the technical pension provisions.

⁹⁰ These figures are as of 1970 and are based on twenty years participation. *Nōsei Chōsa Jihō* 181 (June 10, 1970): 41. A decade later, after benefit increases and indexation, the benefits were more than triple these amounts, and totaled to roughly the ILO standard of 60 percent of average wages.

since the Farmers' Old Age Pension does not even require retirement, it has no agriculture policy attributes. Still more to the point, giving farmers this extra, heavily subsidized pension on top of the NPS puts them out of balance with other self-employed people, and would seem to run counter to Welfare Ministry's principles and interests. So why did Welfare officials not object?

THE 1969 EPS/NPS REFORM

The answer seems to be that they did object at the early stages. In the same March 1967 Diet session in which Prime Minister Satō reaffirmed his election promise, Welfare Minister Bō Hideo was also asked about the Farmers' Pension, and he replied that the NPS needed improvement, that insurance systems required broad coverage, that fragmentation to cover particular groups separately led to a poor system, and that the needs of aging farmers should therefore be handled within the NPS framework.⁹¹ Behind this statement was Pension Bureau chief Ibe Hideo, who saw the new proposal (and the impetus behind it) as offering a chance for a substantial reform of the pension system. It was then that he proposed the simultaneous Fiscal Review of both the National and Employees' Pension Systems for 1969. The Finance Ministry was reluctant to approve this re-scheduling, fearing a pyramiding of pressures that would lead to big commitments, but it went along when Ibe promised to try to bring the *onkyū* system into the review as well—a still more comprehensive reform.⁹²

The Pension Bureau thus geared up its advisory committees. There were separate committees for EPS and NPS, and apparently no formal effort was made to bring them together, but both started deliberations in September 1967, and after many meetings both reported in October 1968. Despite the parallel discussions, however, apparently there was not much serious attention to an overall reform. The reports themselves and the Ministry's subsequent draft bills were mainly devoted to issues peculiar to each system (except for the EPS–NPS balance principle, which had now become a cornerstone of pension policy). This was a missed opportunity. It can probably be ascribed to the considerable and quite separate momentum being generated around the Farmers' Pension, plus perhaps the sheer intellectual and administrative difficulties of devising a comprehensive system.

Whatever the reasons, the Welfare Ministry again settled mainly for a

⁹¹ House of Representatives Budget Committee, March 23, 1967.

⁹² The MOF, which was beginning a major campaign to systematize and control the budgeting system, again wanted to find some way to restrain the highly political demands for big *onkyū* increases. However, there is no indication that Ibe tried very hard. This story is drawn from Ibe's own account in *Secret History*, pp. 139–40; for the Finance Ministry's "break fiscal rigidification campaign," see my *Budget Politics*, chap. 9.

big benefit increase. Not only was the Employee Pension model benefit raised from ¥10,000 to ¥20,000 (*niman'en nenkin*), the formula was adjusted so that new retirees with average wage histories (and twenty-four years of participation) would actually receive this amount; there had been much criticism that the 1965 ¥10,000 pension had been largely fictional. The NPS was “balanced” to the ¥20,000 level (again, for a couple) by raising the regular benefit to ¥8,000 and adding a bastardized income-related supplement (*fuka nenkin*); participants could voluntarily contribute an extra ¥350 a month to get an extra ¥2,000 a month at age 65. At the last minute Ibe also inserted a new Five-Year Pension for people who had failed to enroll in the NPS earlier, thinking that it would appeal to politicians and speed passage through the Diet.⁹³ The Farmer’s Pension itself was not mentioned in the amendments, and as noted was simply added on top of the NPS—a compromise solution, since the new scheme neither supplanted nor was integrated into existing pension systems.

As in the earlier case, the key decision to enact the EPS and NPS amendments came in the budget process (for 1969) and Ibe mobilized the same coalition of local specialized bureaucrats, local government interest groups and a hundred or so LDP Dietmen to back them up. Again, Finance Ministry approval for the expansion was gained with little difficulty, and the bill passed the Diet without deliberation early in 1969 (the legislative term was drawing to a close, and although opposition parties had deadlocked proceedings they succumbed to an appeal that livelihood-related legislation [*seikatsu hōan*] be given privileged status). Pensions were now seen as politically attractive, and in fact the LDP took credit for the ¥20,000 pension in the general election the following December, although without giving the issue much prominence.

Interpreting Pension Policy Change in the 1960s

All four policy changes in the pension area during the 1960s—the 1965–66 and the 1969 benefit expansions in EPS and NPS, and the creation of the Employee Pension Funds in 1965 and the Farmers’ Pension in 1969—were dominated by subgovernmental-level processes. The benefit expansions were clearly initiated and sponsored by the Pension Bureau itself, which decided what to propose, and directly organized the relatively small amount of impetus needed to gain approval. The sole sticking point, in retrospect, was business opposition to the 1964 EPS hike, but the coinci-

⁹³ Ibe recalled he had guessed that enrollment would be about 70,000, but over a million people signed up. The program was quite a good deal—by paying ¥750 a month for five years (a total of ¥45,000), the pensioner would receive ¥2,500 a month for life (say, ¥300,000 to age 75). *Secret History*, pp. 139–40.

dental fact that Nikkeiren was eager for contracting-out at that time made it relatively easy to gain its approval.

These benefit decisions can be seen as procedurally rational: Pension Bureau officials took the lead, expert opinions were solicited through the usual advisory committee proceedings, and the proposals that seemed to maximize the achievement of the Bureau's policy goal—building a decent public pension system—were selected from various alternatives. On the other hand, an outside observer might argue that the resulting policies were not substantively rational, in that the pension system in 1970 was even more fragmented and complicated than in 1960, and its financial structure had been undermined to a much greater extent than contemplated in the 1950s. One might also well object to the inequity of so much attention to benefit levels for pensions that so far had so few actual beneficiaries, while ignoring the plight of those already old (the means-tested, noncontributory Welfare Pension was paying just ¥1,800 early in 1970; the increase from ¥1,000 a month in 1959 was less than the rate of inflation).

From a total systems perspective that point is correct, but a Welfare Ministry official would respond that he had to work within the existing administrative and political framework. In the 1960s, with the general public and heavyweight political actors not especially concerned with pension matters, the specialists probably could not have mobilized enough political energy to overcome vested interests and achieve a thoroughgoing overhaul of the system. Moreover, it is plausible to argue that a major expansion of benefit levels was more important than rationalizing administration. After all, from 1965 to 1969, the model EPS benefit was raised from ¥3,500 to ¥20,000 a month, more than a fivefold increase in nominal terms, and a jump from under 20 percent of average wages in the early 1960s to 36 percent in 1965 and 45 percent in 1969.⁹⁴ That was a substantial step toward international standards in pensions, and if the strategy was not very adventurous, it might well have been the best available in an era when people did not see social policy as very exciting.

The Farmers' Pension issue started with grass-roots resentments, and at its climax produced an intense mobilization of impetus (three million signatures on a petition takes some organizational effort) but it too was narrowly confined within subarena boundaries. The Welfare Ministry decided not to participate except at the technical level, the Finance Ministry treated the proposal simply as part of a package of structural reform of agriculture

⁹⁴ Of average monthly wages for males with the bonus excluded: "Development," p. 204. As noted earlier, in the mid-1950s when the EPS benefit was set at ¥3,500, the ratio to average wages had been about 20 percent. Because pension benefits were not indexed until 1973, this percentage naturally would slip in the years between each adjustment, particularly in the high-growth 1960s.

measures, and except for Satō's Utsunomiya statement, the political leadership did not get much involved. The higher degree of political hubbub than observed in most other old-age issues (except *onkyū*) was partly because it was a new entitlement program, and partly because it just reflected the normal style of agriculture subgovernmental politics—activist interest groups, enthusiastic politicians, and cooperative bureaucrats.

Finally, the Employee Pension Funds program was similarly the result of an interest group demand, though the process was different. On the one hand, Nikkeiren operates more quietly and from within the political establishment. On the other, nonetheless, its demand wound up more compromised, and business had to accept an important *quid pro quo*. The Nikkeiren proposal encountered more substantial resistance precisely because the contracting-out idea was directly related to the core mission of an established subgovernment with jurisdiction; it could not prevail without support from the Welfare Ministry and at least grudging acceptance by the unions, and both these actors took their notions of social insurance (as well as practical aspects of the new plan) quite seriously. Of course, Nikkeiren did win its point.

None of these pension policy changes became much of an issue in the general arena. All four were large enough to require an OK by heavyweight actors, but were seen as compartmentalized, without broader implications. A proposal of this sort should meet four tests: first, rationality in the procedural sense of being carefully formulated and investigated by the appropriate expert advisory committees; second, unified support from the subgovernment; third, no substantial opposition from another subgovernment or a heavyweight actor; fourth, cost: the proposal should not appear significant in overall financial or economic terms. The four policy changes considered here met the first three tests easily; they were more vulnerable to the fourth, but two conditions diminished the severity of financial constraints: the immediate budgetary consequences of expanding contributory pension programs were minor, and the rapid pace of economic growth made everyone optimistic about future revenues. When the Finance Ministry decided not to object, all four policy changes were easily enacted.

CONCLUSION

This long chapter has described a great many policy changes in the early postwar development of the Japanese pension system. The analysis so far has suggested, I hope, that our fourfold typology of decision-making processes, the two secondary distinctions between agenda-setting and enactment and between the subarena and general-arena levels, and more generally the simultaneous investigation of both the ideas and energy sides of

policy change, have all been helpful tools in disentangling complicated changes in public policy. I will discuss their adequacy as theories of long-term policy development in the final chapter. For now, I wish to present just one more concept—policy sponsorship—introduced by a brief, counterintuitive comparison.

Martha Derthick's masterful *Policymaking for Social Security* describes the history of the American social security system from its origins into the 1970s.⁹⁵ It centers on the Social Security Administration (SSA), a self-perpetuating highly expert bureaucracy with an intense sense of mission and extraordinary skill in issue nurturing. On the ideas side, SSA carefully selected its problems (for example, the difficulties faced by the elderly in paying for health care) and exhaustively researched the solutions it preferred, skillfully using the technical nature of social security policy to overwhelm potential critics. On the energy side, it built a lasting coalition based on the AFL-CIO and a few key democratic congressmen who protected the agency's autonomy against congressional majorities, other agencies, and even its nominal superior officers, i.e., the departmental secretary and the president. The SSA monopolized many key decisions over the years of expanding social security, and when it could not it generally devised the strategies and made the deals to overcome resistance and at least partially achieve its targets. Only in the 1970s, when the very size of the program and resulting economic problems drew widespread attention, did the SSA begin to lose control; by the 1980s social security's fate was overwhelmingly in the hands of outsiders.

The fascinating point here is that the SSA looks exactly like the usual image of a Japanese ministry—say, Chalmers Johnson's depiction of MITI's role in industrial policy.⁹⁶ In contrast, the story told in this chapter looks like conventional accounts of policy making in the United States, with initiatives coming from politicians and various interest groups, quite fragmented processes, and a general air of improvisation and happenstance. The comparison should remind us of the dangers of facile national-level generalizations. It also reinforces the point made in general terms at the end of Chapter Two: that many cases of policy change can be accounted for largely through understanding the goals, resources, and skills of the participant who brings the issue to the agenda and calls the shots during the enactment process. The observation is apropos whether policy sponsorship is effective or inept.

In the 1954 EPS reform and the benefit expansions of the 1960s, the Ministry of Health and Welfare was an effective policy sponsor. It is not

⁹⁵ For subsequent events see Paul Light, *Artful Work: The Politics of Social Security Reform* (New York: Random House, 1985).

⁹⁶ Chalmers Johnson, *MITI and the Japanese Miracle* (Stanford, Calif.: Stanford University Press, 1983).

that Ministry officials achieved everything they wanted, much less everything that we rationally minded observers looking back twenty or thirty years think they should have wanted. It is rather that the officials decided what to do by reflecting on the agency's mission and the environment they faced, carefully nurtured specific proposals, developed strategies to get them on the agenda and enacted, and generally maintained control of the *process* if not always the outcomes. This policy sponsorship approach leads us to look particularly at goals that were considered but not pursued—most notably, unification of the pension system, clearly desirable and repeatedly discussed, but for good and bad reasons of both ideas and energy, not achieved until 1985. Here we see the Welfare Ministry as the policy sponsor, but (compared with the American SSA) not an especially ambitious or resourceful one.

In some of the other policy changes, interest groups played the sponsor's role more or less effectively, but the key to our most dramatic case was the very lack of policy sponsorship. The National Pension was pushed onto the agenda by Kishi and the LDP for political reasons, but real sponsorship of so complicated a policy was well beyond the resources of politicians; either the Welfare Ministry would take charge or no one would. The latter was the case, and the process became a "garbage can." To some extent that was probably inevitable: the problem was vague, the solutions were new and untested, and the issue was so large that bottling it up in a constricted arena would have been very difficult; add in the tight deadline plus the excited political mood—lots of potential energy—and it becomes unlikely that a very orderly process would result. Still, if the bureaucrats had done a better job of nurturing the issue before the 1958 election—defining the problem, researching some solutions, and building a coalition—I suspect they could have protected against *fortuna* much more effectively, and saved themselves considerable trouble later.

Policy in the 1960s: The Old-People Problem

THE EARLY development of Japan's pension system, as described in the previous chapter, was overwhelmingly centered on a concern for the economic security after retirement of current workers—what has been called the aging problem or *rōgō mondai*. The choice of funded rather than pay-as-you-go financing for the main pension systems and the lack of fuss about income maintenance for those already old—as noted, the Welfare Pension for those 70 and over was tiny and grew very slowly—reflected both the government's priority on economic growth, favoring investment over consumption, and a general lack of interest in the elderly. It was not until the early 1970s that either the public or the governmental leadership focused on the old-people problem (*rōjin mondai*), the plight of the aged in Japanese society. The old-people boom of that exciting period is the subject of the next chapter; this one takes up the subject of how the government got there.

There are two stories to be told. The first is about a decade-long process of establishing a bureaucratic niche for service programs for the elderly, developing a new policy community, and—with these as a base—trying to push the old-people problem and a host of specific solutions onto the national policy agenda. The other story traces how a single, large solution—providing free medical care to the elderly population—arose from the grass roots and was enacted in Tokyo on its way to becoming the largest single policy change of the old-people boom.

Both are tales of policy “entrepreneurship,” the term we reserve for the imaginative, risky leap based on guesses about future possibilities rather than, as was true of the more prosaic policy “sponsorship” we saw in pension reform, on a simple assessment of present resources. Our entrepreneurs came in two quite different types—one patient, behind-the-scenes, bureaucratic; the other mercurial, public, political—but they performed similar roles as agents of policy change. Both stories begin in the turbulence surrounding the initiation of the National Pension in the late 1950s.

THE OLD-PEOPLE PROBLEM

Or perhaps even earlier, since some bureaucratic history is quite relevant. The agency which took jurisdiction over the old-people problem was the Social Affairs Bureau (*Shakai Kyoku*, literally Social Bureau) of the Min-

istry of Health and Welfare. The name goes back to 1922, when the first Shakai Kyoku was established in the Home Ministry to handle labor, health, and poverty matters; it became the focal point for activist bureaucrats in the social corporatist tradition.¹ The Social Bureau's Second Division handled charity, unemployment, and children's welfare; in 1927 it became the Social Division; and in 1938, when the entire Shakai Kyoku was split off from the Home Ministry to create the Ministry of Health and Welfare, it got to use the Social Bureau name. The Social Bureau took on additional roles in housing and food distribution during the war, although its name was changed in 1941 and its tasks dispersed to other bureaus in 1943.

The Social Bureau was reconstituted in 1945 and undertook heavy responsibilities for coping with the social effects of defeat: emergency measures to counter widespread deprivation, and programs to assist groups like fatherless families and repatriates. Beyond that, because welfare reform was a high priority for the Occupation authorities, Bureau staff worked closely with American experts to enact a series of new policies, including laws on public assistance (1946 and 1950), children's welfare (1947), the "welfare commissioners" system (1948), the disabled (1949), institutions (1950), welfare administration (1951), and so on.² As a critical center of activity, the status of the Social Affairs Bureau within the Welfare Ministry was accordingly quite high. However, the success of economic reconstruction soon threatened its position. New problems of a more affluent society (i.e., health care, retirement pensions) came to the fore, and the number of poor and needy declined. By the late 1950s the bureau's main functions were administration of the shrinking program of public assistance (*seikatsu hogo*, life support) and management of poor houses, orphanages, and other welfare institutions. Neither mission was very attractive in terms of public appeal, influential clientele, or centrality to the dominant national goals of growing Japan.

Creating a Policy Niche

The elderly were a considerably more attractive constituency than the poor, the handicapped, or orphans. Respect for the elderly is embodied in Japan's Confucian tradition, and after all, everybody expects to get old. In the late 1950s, however, old people as such were not a legitimate subject of government attention, at least at the national level. The reason for such

¹ Sheldon Garon, *The State and Labor in Modern Japan* (Berkeley: University of California Press, 1987) offers an excellent account of the social bureaucrats.

² See Toshio Tatara, "1400 Years of Japanese Social Work from its Origins Through the Allied Occupation, 552–1952" (Unpub. dissertation, The Graduate School of Social Work and Social Research, Bryn Mawr College, 1975), Part II.

nonpolicy was probably less the lack of public demand for action and more the absence of either interest or authority within the government. In this case, interest led to authority—passage of the Welfare Law for the Aged (Rōjin Fukushi Hō) in 1963—and much later to the development of public demand.³

TWO BUREAUCRATS

In 1958, a middle-ranked Welfare Ministry official named Seto Shintarō was appointed director of the Institutions Division of the Social Affairs Bureau.⁴ It was a rather placid division, with a stable workload since the early 1950s, and run by bureaucrats who mainly kept the machinery turning.⁵ Seto's temperament was both unusually thoughtful and unusually active. His section was faced with some difficult administrative problems with the old-age homes (*yōrōin*) they subsidized: first, growing numbers of the inmates were getting sick or feeble and demanding too much staff time; second, these strictly means-tested homes were receiving applications from old people whose incomes were too high to qualify but who had nowhere else to go. To meet the latter demand, several institutions had opened unsubsidized fee-paying (*yūryō*) facilities, but these raised tricky legal issues of mixing public support and private revenues. Such difficulties started Seto thinking, not only about immediate bureaucratic responses, but also about broader problems: the increasing numbers of old people, the changing employment structure that made it harder for elders to find work, what seemed to be an impending breakdown in the traditional family system, and a variety of "gaps" in the social environment of the elderly.⁶

³ Available materials provide considerable information on the events preceding passage of this law, but offer little guidance on weighing their relative significance; the account that follows is therefore somewhat speculative. Most useful are Okamura Shigeo, *Atarashii Rōjin Fukushi* (Tokyo: Minerubaa Shobō, 1979), pp. 50–65; Kōseishō Gojūnenshi Henshūinkai, ed., *Kōseishō Gojūnenshi* (Tokyo: Kōsei Mondai Kenkyūkai and Chūō Hōki Shuppan, 1988), pp. 1246–53, cited as *Fifty-year History*; and another of those commemorative volumes of bureaucratic memories, Kōseishō Shakai Kyoku Rōjin Fukushika, ed., *Rōjin Fukushi Jūnen no Ayumi* (Tokyo: Rōjin Fukushi Kenkyūkai, 1974), cited as *Ten Years*. Interviews in 1976–77 with Seto Shintarō, Mori Mikio, senior staff of the National Social Welfare Council and others were also helpful.

⁴ Unsurprisingly, middle-ranked, or often non-career, refers to the group of officials between those who passed the Higher Civil Service Examination, who fill all the top ministry positions, and ordinary clerks and laborers. A successful middle-ranked bureaucrat in the Welfare Ministry (ministry practices vary) will end his career as chief of a not very important division.

⁵ The ex-official who provided me with this information used the term *mamotteru hito*, which would be an excellent translation of conservator, one of the five types of bureaucrats described by Anthony Downs, *Inside Bureaucracy* (Boston: Little, Brown, 1967), pp. 96–103. Mori Mikio interview, December 7, 1976.

⁶ These are as recalled by Seto almost twenty years later. Interview, May 26, 1977.

It was Seto's perception that the Social Affairs Bureau could carve out a new and important role by dealing with these emergent problems in Japanese society. He talked about this notion with other bureau officials, and although most were negative or indifferent, one other division chief was enthusiastic and promised to cooperate. In Seto's own words, "that conversation provided the direct motivation for resolving that the Institutions Section should now try to carry out welfare for the aged."⁷ In short, Seto became an entrepreneur for the old-people problem within the Ministry of Health and Welfare, the advocate who would try to bring his issue to the policy agenda, albeit to a small and specialized agenda.⁸ This would require, of course, both impetus and ideas.

Some resources were available in both respects. On the energy side, old age home proprietors had been calling for national attention to welfare of the aged since 1952, and the National Pension debate had energized a number of local governments as well as the Social Welfare Council network of organizations. It also had stimulated some interest in aging in the media and the general public, as well as a few politicians. The Councils in particular were a likely source of impetus, since at the local level they were already active in service delivery and would be eager for more programs, whereas their national federation was closely tied with the Social Affairs Bureau. But although these resources were important, they were clearly quite small scale; concern about the aged was neither widespread nor easily attached to any specific solutions.

On the ideas side, coincidentally, the academic field of social welfare was undergoing something of a shift in professional ideology toward a more modern or Western orientation.⁹ This emerging paradigm was well signified by the new name chosen in 1959 for the annual conference held by the small association of old age home proprietors, from Zenkoku Yōrō Jigyō Taikai—National Conference on Care for the Aged Work (*yōrō* has an old-fashioned nuance of benevolence or paternalism)—to Zenkoku Rōjin Fukushi Taikai. *Fukushi*, "welfare," is the modern term used in "the welfare state."¹⁰ Still, Japan had no field of gerontology as such at the time, and not much writing about services for the aged had yet appeared.

Seto thus could find little specific expertise to draw upon, until a col-

⁷ "Sorega, tōji Shisetsuka to shite rōjin fukushi o yarō ka ketsui o shita chokusetsu no dōki ni natta wake desu." *Ten Years*, p. 4.

⁸ Advocates "act as though pursuit of the public interest means promotion of goals closely connected with the fortunes of the jobs they happen to hold." Downs, *Inside Bureaucracy*, p. 102.

⁹ See Okamura Shigeo and Miura Fumio, *Rōjin no Fukushi to Shakai Hoshō* (Tokyo: Kakiuchi, 1972).

¹⁰ An examination of all article titles in the standard newsletter in the field, *Kōsei Fukushi*, indicates that the term *rōjin fukushi* as pertaining to Japan first appeared in March 1958; it was in common use from that September.

league in the Institutions Section mentioned a young expert he had heard about. Mori Mikio had earned an economics degree in 1952, and then had worked in a lepers' institution and with the blind. He had no direct experience with the aged, but he could read English well and had written many articles about social welfare systems overseas. In 1959, Mori was hired by the Institutions Section and was assigned to look into noninstitutional social welfare (becoming only the second Welfare Ministry official in a primarily research position). He got right to work collecting materials on old-age welfare programs overseas, a difficult task; it took some time even to discover the correct agency in Sweden to write to, and most of what he got from many countries was about pensions and health care (since social welfare was more a local government function). Mori also helped direct the Welfare Ministry's first survey of the living conditions of the elderly in 1960.

Seto and Mori made a good team: the older lifelong bureaucrat concerned with the declining status of his agency and experienced in Welfare Ministry politics, and the zealous expert, devoted to studying and proselytizing the old-people problem, always with an eye for the ingenious program idea.¹¹ Together, they gave the Institutions Division a new capacity and will to carry out policy change—not expensive or highly publicized change, but significant in its implications.

SMALL ENACTMENTS

Over the next three years, a series of small programs were enacted. In 1961, Low-fee Old Age Homes were authorized to provide subsidized sheltered housing for old people somewhat above the income limits for ordinary homes for the aged. In 1962, programs were started to provide nursing homes for the frail, home helpers for old people living alone, and community senior centers to offer recreation. In 1963 several more programs were added: a reform of the old age homes system (changing the name from *yōrōin* to *yōgō rōjin hōmu* and relaxing the means test); supervision and inspection of for-profit retirement homes; free annual health examinations for the elderly; a subsidy for old-people's clubs; and a peculiar foster care program. All can loosely be described as service programs, whether institutional or in the community, but they do not reflect any sort of comprehensive needs-analysis or program planning. If anything, the list creates a rather random impression.

That impression is confirmed by looking at the diverse sources of these

¹¹ Mori was hired as a middle-ranked "specialist" official and remained in essentially the same position within the Institutions and then the Welfare of the Aged Divisions for eleven years; he then went to teach in a social welfare college. Downs characterizes zealots by "the narrowness of their sacred policies, and the implacable energy they focus solely on promoting those policies." *Inside Bureaucracy*, pp. 109–10.

solutions. The various provisions for institutional care were products of the subgovernment that had already developed around the Institutions Division; they were worked up by bureaucrats and old age home proprietors in response to concrete administrative problems, influenced by the new welfare paradigm mentioned earlier. Senior centers were essentially a direct borrowing from overseas, researched by Mori Mikio. The home helper system was based both on European examples and on tiny home-grown local programs, which were first started by the Nagano Prefecture Social Welfare Council in 1956 and had then diffused among a few other localities. Old-people's clubs had also started at the local level, initially in Osaka, and the new subsidy was included largely for its political appeal. Health examinations simply extended an old Welfare Ministry program already provided to other groups, and foster care (which never developed though it stayed on the books for years) was dreamed up by an Institutions Division bureaucrat, who had heard that Japanese farmers sometimes "borrowed" old people from local institutions for light tasks at harvest time.

More significant than these individual programs were three institutional developments. First, in 1961, the Welfare Ministry's Organizational Law was amended to add "leadership and assistance in welfare for the aged" to the responsibilities of the Institutions Division (the first time the term *rōjin fukushi* had appeared in Japanese law), and a new Welfare Subdivision (Fukushi Kakari) was established. Second and most important was the 1963 passage of Welfare Law for the Aged itself, which in its ambitious preamble proclaimed the government's responsibility to advance the welfare of older people. Then in 1964, a new Welfare of the Aged Division (*Rōjin Fukushi Ka*) was created within the Social Affairs Bureau to administer the law. In short, a new policy niche and an organizational foothold (*ashigakari*) had been created.

It is notable that there was virtually no active opposition to any of these programs or the Welfare Law. Within the specialized arena, Seto had secured endorsements from the interest groups in the field, and negotiated quietly with upper-level officials to insert his initiatives into the Welfare Ministry's budget requests. The Welfare Law for the Aged draft was easily approved by the appropriate advisory committees.¹² The Finance Ministry

¹² The Central Social Welfare Deliberation Council (Chūō Shakai Fukushi Shingikai), a Social Affairs Bureau organ, issued its report "Rōjin Fukushi Shisaku no Suishin ni kan suru Iken" (Opinion on the Advancement of Welfare Programs for the Aged) in December 1962; the Social Security Systems Deliberation Council issued "Rōjin Fukushi Hōan Yōkō ni tuite (Tōshin)" (Report concerning the Outline Draft of the Law for the Welfare of the Aged) on February 5, 1963, in response to a formal question of January 29—actual deliberation was at a minimum. These and many other such reports are collected in Shakai Hoshō Kenkyūjo, ed., *Sengo no Shakai Hoshō* (Tokyo: Kōsei Mondai Kenyūkai and Chūō Hōki Shuppan, 1968), the standard sourcebook in this field.

automatically objects to all new proposals, and true to form it said that home helpers and senior centers should be local government functions, that old-people's clubs did not need a subsidy, and that since no Western country had a Welfare Law for the Aged, Japan could get along without one too. However, it did not put up a real fight. Partly due to Seto and Mori's ties with a few individual politicians, draft Dietmen's Bills (private-member bills) were drawn up by both the LDP and the Democratic Socialists, and although neither actually reached even the committee stage a positive view among all the parties was assured.¹³ Outside interest groups, the mass media, and the general public were mildly supportive to the extent they heard about the issue at all.

Both reaching the agenda and getting these programs enacted was therefore much less a matter of defeating opposition than of overcoming the inertia of the system. That, however, was not quite as simple as it appeared on the surface. It took five years from Seto's first notions to get the Welfare Law passed and the Welfare of the Aged Division established, and the enacted policies themselves reflect a lot of politics, albeit rather subtle politics.

A few examples will make the point. The sheltered housing program had to be called "low-fee homes for the aged," and nursing homes "special homes for the aged," to meet jurisdictional objections from, respectively, the Construction Ministry (in charge of housing) and the Welfare Ministry's Medical Affairs Bureau.¹⁴ Budget levels were kept extraordinarily low to secure Welfare Ministry and Finance Ministry approval: in 1962, only one nursing home, two senior centers, and two hundred fifty home helpers were authorized. Old people's clubs were subsidized, even though Welfare officials and experts thought the idea was silly, mainly to attract the support of Nadao Hirokichi, a senior right-wing LDP politician with close political connections to the old people's club organization that had developed in Osaka. Home helper services were to be contracted-out to non-profit agencies, despite the experts' preference for the British system of hiring regular public employees, because local governments (represented by the Ministry of Home Affairs) did not want to add members to the left-wing local government employees union. The very shape of the Welfare

¹³ Mori was friendly with a staff researcher of the Democratic Socialist Party, which drew up an expansive draft bill of its own, and a small number of LDP politicians were drawn in. However, the low level of LDP concern is well indicated by the fact that the most active role was played by a woman House of Counsellors member, Kōro Mitsu, who with Mori's help drew up and submitted her own version of the Welfare Law in 1962. This was later withdrawn because of the general prejudice against individual (rather than cabinet-sponsored) bills. See *Ten Years*, p. 4.

¹⁴ These compromises continue to have unfortunate effects, since the term home for the aged has a pejorative image among Japanese and usage has been inhibited.

Law reflected political considerations: it combined a lofty rhetorical preamble with a potpourri of tiny programs designed to pique the interest of one group or another, but carefully avoided specific recommendations outside the scope of the Social Affairs Bureau itself. Finally, because of strictures on personnel ceilings, when the Welfare of the Aged Division was established only one new position was authorized; everyone except the Division chief had to be borrowed.

None of these matters became controversies because Seto had nurtured his issue so carefully. Since his goals were relatively modest and no active opposition was anticipated, little overt politicking was necessary, although he did establish ties with a few Dietmen (and women), and of course actively persuaded bureaucrats in the Welfare Ministry and elsewhere. More significant was Seto's skill in adding, modifying, and dropping specific ideas to maximize support and minimize resistance. Because of the absence of controversy, the process leading to the Welfare Law for the Aged looks almost completely nonpolitical, but that is a tribute to the political talents of an effective bureaucratic entrepreneur.

An interesting comparison to the United States suggests itself. The Welfare Law for the Aged was quite similar to the Older Americans Act passed two years later in 1965. Both begin with a proclamation of government responsibility for a broad range of old people's needs, and then list a few narrowly conceived and inexpensive programs. Both laws also led to the establishment of new administrative agencies. Robert Binstock's analysis of the Older Americans Act is quite apropos: "the programs created through this formula did not achieve national social goals. . . . The amounts of funds available for action have no relationship to the ambitious goals proclaimed in legislation."¹⁵ In terms of process, it is interesting that these policies were enacted despite indifference (at best) at the top of both the political and bureaucratic hierarchies in both countries.

Despite such similarities, the impetus behind these two laws came from quite different sources. "The major focus of leadership in the passage of the Older Americans Act was decidedly in Congress," particularly such liberal activists as John Fogerty in the House and Pat McNamara in the Senate.¹⁶ Several interest groups representing the elderly were also quite active.¹⁷ There were a few allies within the executive branch, but they played

¹⁵ Robert H. Binstock, "Title III of the Older Americans Act: An Analysis and Proposal for the 1987 Reauthorization," *The Gerontologist* 27:3 (June 1987): 259–65.

¹⁶ Henry J. Pratt, *The Gray Lobby* (Chicago: University of Chicago Press, 1976), p. 117. Note that congressional interest in the elderly went back several years (the Senate Special Committee on Aging had been started in 1961); the drive for the Older Americans Act was partly motivated by legislators seeking some of the publicity generated by the much larger controversy around Medicare (also enacted in 1965).

¹⁷ The American Association of Retired People and National Council of Senior Citizens

secondary roles. This pattern was reversed in Japan: lower-level bureaucrats took the lead, with rather passive support by politicians. One consequence was that the Japanese law created much less of a stir: it was almost unnoticed in the mass media, and attracted only minor attention even within the specialized arena of social welfare. The twice-weekly trade newsletter *Kōsei Fukushi* included only six articles on the subject in 1962–63 (out of more than 1,500 total articles in that period).

Still, a niche had been established, within the bureaucracy and as a legitimated policy space. The foundation had been laid for building a more substantial structure in the future, if someone could gather the necessary materials.

Pushing toward the General Agenda

Seto himself retired in 1964, and from then until 1971 the chiefs of the Welfare of the Aged Division (as well as the Institutions Division) were no more than “conservers.”¹⁸ Division officials devoted themselves to incremental expansions of existing programs through budget negotiations and, for example, by trying to convince local governments to expand the number of home helpers. The Welfare Law had allowed something of an advocacy role vis-à-vis the rest of the government, and the Division did approach several other ministries to request program modifications to serve the elderly, but the results were meager.¹⁹ The only “program” initiated by the Division from its establishment until 1968 was having Respect for the Aged Day, which had been celebrated on September 15 since the 1950s, designated an official national holiday. Interest in the old-people problem at both the mass and elite level was minimal.

Mori Mikio himself was quite active, however, continuing to study old-age welfare programs overseas and in Japan and promoting what he saw as

were mobilized in part by a Department of Health, Education and Welfare reorganization that moved a small staff unit on aging from the Secretary's Office to the jurisdiction of a new Commissioner on Welfare; this association with the poor and needy (and with public assistance programs) was resented by both politicians and old-age activists. Ibid., pp. 108–17.

¹⁸ This impression stems from the tone and substance of their reminiscences in *Ten Years*, pp. 12–35. They too were both of the second “specialist” ranking, in their last posts before retirement, rather than “career” officials on their way up. Cf. Downs, *Inside Bureaucracy*, p. 99: “The more authority and responsibility an official has . . . the more likely he is to become a conserver if he is not still in the ‘mainstream’ of further promotion and he has strong job security.” When it was facing tough decisions on the free medical care issue in 1971, the ministry appointed one of its brightest up-and-coming career officials (Yamaguchi Shin'ichirō) to this post.

¹⁹ In 1964 the Construction Ministry added old people to the groups entitled to a public housing quota, and in 1965 the Ministry of Education provided some experimental classes for the elderly in its adult education subsidy program. See chap. 6 for a more systematic account of small program initiations.

good ideas.²⁰ For example, he was enthusiastic about a job-finding service for the elderly that had been initiated by the prefecture-level Tokyo Social Welfare Council in 1964. Mori wrote this program up in the old-age welfare portion of the Ministry's official *White Paper (Kōsei Hakusho)* for 1964 and each year thereafter until he succeeded in getting a small "pilot" subsidy from the national government in 1968.

Mori's activities, the legitimation of policy toward the elderly provided by the Welfare Law, and the new programs themselves helped develop a community of policy experts in this field. An important focus was the establishment of Welfare of the Aged subcommittees attached to Social Welfare Deliberation Commissions at the prefectural level around the country—the one in Tokyo was particularly active. These formal bodies as well as many informal committees or study groups brought together specialized government officials, the more academic-minded among practitioners (such as old age home proprietors), and numbers of scholars mostly drawn from the modern (rather than Marxist) wing of the social welfare field.²¹ As will be noted later, the steady growth of articles and books about older people by specialists became a key resource for the explosion of mass media attention that came to be called the old-people boom. These experts also became a direct source of policy ideas drawn from theory and practice in the West.

Related to this development was the emergence of a welfare of the aged subgovernment.²² The National Federation of Social Welfare Councils already had this sort of relationship with the Social Affairs Bureau (and the Children and Families Bureau) in general, but the expansion of programs under the Welfare Law for the Aged led to an increasing focus on the elderly. Institutions were a major constituent of the Federation, and the proportion of old-age facilities among institutions was rising. The newly subsidized old people's clubs became another constituent.²³ Many local governments had contracted-out their home helper services to Social Welfare Councils, and as previously noted the Employment Center idea picked

²⁰ Mori appears on 27 pages (out of 117) of the standard social gerontology bibliography (1960–1973), more than any other author. Tokyoto Rōjin Sōgō Kenkyūjo, ed. and pub., *Rōnen Kenkyū Bunken Mokuroku: Shakai Kagakuben* (Tokyo: 1975).

²¹ The introduction of professional social work into welfare administration during the Occupation period had led to the establishment of social welfare departments in several universities to train case workers; for some of the same reasons that old-age policy was attractive to the Social Affairs Bureau, many of the growing number of faculty members were drawn to gerontological topics. Some sociologists, demographers, and others also wrote in this field.

²² As indicated in chap. 2, subgovernments are rather structured relationships among bureaucratic agencies and interest groups (often plus LDP politicians), resulting from interdependencies, frequent contact, and mutual interests.

²³ These clubs had an elaborate organization, and at the national level and in most localities its staff was physically located in Social Welfare Council headquarters.

up by the Welfare Ministry in 1968 had actually been invented by the local Tokyo Council. Every year at budget time, the National Federation, in close consultation with Social Affairs Bureau officials, sponsored a pressure campaign, mostly coordinating local petition groups (*chinjōdan*) visits to the Finance Ministry and important Dietmen. A few interested LDP politicians were drawn into this process as well, although compared with policy areas like agriculture and construction, the political involvement in this narrow sense was minor—service programs for the elderly did not produce many votes.

By the late 1960s, then, the old-age welfare policy arena had developed a substantial infrastructure, capable of sustaining a certain amount of impetus to maintain or expand programs within the jurisdiction of the Social Affairs Bureau. However, no one would see these programs as anything like an adequate response to the old-people problem, which was far broader in scope; it was also clear that real solutions required much more money than could be obtained through the normal workings of the incrementalist budgeting system. In a sense, the capacity of the policy community to generate ideas had far outrun the capacity of the subgovernment to mobilize energy. The experts had arrived at a problem-definition and a general sense of needed solutions that went well beyond what could be handled within the old-age welfare policy area. Horizontal efforts to interest other subgovernments in the issue had brought little success. Action in the general arena was therefore required.

Unfortunately, there were few political resources available that would be helpful in reaching the general agenda. Neither large numbers of rank-and-file LDP Dietmen nor any key individuals in the political leadership saw much political potential in old-age policy (except to a limited extent for pensions, which were mainly for the future and not seen as part of the old-people problem). The opposition parties always included expansions of social welfare in their campaign platforms, but were not actively pushing programs for the aged. The government-sponsored structure of old people's clubs superficially looked like a mass interest group, but its real ambitions went little beyond modest annual increases in its own subsidy.²⁴ The only hints of an active grass-roots social movement were identified with far-left activists. The large union federations were only beginning to be interested in old people, and in any case their concerns centered on money, medical care, and jobs, often in forms not in line with the old-age

²⁴ The most comprehensive study of interest groups in Japan singled out the old people's clubs as a key example of effective conversion of size into political power, but this federation in fact was not active on very many issues. See Muramatsu Michio, Itō Mitsutoshi, and Tsujinaka Yutaka, *Sengo Nihon no Atsuryoku Dantai* (Tokyo: Tōyō Keizai, 1986), and Muramatsu and Itō, "Kokkai Giin to Shimin kara mita Kokka Katsudō ni tai suru Hyōka—Fukushi Seisaku o Chūshin ni shite," *Gyōsei Kanri Kenkyū* 7 (1979).

policy community's objectives. Articles in the press were almost unanimously favorable toward expanding programs for the aged, but the quantity of coverage was not very high. Finally, public opinion, so far as can be judged from surveys in that period, was friendly but unexcited.

An Agenda Strategy

Given these conditions, only one strategy had much hope for success. Japanese policy entrepreneurs with attractive issues but without much organized political support turn to *mūdo-zukuri*, mood building, which attempts to create impetus out of a positive atmosphere. In practice, that means a good press. Although a good deal of public opinion polling goes on in Japan, much of it government-sponsored, bureaucrats and politicians (who all seem to read three newspapers a day) usually take media coverage as a convenient surrogate for "the voice of the people."²⁵ In fact, for this strategy to be truly effective, it must elicit a genuine popular response, because the papers will not carry on a campaign that bores its readers very long. Still, in the first instance, the trick is to get reporters interested.

Ever since passage of the Welfare Law for the Aged, Mori Mikio and others in the emerging old-age policy community had paid careful attention to press relations and writing articles and books for popular audiences, largely about how much better foreign countries were doing than Japan. However, these efforts were not on a scale to achieve a real impact. Later in the 1960s there were several quite deliberate attempts to reach the national policy agenda via the press. These are worth brief descriptions.

The bedridden survey. The first was a unified effort by the welfare of the aged policy community to focus attention on the bedridden elderly (*neta-kiri rōjin*), the aspect of the old-people problem with the most poignant appeal. In a society where the norm was caring for elderly parents at home, many middle-aged people were already worried about how they would cope with, typically, a grandmother when she became too frail or senile to care for herself. Simple information on the numbers of the bedridden elderly and how they lived—if dramatically presented—could have quite an impact.

According to a National Federation leader I interviewed, this effort had

²⁵ The venerable front-page column in the daily *Asahi* is called "Vox Populi Vox Die" (Ten-sei Jingū) with no sense of doubt of a newspaper's responsibility to take on this role. This observation of the view of the press within the governmental system is partly based on how often news stories were mentioned to me in interviews; poll results very rarely were. Television was increasingly important, although my impression is that except for an occasional NHK documentary, people in and around government did not take television as seriously as newspapers, at least until quite recently.

its origins in two 1967 surveys of the bedridden elderly carried out by the Tokyo and Nagano prefecture-level Social Welfare Councils, which revealed some of the difficulties of family care. Also, an academically minded Welfare Ministry official, Murai Takashige of the Institute of Population Problems, had been writing about the elderly since 1961, and recently had become particularly interested in the bedridden elderly problem. These are two sources of the idea; the impetus came from the national organization of quasi-volunteer Welfare Commissioners (Minsei-iin), who were celebrating their fiftieth anniversary in 1968 and wanted a dramatic way to commemorate the event.²⁶

At the suggestion of Murai and the National Federation staff, which provided the financing (less than \$10,000), and with guidance (and later analysis) by a committee composed of scholars and officials (including both Mori and Murai), the Welfare Commissioners Federation undertook a survey of all recipients of the old-age Welfare Pension—about 80 percent of everyone age 70 or more, over three million people. This was done through face-to-face interviews by the Commissioners, asking a very few questions of ordinary old people but more of those who were bedridden; the results were aggregated at the local and then the prefectural and national levels, and the National Federation published the report in pamphlet form in December 1968.

Although the results did not differ markedly from the earlier, smaller-scale studies, this survey impressed many specialists. One prominent public-health physician remembered that “some experts and academic persons, including myself, were shocked by the high incidence rate of 4 percent of all elderly bedridden, about twice the European rate.”²⁷ The fact that “everyone” had been surveyed, along with heavy promotion by the National Federation, led to an unusually broad impact. As an immediate effect, even though the budget process for 1969 was by then nearly completed, the Welfare of the Aged Division submitted three late requests and got them all approved.²⁸ More generally, this most touching aspect of the old-people

²⁶ There are about 160,000 of these Welfare Commissioners, in principle one for each neighborhood in Japan, designated by the Welfare Minister on nomination by local government. They are supposed to monitor social conditions and provide a link between potential clients and welfare administration. Their organization is attached to Social Welfare Councils locally and nationally.

²⁷ Personal letter from Maeda Nobuo, April 20, 1990.

²⁸ A violation of standard operating procedures, though not an unprecedented one. The three were a new program for localities to provide special beds and other appliances to the bedridden, the provision of home visits in the free health exam program, and a major expansion of the home helper program from 1,300 to 5,900 authorized helpers. The latter had been a long-sought goal of the Division, which used the bedridden survey as a pretext—in reality, even after 1969 virtually all helper visits were to relatively healthy old people who

problem was brought home to both mass and elite publics: almost a decade later, when I asked bureaucrats and others about the origins of the old-people boom, this 1968 survey of the bedridden elderly was frequently mentioned as the occasion when the respondent first thought about old people.

The EPA report. The bedridden were of course a small proportion of Japanese old people, and social welfare policy in the narrow sense (i.e., Social Affairs Bureau programs) encompassed only a small portion of the problematical aspects of old age. The first governmental body to take the more general old-people problem seriously was the Economic Welfare Bureau (Kokumin Seikatsu Kyoku) of the Economic Planning Agency (EPA). The EPA is mainly a research and planning organization, dominated by economists, which competes with the Ministry of International Trade and Industry in identifying important trends and future problems; its Economic Welfare Bureau takes the household point of view and keeps track of income and spending patterns, employment, inflation, consumer matters, use of leisure, and people's satisfaction with life.

In early 1968 this bureau was preparing for a major report on how to assure economic welfare (*kenzen na kokumin seikatsu*) amid rapid economic and social change, working as usual through its Economic Welfare Deliberation Council and various subgroups. Someone thought of the old-people problem, and after some conversations with Watanabe Tsuneco and Nasu Sōichi, two leading gerontologists, the bureau appointed an Old-People Problem Subcommittee to the Research Division of the Deliberation Commission.²⁹ It was chaired by Koyama Shinjirō, the Welfare Ministry official most responsible for the National Pension ten years earlier, who had retired as the first director of the Pensions Bureau. The other regular members were ex-officials of the EPA and the Ministries of Education and Labor, joined by three professors (two family sociologists and Nasu) as special members, and two government researchers as specialists.³⁰

This subcommittee had five long meetings in the summer of 1968, beginning with rather freewheeling discussions and then turning to modifying (sometimes substantially) drafts of its report prepared by EPA bureau-

lived by themselves. In the following year, the Division also requested and was granted a special tax break for families of the bedridden by the Ministry of Finance.

²⁹ This body was therefore the Kokumin Seikatsu Shingikai Chōsa Bukai Rōjin Mondai Shoiinkai. The minutes of most of its meetings were given to me by a participant.

³⁰ One was a microeconomist from the EPA's Economic Welfare Research Institute; the other, Miura Fumio, worked for the Welfare Ministry's Social Development Research Institute. Miura had previously specialized in poverty and labor problems, but had participated in the Tokyo bedridden elderly survey; apparently he was asked to join the subcommittee partly because he had gone to the same high school as Koyama. Miura later became one of Japan's most active promoters of old-age welfare.

crats. Its starting point was that "until now, the old-people problem has been discussed from various angles, and several programs have been developed in the field of old age welfare. However, in general there has been a striking lack of effort to discuss the breadth and depth of the problem from an overall point of view and to think about the necessary policies and responses. . . . [Earlier the National Pension and the Welfare Law for the Aged had been passed,] but since then we have been marking time. No one has looked at the old people problem full in the face."³¹ Instead of concentrating on welfare for the needy elderly, the subcommittee talked mostly about the majority of older people, stressing employment (raising the retirement age and second jobs), changes in family patterns, housing, social participation, and the like, as well as pension and health care programs. The recommendations were unremarkable, but this was the first such broad-scale official report, and its tone was that of newly converted missionaries. In presenting the report to the Research Division, Koyama said that all the members had been surprised beyond their expectation by the importance and the urgency of the issue, and expressed "the necessity above all else to use this occasion to raise the consciousness (*kanshin o takameru*) of the old-people problem."³² The report was released to the press in time for publication on Respect for the Aged Day, September 15, 1968.

The National Conference. A more elaborate strategy to the same end was pursued in the following year by the Welfare Ministry's Social Affairs Bureau, or more particularly by Ibe Hideo, appointed its director in the spring of 1969. Ibe had first become interested in the aged when preparing a featured essay on population problems for the 1962 *White Paper*, and as described in the previous chapter had just finished four years as an activist director of the Pensions Bureau. He believed it was time for Japan to consider the elderly as a whole and their role in society, rather than just providing services to poor or sick old people; moreover, he was eager to raise the status of the Social Affairs Bureau within the Welfare Ministry.³³ These motives are quite similar to those of Seto ten years earlier, but because of Ibe's higher position and the progress already made in establishing the old-age policy area, he was concerned less with specific legislation than with comprehensive planning and raising consciousness about old people, among the general public and also within the governmental system.³⁴

³¹ "Rōjin Mondai Shoiinkai Hōkoku (an)," September 9, 1968, pp. 21–22.

³² "Dairokkai Kokumin Seikatsu Shingikai Chōsa Bukai Gijiroku," September 16, 1968, pp. 26–27. A Research Division member replied that he hadn't thought about it much, but now realized that this was the major national problem in Japan today.

³³ Interview, April 8, 1977.

³⁴ He aspired to a role akin to Downs' "stateman," oriented toward the interests of society, and inclined to be academic and philosophical. *Inside Bureaucracy*, pp. 88, 103. Ibe subse-

The external aspect was exemplified by the 1970 National Conference for a Rich Old Age, an idea copied from the American White House Conference on the Aging (its report had been translated into Japanese). This three-day meeting was formally sponsored by the National Federation but financed largely from private foundation grants solicited by Welfare Ministry bureaucrats. Seven themes (income, health, family, community, housing, employment, social participation) were discussed in separate sessions, each with fifty participants with varied backgrounds from all over Japan. Both the Crown Prince and the prime minister made appearances. The primary target was the press, and the conference report took care to describe the impressive amount of newspaper and television coverage.³⁵

The Welfare Council report. The fourth element in the old-age policy community's strategy to reach the national agenda was the November 1970 report of the Central Social Welfare Council, called "Concerning Comprehensive Measures to Meet the Old People Problem."³⁶ The report was actually written by the Council's Special Division on Welfare for the Aged, which had been established in 1969 by Social Affairs Bureau chief Ibe as one of five subcommittees which together were to develop a broad reform of overall social welfare policy.³⁷ It was headed by a former Welfare Ministry vice minister, and the members—all selected by the Social Affairs Bureau—included four gerontology or social welfare scholars (including Miura Fumio and Watanabe Tsuneo), one old-age home director, the man in charge of the employment service at the Tokyo Social Welfare Council, one former official each from the Ministry of Labor and the Ministry of Construction (an architect with lots of ideas), three doctors (a pioneering geriatrician, a rehabilitation specialist, and a professor long interested in old-age welfare), a public finance expert (he did not attend regularly), and a newspaper editor. This membership well indicates Ibe's intention to go beyond the Welfare Ministry's own jurisdiction and deal broadly with all aspects of the old-age problem.

The division met about once a month for eighteen months in 1969–70, plus numerous subgroup meetings. According to a leading participant the sessions were unusually lively. There were apparently only two real dis-

quently retired to a series of posts, including heading up the Japan Social Work University, and wrote several books, including a history of United States-Japan relations.

³⁵ Yutaka na Rōgō no tame no Kokumin Kaigi Iinkai, ed. and pub., *Yutaka na Rōgō no tame ni* (Tokyo: 1971), pp. 192–206, cited as *Rich Old Age*.

³⁶ Chūō Shakai Fukushi Shingikai, "Rōjin Mondai ni Kan suru Sōgoteki Shōjisaku ni tsuite," November 25, 1970. This was printed and distributed in large numbers by the Ministry of Health and Welfare; reprints or summaries are included in various document collections.

³⁷ The other four dealt with institutions, public assistance, welfare personnel, and community development.

agreements: the group wanted to recommend supervision of working conditions where older people were employed, but the Labor Ministry refused on grounds it would be too difficult; and several members thought that old age home policy should be shifted from its emphasis on serving low-income people to one on health, but the chairman—who years earlier in the Social Affairs Bureau had helped develop old age homes—would not agree. Many discussions had a strongly academic flavor. For example, an early session heard a detailed report on the research by the well-known gerontologist Ethel Shanas on the economic status of the American elderly, and the division used her approach to estimate sources of income in a new way.³⁸

The final report begins with a two-page preamble that discusses demographic trends, how far ahead foreign countries are, how economic growth has left serious gaps (*hizumi*) that the nation must think about, and the sad plight of Japanese old people—high suicide and accidental death rates, many on public assistance, many bedridden, and people living alone. It points out that national policies have been inadequate: only about one-quarter of those 65 and over receive public pensions,³⁹ there are few institutions or special housing projects, and even though life expectancy has risen the elderly lack life fulfillment (*ikigai*). In future policy, Japan must positively mobilize the energy of all old people, not just worry about the weak; build a national consensus so that individuals, families, local communities, firms, local governments, and the national government will all contribute; and develop a governmentwide comprehensive plan so that all policy making will take the interests of old people into account. This preamble is followed by sixteen pages of detailed recommendations: five major headings (income, health, housing and institutions, in-home services, and research and training) with a total of twenty-one subheads and—by my count—seventy-five new program ideas or specific reforms or expansions of existing programs. An appendix presents seventy-six statistical tables.

Japanese advisory committee reports are frequently no more than rubber stamps for plans drawn up by their staffs—a “cloak of invisibility” for bureaucrats, as is often said. That pattern prevailed for some sections of this report, notably the detailed recommendations on old age homes, which Welfare Ministry officials had been wrestling with for years. At the other extreme, some of the discussion of in-home services and the proposal for building “new towns” for the elderly came completely from the mem-

³⁸ The members were surprised to see that 55 percent of the income of Japanese 65 and over was support from their children, followed by 25 percent from wages, 9 percent pensions or *onkyū*, and 5 percent savings or property. These estimates were calculated from a 1968 Welfare Ministry survey.

³⁹ Including *onkyū* but excluding the small Welfare Pension.

bers—the staff drafts had to be rewritten because the bureaucrats had not understood—and represented almost a new foreign-derived paradigm in thinking about old-age policy. Other sections developed through give-and-take between members and ministry officials. The document as a whole would not impress an American policy analyst—there is no evidence of rigorous program evaluation, need projections, or cost/benefit analysis—but as a reader of many Japanese government reports I would judge it an unusually thoughtful overview of serious problems, and an impressive compilation of sensible solutions.

The Welfare Ministry did not give this report the intense public relations treatment that the National Conference had received, and its style looks terse and bureaucratic compared with a contemporaneous agenda-setting effort, the lead essay on the old-people problem in the 1970 *White Paper*. That is because its intended audience was less the mass public than journalists, academics, politicians, and especially officials in other ministries, or even in other Welfare Ministry bureaus. The National Conference was aimed at generating enough public interest to push the old-people problem in its most general terms onto the agenda from below. The Welfare Council report was designed also to put the policy community's preferred solutions on the agenda. As we will come to see, the former strategy was more successful than the latter; indeed, the largest solution in the impending old-people boom came from quite a different source.

FREE MEDICAL CARE IN TOKYO

Among the several old-people problems, health care ranks second only to income maintenance in both impact and potential cost. To Japanese old people themselves it might have been the largest concern—according to a 1968 survey, of the one-third of the respondents who said they had worries, over one-half said they worried about their health, compared to about one-fifth who were more concerned with their incomes.⁴⁰ Although everyone in Japan was covered by one or another health insurance system, there was good and readily available evidence that older people were not getting the medical care they needed. The Welfare Ministry's annual surveys of patients were showing that people over 65 were three times more likely than younger people to get sick, but used medical facilities at only a slightly higher rate.⁴¹ Moreover, only 20 percent to 30 percent of the elderly were

⁴⁰ A Welfare Ministry survey cited in *Kōseishō Rōjin Fukushi ka*—*Rōjin Hokenka*, eds., *Yōsetsu Rōjin Fukushi Hō* (Tokyo: Chūō Hōki Shuppan, 1974), p. 37.

⁴¹ In the 1968 survey, the illness rate for those aged 25–44 was 6.3 percent and the usage rate 6.5 percent. For those 65 and over the illness rate was 22.2 percent and the usage rate 9.8 percent (or more precisely, 10.32 percent for ages 65–74, and a lower 8.63 percent for 75 and over). Cited in *Rich Old Age*, p. 225.

taking advantage of the free medical examination program; when asked why, many responded that if the doctor found something wrong, they couldn't afford the 30 percent to 50 percent of medical bills they would have to pay.⁴²

As we will see shortly, the solution to this problem offered by the growing welfare of the aged policy community was a slow expansion of several health service programs, aiming at a government-run system of comprehensive health care tailored to the needs of the elderly. This plan was short-circuited by politics, and instead a much simpler and costlier program of completely subsidizing doctor and hospital charges was enacted, first in Tokyo in 1969, and then at the national level in 1972. It was called *rōjin iryōhi muryōka*—literally old-people's medical-care costs no-fee-ization.

Agenda Setting

The origins of the free medical care for the elderly issue, as it later became, can perhaps be found in two events around 1960. One was that a mayor named Fukazawa Masao, in a tiny mountain village in the northeast called Sawauchimura, decided to make medical care for infants and the elderly free, by paying the portion of their doctors' and hospital fees not covered by National Health Insurance out of the village treasury. This initiative plus an expansion of public health services was quite effective in improving infant mortality and other health indicators, eventually lowering overall medical costs. It attracted no attention at the time, but later was heralded as a shining example of the payoffs of providing free care.⁴³

A progressive movement. The other event was the anti-National Pension movement discussed in the previous chapter. The left-wing mobilization to oppose implementation of the NPS stretched over several years, and helped build a progressive social welfare movement, *shakai fukushi undō*, particularly in Tokyo. The mainstay of this movement was Zennichijirō, the union of day laborers covered by Unemployment Relief Measures (*Shitsugyō Taisaku Jigyō*), an occupation-era program that had long been

⁴² The majority answer in a Tokyo survey cited by Terry MacDougall in *Political Organization and Local Government in Japan* (unpublished Ph.D. dissertation, Yale University, 1975), p. 367. This dissertation includes a brief case study of the free medical care program.

⁴³ There have been innumerable citations of Sawauchimura since the later 1960s. It was still being mentioned in the mid-1980s, when Welfare Ministry officials I interviewed about the Health Care for the Aged Bill took that experience as the main justification for a new preventive medicine program. A book that brought the village to wide attention is Kikuchi Takeo, *Jibuntachi de Seimei o Mamotta Mura* (Tokyo: Iwanami Shoten, 1968). I am grateful to Maeda Nobuo for hosting a visit to Sawauchi and for much information; see his *Iwate-ken Sawauchimura no Iryō* (Tokyo: Nihon Hyōronsha, 1983).

deplored but never eliminated by the Labor Ministry.⁴⁴ With its membership getting older and older, Zennichijirō was increasingly interested in welfare for the aged. The day laborers were joined by unions of workers in public and private welfare facilities as well as other local government workers and teachers, plus quasi-unions of welfare recipients, welfare hopefuls, and hospital patients. All these groups were quite radical, and were affiliated with the left wing of the Sōhyō labor union federation and the Communist Party as well as the Japan Socialist Party.

The problem of high medical costs for old people was mentioned in movement proclamations as early as 1962, and in 1964, a specialist from Sōhyō national headquarters visited Sawauchi and was much impressed. In the same year, the first National Conference of the Elderly called by Zennichijirō made free medical care one of its several demands. Then when the first Sōhyō-sponsored Central Conference of the Elderly (Daiikkai Kōreisha Chūō Shūkai) was convened in September 1967—it consisted mainly of union retiree groups—free medical care for older people was listed third among its four demands (behind pensions and jobs, ahead of housing). The movement also urged local governments to assist in paying medical costs, with its major success in Kōfu City in 1968.⁴⁵

Within the city of Tokyo, the roots of the social welfare movement go back to a series of disputes in the 1950s, or perhaps even earlier, to various prewar social work endeavors associated with the left.⁴⁶ Health care for the elderly became a political focus in the mid-1960s in Bunkyo Ward, where activists from Zennichijirō became affiliated with progressive doctors (connected with the medical school at Tokyo University) who ran local clinics and had already become active in treating the elderly.⁴⁷ In 1966 a coalition of groups started a Council to Promote Medical Treatment for the Elderly, and succeeded in obtaining some medical benefits from the ward office. When Minobe Ryōkichi was elected governor of Tokyo in 1967 with so-

⁴⁴ This account relies on interviews with Miura Fumio and two Sōhyō officials, as well as several articles in the *Jurisuto* special issue "Gendai no Fukushima Mondai" (June 25, 1973), pp. 183–207, and Takasawa Takeshi, *Shakai Fukushima no Kanri Kōzō* (Tokyo: Mineruba, 1976). See chap. 8 for Zennichijirō's role in old-age employment programs.

⁴⁵ Other localities had also initiated such programs in the 1960s, directly or indirectly modeled on Sawauchimura, but these were not mainly due to progressive efforts. Most were quite limited in coverage (e.g., 80 years old and above only) and cost.

⁴⁶ On the prewar movement, see Sally Ann Hastings, "The Government, The Citizen, and the Creation of a New Sense of Community: Social Welfare, Local Organizations, and Dissent in Tokyo, 1905–1937" (unpublished Ph.D. Dissertation, The University of Chicago, 1980). The postwar movement centered on the elderly is briefly described in Ogasawara Yūji, "Tokyoto no Rōgō Hoshō Undō," *Fukushi Kenkyū* 38 (1972): 420–27. This movement carries on today: a symposium of activists has been published in Kamitsubo Hikari, ed., *Kōreisha Undō Sengen* (Tokyo: Jichitai Kenkyūsha, 1988).

⁴⁷ I interviewed staff members at this clinic in 1977.

cialist and communist backing, this Bunkyo Ward coalition became the nucleus of a movement to demand both free medical care and a Tokyo geriatric hospital, proposals put forward by sympathizers in the Metropolitan Assembly as well as within the local bureaucracy.

The rather fragmented materials available on the left-wing social welfare movement do not allow confident generalizations about its policy goals, and in any case there were several. Health care for the elderly was prominent. More facilities and personnel and more attention to rehabilitation and so forth were sometimes mentioned, but far and away the most-heard slogan was free medical care—government picking up the patient's portion of doctor and hospital fees. This demand was not specifically related to the direct self-interest of the movement's constituent groups (as were, for example, the pleas to ease restrictions on special unemployment measures, to improve working conditions in old-age homes, or to raise certain pension benefits). It probably reflected the intensity of feeling about this issue among older people themselves.

Social welfare activists in the late 1960s were encouraged by the growing strength of the concurrent environmental citizens movement, which had already put anti-pollution policy on the agenda and would lead to a massive national policy change in 1970. Their issue, however, was not as well suited to the strategy of mobilizing residents in particular local areas.⁴⁸ Neither the mass media nor the general public appeared much interested at the time. The national-level opposition parties, although sympathetic, were not predisposed to make social welfare their main priority, and in any case could not themselves do much about enacting an expensive new program. The most promising route to the agenda was to catch the ear of some heavyweight actor, already in an influential position, who might have a motive to push for change.

Two entrepreneurs. The first heavyweight actor to pay any attention to this issue was the Welfare Minister in 1968, Sonoda Sunao. In mid-1968, opposition party Dietmen, encouraged by union social welfare movement activists, raised the issue of free medical care in the course of regular Diet proceedings. Welfare Ministry bureaucrats gave bland answers, but Sonoda replied more positively. He then voluntarily brought up the topic in regional political speeches, to test the waters. Sonoda was an ambitious politician; at the time he was leader of a small LDP faction, and he sensed a potentially popular issue. At an old-age welfare convention in Tokyo, he declared, "I will risk my political fate to bring about medical care for the

⁴⁸ Residents, and often their community organizations, were usually initially motivated by immediate threats to their locality's well-being, although they later might come to see broader policy implications. See Margaret A. McKean, *Environmental Protest and Citizen Politics in Japan* (Berkeley: University of California Press, 1981).

aged (*rōjin in'yō*). Probably I will soon be leaving the Cabinet, but I know I can count on the cooperation of my colleagues from the Diet here today, so you all should rest assured."⁴⁹

Sonoda's audiences were quite pleased, but Welfare Ministry bureaucrats became quite concerned. "I have nothing but unpleasant memories about old-age medical costs," recalled Nagahara Kan'ei, then chief of the Welfare of the Aged Division; "the three years after Sonoda's speeches were nothing but continued troubles."⁵⁰ However, given a mandate from the minister, the Social Affairs and Insurance Bureau directors had no choice but to get together to work up a late request for the 1969 budget.⁵¹ They hurriedly devised a system of partial reimbursement from public funds of the elderly patient's portion of expenses, priced unrealistically at ¥440 million (about \$2.4 million) for the first year.⁵² But there had been no time to work out a real consensus within the Ministry, and indeed, nearly all officials were opposed to the idea. Because most in the LDP were also quite cool, the proposal was not given much of a push in negotiations with the Budget Bureau.⁵³ In the end, Finance Minister Fukuda called Sonoda and asked him to forbear. Ministry officials recalled eager questions from old-people's club representatives and other groups they spoke with at the time, some of whom cried betrayal when the budget request was not approved, but no concerted movement resulted. After Sonoda had departed in a routine cabinet reshuffle, the Ministry could safely leave medical care support out of its requests for the following year's budget.

However, the idea did not die. In January 1969, at the moment the budget request was finally rejected, Tokyo Governor Minobe Ryōkichi said, "If the national government won't do it, Tokyo will do it on its own."⁵⁴ Minobe, in his first term as the first progressive governor of Japan's leading metropolis, was alert to popular issues that would sharply contrast his people-oriented administration with the conservative national government. He was already closely identified with the anti-pollution movement, and the welfare field—where the national government was equally vulnerable to criticism about overcommitment to economic growth—was a natural next step.⁵⁵ The fact that free medical care for the elderly was mentioned only in passing in Minobe's January Policy Speech

⁴⁹ The occasion was the annual Rōjin Fukushi Kaigi, sponsored by the old-age home proprietors association. *Ten Years*, p. 36.

⁵⁰ *Ibid.*, p. 36.

⁵¹ The official account has it that the plan contradicted other ministry priorities. *Fifty-year History*, pp. 1262, 1361. It includes details of the Sonoda plan.

⁵² At the ¥180 = \$1 rate.

⁵³ One participant suggested to me it was precisely Sonoda's political ambitions that undercut LDP support: his rivals were afraid to allow him such a potentially popular issue.

⁵⁴ *Asahi Shinbun*, August 27, 1969.

⁵⁵ See MacDougall, "Political Organization," for other welfare initiatives.

to the Metropolitan Assembly indicates that he did not immediately grasp either the popularity or the high cost of this initiative. Nonetheless, he decided to submit a bill to the Metropolitan Assembly in April. It passed easily, and in December 1969, Tokyo began covering all medical costs for those over 70 who could pass a quite lenient income test.

Local Enactment

Although as previously noted Tokyo was not the first local government to subsidize health care costs for older people, it was overwhelmingly the most significant. As the largest locality, and the center of the nation's media, Tokyo always draws special attention, all the more under Minobe's activist administration. Moreover, the policy itself went well beyond earlier enactments: the age limit was lower, the income threshold more generous, all costs were covered, and the subsidy would be paid directly to the doctor or hospital rather than by reimbursing the patient. Information is lacking on how all these details were worked out, but it appears that social welfare movement activists were influential. The only real opposition within Tokyo came from the local Japan Medical Association branch, but that might have been a ploy; the doctors finally agreed to what after all would be a lucrative system for them, as soon as the fee-paying paperwork was simplified.

Under earlier understandings of the Japanese local government system, it would have been assumed that the central government could have prevented any such expensive initiative. However, a series of disputes over anti-pollution policy had already demonstrated that prefectures actually had considerable autonomy, at least when doing something popular.⁵⁶ In fact, the Welfare Ministry did try to argue that the Tokyo system was illegal because it mixed public funds with health insurance payments, but even if the Ministry had a good legal or administrative case (which is unclear), it lacked the political resources to carry the point, and was brushed aside.

Tokyo's free medical care program attracted more public attention than any other event in the old-age policy area in the 1960s. It probably was no coincidence that social security policies (of which programs for the aged were by far the most conspicuous element) suddenly shot upward on the list of people's expectations of government, in a national survey taken only three months after its initiation.⁵⁷ And imitation is the sincerest indicator of political appeal: during 1970, four prefectures adopted similar programs, twenty-eight followed suit in 1971, and by April 1972, all but three

⁵⁶ See Steven R. Reed, *Japanese Prefectures and Policy Making* (Pittsburgh: University of Pittsburgh Press, 1987).

⁵⁷ It jumped from 19.5 percent to 34.2 percent from January 1969 to January 1970. See chap. 5 for more detail.

of Japan's forty-seven prefectures had some sort of system for subsidizing the health care costs of the elderly. Many cities also started programs of their own. Considering that even programs with more modest coverage than Tokyo were quite expensive, and that if anything these initiatives were opposed rather than encouraged by the central government, this pattern demonstrates very well that a real groundswell of support for old-age policy had finally gathered force.

In retrospect, the only realistic possibility for averting free medical care in Tokyo would have to have occurred earlier, by the national government's preempting the policy area before Minobe's initiative. One Welfare Ministry official told me that if the Ministry had gotten behind Sonoda's budget request in late 1968, a sizable interest group campaign could have readily been organized and the program might well have been enacted. Since this had been a limited-reimbursement plan, it would have been much less expensive and caused less grief later.⁵⁸ Of course, no one then realized that Tokyo would take the lead, so there was no clear threat. But the reasons for the Welfare Ministry officials' resistance to Sonoda's initiative, as well as for their unsuccessful attempt to nip Minobe's program in the bud, go well beyond tactical considerations or resentment of politicians' encroachment on their own domain. Free medical care was a direct challenge to a quite different set of policy solutions already being developed within the Ministry and its associated policy community.

The Establishment Position

Welfare Ministry bureaucrats and the growing welfare of the aged policy community were aware of older people's concern with health—it had been clearly revealed in the Ministry's first survey of attitudes among the elderly in 1960.⁵⁹ However, most of those who had become interested in old people had neither experience nor connections with the health care field, whereas most officials and experts who specialized in health care paid no particular attention to old people. Indeed, an effective coalition between these two groups would not emerge until the late 1970s; the Welfare Ministry's approach to this problem was shaped from the start by vertical administration (*tatewari gyōsei*) and strong jurisdictional boundaries.

One effect of this pattern was that the health problems of the elderly simply received less attention than their objective importance would seem to warrant. Another—reflecting as well a more general Welfare Ministry bias—was to interpret such problems in a way that would favor certain sorts of solutions rather than others. Older people were seen as different,

⁵⁸ A May 1977 interview with a senior division chief.

⁵⁹ *Kōsei Hakusho*, 1961, pp. 208–12.

with a specific set of diseases or chronic conditions requiring special handling, and generally needing more preventative or maintenance-oriented care than acute treatment. We can refer to this approach as a “services strategy,” quite different from a view that the key health care problem for the elderly is simply their lack of money to pay doctor and hospital bills.

This services strategy in health care began with the program of free annual health examinations initiated as part of the Welfare Law for the Aged in 1963. These exams, provided under local government auspices, were for early identification of chronic medical problems; treatment was left for the patient to arrange (and partially pay for). For several years the Ministry’s annual *White Paper* discussed the problem of low usage of these examinations, and made recommendations for better arrangements and more publicity. It also promoted rehabilitation services, especially for stroke patients. A typical reference in 1964 spoke of the need to restore physical functions so that victims could lead a normal life, “but although appropriate facilities in this field are to be found in the advanced nations, those in Japan are far behind, so we must actively pursue new programs.”⁶⁰

In 1965 and 1966, the Welfare of the Aged Division devoted its small external research budget to studies of visiting nurse services and rehabilitation.⁶¹ However, this was the only time this Division sponsored health-related research until 1974, and health-related problems of the elderly received no more attention than housing or employment concerns in the *White Papers*, even though this area was within the Welfare Ministry’s jurisdiction (it got much less space than did the Division’s own small programs in welfare services and recreation).

More broadly, according to the standard bibliography of social gerontology, there were very few articles on health care for older people published prior to 1969, and only one or two of these (so far as can be judged from the annotations) dealt with medical economics.⁶² The newsletter *Kōsei Fukushi* had no article on subsidizing medical costs for the elderly before November 1968 (a piece on Sawauchi village), even though it had extensively covered the mid-1960s battles over Medicare in the United States. Again, there was not much attention to health care, and a focus on services rather than problems of economic burdens.

The 1968 Economic Planning Agency report on Economic Welfare took a similar tack; although not under Welfare Ministry control, the subcom-

⁶⁰ *Kōsei Hakusho*, 1964, p. 229. A national program to expand rehabilitation services was not initiated until 1971.

⁶¹ Materials in Ministry of Health and Welfare archives.

⁶² Rōjin Sōgō Kenkyūjo, *Mokuroku*, pp. 76–82. There were only 25 articles listed in the “health and medical” section from 1960 through 1968, then 14, 13, 17, 20, and 34 respectively from 1969 through 1973. Note that public health journals are included in this bibliography.

mittee in charge was dominated by policy-community thinking. When chairman Koyama Shinjirō reported to the main committee, his discussion of health problems first mentioned rehabilitation, and then said “we also concluded that in order to make it easier for the aged to receive medical care, we should think about ways to lighten the various copayments and so forth.” After this passing reference, he went on to talk at more length about the inadequacy of mental health facilities.⁶³

The services strategy ran into trouble at the National Conference for a Rich Old Age in September 1970. This of course was when free medical care had already been operating in Tokyo for a year and was quickly rising on the national agenda. One of the conference’s seven discussion sessions was devoted to health (*kenkō*): according to the advance program, it was supposed to discuss “health promotion, prevention of aging, nutrition, early identification of illness through health examinations, medical treatment, and so forth.” However, some of the older participants brought up the costs issue, with rather bitter remarks: an 83-year-old man said, “Welfare Minister Sonoda promised that the government would pay all our medical fees, but it came to nothing. That’s what politicians are like.” Another added, “we’ve asked and asked and nothing has happened. What good is a national conference?” One newspaper repeated a heated argument that the moderator could not control, including a remark that “doctors just say you need this or that treatment, but we have to pay 30 or 50 percent of the cost! Doctors and the government have to think about what old people can bear!”⁶⁴

When this discussion was summarized for the final plenary session, it was reported this way: “The theme for the second section was ‘health,’ and while the subject of medical care costs naturally came under discussion, this section basically talked about the problems of ‘what is an old person?’ and ‘what is health?’” The remainder of the summary is devoted to health protection, correct attitudes, and the importance of social participation.⁶⁵ The official minutes picked up these topics and more, including exercise, old people’s clubs, care for the bedridden, rehabilitation, and health education for the family; the high-cost problem was mentioned only briefly, in the context of an explanation for why the usage rates of the free medical exam were so low.⁶⁶ In this public forum, ministry officials and their allies were

⁶³ From the minutes of this group cited previously.

⁶⁴ Summaries of articles from the *Yomiuri Shinbun* and *Tokyo Shinbun* in *Rich Old Age*, pp. 195, 203.

⁶⁵ *Ibid.*, pp. 68–69. Apparently the acting chairman of the conference who did some of the summing up, Yamada Yūzō, was actually enthusiastic about free medical care, which caused some difficulty in making the report suitably vague. Interview with Ibe Hideo, May 27, 1977.

⁶⁶ *Rich Old Age*, pp. 83–92. The issue was also brought up by participants in the first section on income maintenance, and was reported slightly more fully.

finding it hard to impose their preferred definition of the old-age health problem, though they did their best.

The definitive summary of the policy community's approach, as well as another illustration of its defensive reaction to the free medical care idea, is the two-and-one-half page discussion of "health and medical care" in the November 1970, Central Social Welfare Council report described earlier; again, the free medical care program in Tokyo was then attracting considerable attention. This section starts with the importance of physical and mental health to old people, the statistics demonstrating high rates of illness but relative low usage of medical facilities, and the need for early consideration of comprehensive policies, including dealing with the cost problem somehow. The recommendations begin with health promotion: the elderly should learn to understand and maintain their own health, the free exam system needs improvement, health education and nutrition programs should be started, and measures in the mental health area, such as education for family members and special arrangements for therapy, should be provided.

The cost problem was addressed as one of three sets of recommendations in the section on medical care and rehabilitation. The report notes that the health insurance system leaves a substantial burden on patients, which has inhibited "old people who are weak economically" from seeking care or even taking advantage of the free examinations. Various advisory councils are currently discussing "radical reform" of the health insurance system, including provisions for older people, and these discussions should be concluded quickly. Also, some local governments have started to "lighten" the patient's burden. "Be that as it may, since lightening old people's medical care costs is an urgent problem, there is a necessity to expand the approach [*kangaekata o kakudai suru*]⁶⁷—similarly to medical care reforms in the case of the handicapped—of paying the costs of cataract surgery for the elderly, and to devise [*kōzuru*, which can also mean 'study'] steps which, by various methods, will allow old people to receive medical care with peace of mind."⁶⁷ According to a participant, this evasive wording was produced by Welfare Ministry officials, who saw the free medical care issue as too difficult (*muzukashii*) for nonbureaucrats to discuss.

The authors of the report then go on to emphasize, in more confident language, the need to identify and treat the diseases that particularly afflict the elderly, including a host of measures for preventing strokes and rehabilitating victims afterward, and psychiatric hospitals and other measures to deal with dementia. Construction of geriatric hospitals, intermediate

⁶⁷ Chūō Shakai Fukushi Shingikai, "Rōjin Mondai," p. 8. My translation is more literal than normal, in order to convey the tortured phrasing in Japanese. Note that a subsidy for cataract operations had been initiated earlier in 1970.

care facilities, and outpatient clinics was also recommended, as was training for all sorts of health specialists. These recommendations as a whole add up to a comprehensive (if somewhat fragmented) statement of the services approach to the health problems of older people, without directly confronting the issue of free medical care.

It is quite understandable that a policy community centered on welfare for the aged would prefer the services approach. On the one hand, it is the intellectual heritage of the academic field of social welfare; on the other, those attached to the Social Affairs Bureau and the Social Welfare Councils made their living in devising and administering service programs. They were readily convinced that simply giving old people the money to fend for themselves in Japan's existing fee-for-service medical system would not lead to better health: general practitioners were more oriented toward curing acute diseases than coping with chronic ones, they lacked special training in geriatrics, they tended to overmedicate, and they were simply too scarce in the rural or mountainous areas where many of the elderly lived. More generally, this view reflected the traditional Welfare Ministry position in its long-standing political battles with physicians organized in the Japan Medical Association (see Chapter Nine).

There were also two more specific reasons for the distaste for the free medical care idea within the welfare of the aged policy community. First, it was closely associated with the left; most writing about it had been coupled with sharp attacks on the welfare bureaucracy as tools of imperialism and repression. Second and more important, despite their rather off-hand style of referring to such proposals in the midst of many other policy ideas, the officials and their associates realized very well how expensive any sort of subsidization would have to be.⁶⁸ They feared—quite accurately as it turned out—that such large amounts spent here would hold back or oppress (*appaku*) the programs they believed would best meet the problem.

Both points of view—that old people have special health problems and require special health delivery systems, or that their real problem is simply lack of money and the elderly can find the care they need on the market without additional bureaucracy—are actually quite respectable. They have been faced by other countries too: for example, England went the first route and America the second, with no obvious right answer emerging. It was perhaps unfortunate that this clash of opinion did not develop into a clear-cut policy debate. Instead, the issue moved out of the specialized subarena and into the realm of heavyweight entrepreneurial politics, and policy change happened very quickly.

⁶⁸ The budget for the first year of the free medical care program in Tokyo alone was more than triple that for all the national Welfare Ministry's health-related programs for old people put together.

CONCLUSION

I will return to the free medical care story and look more closely at other policy changes under “boom” conditions in the next two chapters, but will pause here for another look at the decade so neatly delineated by the NPS controversy of 1958–1959 and Minobe’s sharp initiative of 1969. Not much was happening on the surface: as observed in Chapter One, the share of national income going to social security actually dropped slightly in the 1960s, and no old-age policy issue reached the general agenda until the very end of the period. Still, several actions at the subarena level were substantial and significant. We need to understand how these occurred both for their own sake, and as an agenda-setting process for the much larger, general-arena policy changes of the early 1970s. The policy-sponsorship model turns out to explain a lot. First, we should place these events in their setting of the broader political dynamics of the 1960s.

Context

The conventional wisdom that the dominant theme of the decade was economic growth is unquestionably correct. Prime Minister Ikeda’s income-doubling plan of 1960 overfulfilled itself—real national income had actually tripled by 1970—partly due to a conscious strategy of restricting consumption in favor of super-high productive investment. Proposals to the contrary, which of course would include income transfers or large service programs for the “unproductive” elderly population, were naturally discouraged, to the extent that few were seriously advanced in the old-age policy area during this period. The pension expansions of the 1960s described in Chapter Three all pertained to future, not current, benefits. The various new welfare programs for older people were small potatoes in macroeconomic terms, and Sonoda’s quixotic promise of free medical care in 1968 did not get very far at the national level. The only real exception to this general pattern was the Farmers’ Pension, but that was part of the subarena that had been the chief exception to the growth-first policy from the start, and itself was promoted as a growth-oriented program.

The very success of the growth-first policy had, however, led to some contradictory subthemes. One was the growing concern over pollution—the handy Japanese term *kōgai*, public nuisance, encompassed not only the dirty water and air produced by expanding industrial production, but the noise, vibration, shadows, overcrowding, and general discomfort that accompanied rapid urbanization. The citizens’ movements against pollution that led to the burst of environmental legislation in 1970 indirectly affected the social welfare policy area in two ways. First, they contributed to the election of progressive chief executives in many cities and urban prefec-

tures, and stimulated more active and independent policy making by local government in general. Free medical care for the elderly was Minobe's second big issue, after he had already staked out a strong position on pollution. Second, the seriousness of environmental problems turned people's minds to the underside of growth, to questions of costs and of purposes. The elderly were natural beneficiaries of this new mood; as many reports of the time put it, Japanese prosperity had been built on the shoulders of those who were now old, but they had been denied an equitable share of its benefits.

If growth produced questions about growth, it also produced the resources necessary to answer those questions. That story mostly belongs to the next chapter, but already in the late 1960s optimism about Japan's economic future had grown to the point that large future pension expenditures could be enacted without much worry, even when the principle of full funding had to be abandoned. More subtly, the fact that government revenues were growing so rapidly every year led to a very comfortable budgeting system; the Finance Ministry lost much of its resolve and perhaps even its capability to pick apart and reject new policy proposals. It should not be forgotten that although social security expenditures did not increase their share of national income or the budget, they did generally keep pace, which meant that in absolute terms they grew quickly even prior to the 1970s—and again, commitments were made to far larger expenditures in the future. In short, resource constraints were not too confining in the late 1960s. Potential policy sponsors thus could operate in a relatively benign environment.

Impetus

Policy sponsorship means organizing energy and ideas; we may first ask about the sources of impetus for the policy changes of the 1960s. There were really two patterns, one bureaucratic and one more political. Much of the initiative came from government officials, or from the coalitions of bureaucrats and their close allies we have called policy communities. The benefit hikes described in Chapter Three (except for the Farmers' Pension) were clearly plotted and executed by the Pension Bureau, with strong individual leadership by its three bureau chiefs during the period: Koyama, Yamamoto, and especially Ibe. It appears from the available materials that these leaders made the strategic choices to go after future benefit increases, rather than, for example, trying to expand current transfers to those already old, or attempting a thoroughgoing reform of the fragmented public pension system, and they worked to build the minimal political impetus needed to gain approval at higher levels.

Individual officials were also prominent in the gradual development of

welfare for the aged. Seto Shintarō took the lead in cutting a bureaucratic and programmatic niche that provided a foundation for future expansion, and Mori Mikio, the inexhaustible “zealot,” worked hard at searching out new program ideas and building the new policy community. It is notable that neither were upper civil servants in the Japanese bureaucratic system: even lower-ranked specialist officials can take “actors’” roles—their behavior not totally constrained by organizational position—when the policies in question are small and not taken seriously by heavyweights.⁶⁹ At a later stage, it was again Ibe Hideo, this time as chief of the Social Affairs Bureau, who played the prominent role in orchestrating a consciousness-raising strategy to bring the old-people problem into national attention.

Ibe, a prototypical entrepreneurial bureaucrat, is worth another look. When I asked him (in 1977) about the origins of the National Conference for a Rich Old Age, he replied: “I saw that the proportion of people 65 and over in the population had reached 7 percent in 1970 and would go up rapidly. Up until then policy for the elderly had been limited to low-income people, the bedridden and so forth. I saw the need to think about *all* old people, or all society. Not just to expand Welfare Ministry programs—although that as well—but to affect society.” Ibe’s personal objectives went well beyond simply expanding the current mission of the Welfare Ministry; indeed, as he remembered: “Until about 1972 there had been little real interest in old people in the ministry, no ‘problem consciousness.’ [The other leaders] thought I was a bit overenthusiastic. In fact, when I became bureau chief in the spring of 1969, even the Social Affairs Bureau was not very interested, or rather cared only about needy old people, those on welfare. I saw that the bureau could not raise its budget or regain its high status within the ministry so long as it stuck with public assistance and institutions, which were just administrative matters and had no public support.”

In short, Ibe’s vision was that the long-run interests of his organization (the Social Affairs Bureau or the Welfare Ministry as a whole) could be achieved only by responding to fundamental social trends before they were generally recognized. The necessary ideas were developed within the policy community, particularly through the deliberations of the Central Social Welfare Council. For impetus, he turned to the National Conference and other strategies for reaching the media and the general public. Note that the strategy he had earlier employed, that of mobilizing small interest groups plus a few LDP politicians in order to gain approval of pension

⁶⁹ The term actor was used by Allison to describe policy-making participants situated high enough to transcend the missions and routines of their organization. Allison was of course writing about the largest policy decisions, not the small program initiations described here. See Graham T. Allison, *Essence of Decision: Explaining the Cuban Missile Crisis* (Boston: Little, Brown, 1971).

benefit increases, would not be appropriate here, both because the groups and politicians were not sufficiently interested, and because his goals were much broader.

A Welfare Ministry official told me in an interview that "it is not too much to say that without Ibe we would not have had this old-age welfare movement," but in fact that is too much to say. Still, his role is interesting with respect to the common image of Japanese policy making that stresses the role of "the bureaucracy" in anticipating social problems and dealing with them before the public gets too aroused. Here we see nothing like "the bureaucracy," but rather a loose collection of individual officials with various motives, agencies with jurisdictions and (sometimes) missions, experts with ideas, and groups with interests. It is clear that the bulk of the Welfare Ministry, including the leadership, had little interest in anticipating future social problems and deploying new policies to short-circuit popular protest in advance. Activating the public was here a positive strategy, directly stimulated by a bureaucratic policy entrepreneur to overcome hostility or inertia within his own organization and the rest of the government. We are accustomed to thinking of policy change as either bottom-up (popular pressure on the state) or top-down (the state making its own choices); the pattern described here is in between, perhaps middle-up, via the bottom.

The more political pattern produced free medical care. The proposal had its origin in fringe left-wing movement politics; its brief flash of national exposure came at the hands of a maverick LDP politician looking for a popular issue; it was enacted by Japan's leading progressive chief executive, eager to differentiate Tokyo policies from the conservative national government. This sudden entry by heavyweight actors was an unpleasant surprise to the old-age policy community. Subgovernmental passive resistance helped undercut Sonoda's budget proposal, but the specialists had few resources to oppose Minobe on his own territory.

Both bureaucratic and political entrepreneurs must therefore be given a share of the credit for mobilizing the impetus that put the old-people problem on the general agenda. Of course this is not the whole story. Even Ibe Hideo, a man not given to underplaying his own contribution, did not claim to have *caused* the old-people boom; he said (in my 1977 interview) that the National Conference was the match that lit the fuse. The gunpowder was the popular response. Public opinion did shift markedly in 1970, as noted, and in any case the sustained surge in press attention to the old-people problem would not have occurred if journalists had not gotten clear signals that their readers wanted more. The quick action by localities all over Japan once Tokyo had put free medical care on their agendas is another indication that the Japanese public was ready and perhaps eager for

an expansion of old-age policy, once the problem and some plausible solutions were forcefully presented to them.

Problems and Solutions

If the impetus side of the old-people boom is satisfactorily explained by a combination of bureaucratic and political entrepreneurship and a willing public, what of the ideas side? How and to what extent were the problems and solutions under consideration effectively “nurtured” to maximize support and minimize opposition before they reached the agenda?

The Welfare Ministry officials and others who constituted the old-age policy community were quite solution-oriented—much of their time was spent in trying to expand existing programs, and looking for policy ideas around Japan or abroad and figuring out how they might be enacted by the national government. These specialists were strongly influenced by the British example of providing a variety of programs to meet specific needs, and many of them were directly or indirectly attached to service-providing organizations themselves. This environment naturally led to a view of the old-people problem as extremely complex: virtually all aspects of life—income, work, health, housing, family, community, recreation, personal care, life worth—were seen as problematical and deserving of public attention. Their plea was therefore for comprehensive policy, as in the title of the Central Social Welfare Council report, but not in the sense of a single, all encompassing solution; rather, comprehensive meant systematically taking care of everything one by one. The Council report was a shopping list.

In some policy arenas a shopping list of proposals is politically very attractive—think of the American Rivers and Harbors Bill, or of course the Japanese public works budget. If each proposal clearly benefits some mobilizable clientele, even quite small and fragmented interests can be aggregated into powerful impetus. In the old-age area, however, mobilizable clienteles were hard to find. Service provider groups were too small to be influential outside narrow subarena boundaries, the social welfare movement activists were too far to the left to talk to, and the elderly clientele for most of the proposed programs were perceived as atomized, passive, and without many political resources. Even local governments, a logical support group, were unenthused about many of these proposals, since they would require hiring, training, supervising, and partly supporting numbers of new employees. Hence, Ibe’s perception that a major expansion required an appeal to “all old people, or all society.”

The difficulty here was that a complicated shopping list of small programs, however comprehensive, is hard to comprehend. The policy community had no clear-cut proposal, no combination of a simple problem and a simple solution, that could capture the imagination of the general public

or most older people. They therefore wound up effectively selling the problem (i.e., the growing numbers of old people, the decline in proper respect, the sad plight of the bedridden) without being able to generate much interest in their preferred solutions.

It was at this point that free medical care burst on the scene, an easily understandable solution to a simple and real problem, the lack of money to pay doctor and hospital bills. Unlike the Welfare Council's 75 separate proposals, "rōjin iryōhi muryōka" could easily be written on a banner, or shouted at an audience. Assuming a willingness to spend money, it could also be implemented quite easily without establishing complicated new structures. The specialists quibbled about how wasteful the program would be and how inadequately it met the real health needs of the elderly, but they had no equally compelling counterproposal to offer (the best the Welfare Ministry could come up with in 1971 was a subsidy for rehabilitation after stroke).

John Kingdon, in his pathbreaking study of agenda-setting in the American government, observed that most often the problems come out of the political "stream," but the solutions emerge from specialized policy communities.⁷⁰ Free medical care, the most significant change in old-age policy of the 1960s, was almost the opposite pattern. Concern about the old-people problem grew partly in response to a conscious strategy orchestrated by the old-age policy community, but the solution it became linked with came straight out of politics. This story reaches its climax in the next chapter.

⁷⁰ John Kingdon, *Agendas, Alternatives, and Public Policy* (Boston: Little, Brown, 1984).

The Old-People Boom and Policy Change

JAPAN was ready for change in the early 1970s. Several factors that added up to a new choice opportunity for the nation were converging:

1. Ikeda Hayato's 1960 plan to double national income in a decade had been overfulfilled, the standard of living had reached Western levels, and Japanese were ready to think about new goals.
2. Economic growth itself had brought contradictions: industrial development caused pollution and overcrowding; rising incomes of salarymen and workers exposed the widening gap with those left behind.
3. Growth brought an economic surplus as well, particularly a surplus in government revenue that could be used for new spending programs. It also bred a psychology that growth would continue forever—Herman Kahn's proclamation of "the emerging Japanese superstate" found a ready audience.¹
4. Opposition party candidates had won many local-level elections, with pollution and welfare as their banner issues, and the LDP's vote share in national Diet elections was slipping as well.
5. The movement of population into the cities had undermined the rural political base of the LDP, and policies that would appeal to the urban electorate were needed.
6. Western nations had started many new "people" programs in the 1960s, including environmental and old-age policies; moreover, foreigners were criticizing Japan's underdeveloped social policy (sometimes identified as an unfair trade practice, allowing lower costs and higher investment).

The time was ripe for a shift to quality of life concerns. In 1970, thirteen environmental laws were enacted in a single legislative session. In 1972, prime ministerial candidate Tanaka Kakuei proposed to restructure the entire Japanese archipelago to relieve the overcrowded cities. In the same period, social welfare in general, and especially programs for the elderly, were enormously expanded.

Specifically, pension outlays alone rose from ¥658 billion in 1969 to ¥5,203 billion (\$29 billion) in 1976, whereas the budget for the Social Affairs Bureau's programs for old people went from ¥21 billion to ¥426

¹ Herman Kahn, *The Emerging Japanese Superstate: Challenge and Response* (Englewood Cliffs, N.J.: Prentice Hall, 1970). The translation became the first of several admiring books by foreigners to become a best-seller in Japan.

billion (\$2.4 billion).² From 1971 to 1975, the national government started up fifty-seven new programs for the elderly; over 650 were initiated at the prefectural level, some 300 by Tokyo's twenty-three wards, and many more by Japan's cities, towns, and villages.³ By the broadest measure, the proportion of National Income devoted to social security, Japan went from 5.6 percent in 1969 to 10.5 percent in 1976—a massive shift of national resources.⁴

How can we explain this sharp change of direction in public policy? In particular, was it essentially a top-down process of government initiative, or a bottom-up response to social pressure? The top-down case has recently been well argued by Gerald Curtis, Kent Calder, and T. J. Pempel, who ascribe policy change in the early 1970s to LDP electoral strategy.⁵ We will return to this question at the end of the chapter; for now, consider two variations of the bottom-up hypothesis, one stressing specific pressures for specific actions, the other a more general and ambiguous shift in mood in the public and the media.

Old People and Pollution

In the early 1970s, due in part to the processes described in the last chapter, the Japanese media and public awoke to the old-people problem. Figure 5-1 shows the explosion of media and public interest during this period. The mass media index (dashed line) shows slow growth in the number of newspaper articles on aging through the late 1960s, and then a sharp upturn from 1970 that peaks in 1972. This growth was quite substantial—for example, the number of clippings in one collection (NHK) for 1969 was 95, whereas in 1972, 365 were collected. The most impressive surge was in mass public interest (solid line), as measured by an annual government survey that asked which area the government should pay most attention to. The percentage of people selecting social security as one of the top

² At the ¥180 = \$1 rate used throughout this book. A good analysis of social welfare budgets in this period is Takahashi Hiroshi, "Shakai Fukushi Hi no Dōkō: Shōwa 40-nendai no Chūshin," *Kikan Shakai Hoshō Kenkyū* 15:3 (1980): 124–40.

³ From the Appendix; *Kōsei Hakusho*, 1979, p. 580; a survey of local governments conducted by the Office of Policy for the Aged of the Prime Minister's Office and tabulated by the author; and an unpublished report of the Tokyo Metropolitan Government.

⁴ *Kōsei Hakusho*, 1979, p. 580. "Social security" is the broad definition of the International Labor Organization, which includes governmental pension, medical, social welfare, housing, and other outlays. Most of the increment in this period went to policy for the elderly.

⁵ Gerald L. Curtis, *The Japanese Way of Politics* (New York: Columbia University Press, 1988); Kent E. Calder, *Crisis and Compensation: Public Policy and Political Stability in Japan, 1949–1986* (Princeton, N.J.: Princeton University Press, 1988); T. J. Pempel, "Japan's Creative Conservatism: Continuity under Challenge," in Francis G. Castles, ed., *The Comparative History of Public Policy* (Cambridge, G.B.: Polity Press, 1989), pp. 149–91.

Figure 5-1
The Old-People Boom

Each series is indexed so that its largest value equals 100. The newspaper index is a count of clippings on the old-people problem collected by the Materials Center at NHK, the national broadcasting company. It is generally similar to two other counts I carried out at the Newspaper Clipping Room of the Diet Library and at the morgue at the Mainichi Shinbun, but from internal evidence contains fewer arbitrary year-to-year fluctuations. Its largest value was 378 clippings in 1973. The gerontology index counts books and articles listed in the standard bibliography in the field: Tokyo-to Rōjin Sōgō Kenkyūjo, ed., *Rōnen Kenkyū Bunken Mokuroku: Shikai Kagaku hen* (Tokyo: Tokyo-to Rōjin Sōgō Kenkyūjo, 1975). Its largest value was 230 citations in 1972. The index of opinion on social security is taken from the *Kokumin Seikatsu ni Kansuru Seron Chōsa* polls of large national samples, sponsored by the Prime Minister's Office; it is reported in *Seron Chōsa Nenkan*, and is translated annually by the Foreign Press Center in Tokyo (called "Public Opinion Survey on the Life of the Nation"). In 1974–76 the poll was conducted twice a year, and the earlier survey was used. The question asks which area the government should pay most attention to, from a list that includes price inflation (often the winner), taxes, housing, the environment, and so forth. Two answers are counted. The high point was 45.6 percent in 1976.

two priorities jumped from 19.5 percent in 1969 to 34.2 percent in 1970—the sharpest increase ever recorded in this survey across sixteen items and twenty years—and after a slight fall-off rose again to 42.5 percent in 1972.⁶

Note the sequence: given that most of the policy-making action at the

⁶ Note that since all these surveys were carried out in January, the changes in public opinion

national level occurred in 1971 and 1972, it is clear that this old-people boom in media and public attention preceded decision making, and in effect brought the old-people problem to the national agenda. This pattern contrasts sharply with the other major policy change in this period, environmental policy, though that is often cited as the main example of mass media and public opinion influence. The differences are worth a bit of analysis.

The key policy change to be explained in the pollution case was the burst of legislation passed in December 1970; the specific proposals reached the national agenda, with many pronouncements by political parties as well as government agencies and others, in the preceding summer. The precipitating event was perhaps the photochemical smog incidents which closed Tokyo schools that summer, followed quickly by the *Asahi Shinbun* organizing a special pollution team of reporters for daily reports on environmental issues.⁷ I know of no systematic content analysis of press coverage of pollution, but I carried out a simple count of *Asahi* articles on pollution from 1967 to 1972.⁸ In 1967, coverage averaged just seven items a month, and the average rose to twenty per month from early 1968 all the way until April 1970, with monthly fluctuations but no upward trend. Then, coverage jumped to 137, 139, and 258 items in May, June, and July 1970, about the same time that government and opposition leaders at the national level got involved. That is, although the press was certainly active and influential, the surge of media coverage was almost simultaneous with the issue getting on the general policy agenda; we do not see the growth beforehand of the old-age case. Public opinion data (from the same surveys cited earlier) are also suggestive: only 8.5 percent to 9.6 percent of respondents had picked the environment as one of two top national priorities in 1967–69, dropping to 7.0 percent in 1970, then up to 13.2 percent in 1971 and 15.8 percent in 1972 (again, all January surveys). The level of public inter-

occurred in the previous year. Those picking social welfare as their *single* top priority jumped from 9 percent to 20 percent from 1969 to 1970, and again to 25 percent in 1972. Incidentally, the drop in 1971 was apparently due to increased worries about inflation.

⁷ See the best account of the media role in Japanese environmental policy, Michael R. Reich, "Crisis and Routine: Pollution Reporting by the Japanese Press," in George DeVos, ed., *Institutions for Change in Japanese Society* (Berkeley: University of California Institute of East Asian Studies, 1984), pp. 148–65.

⁸ Specifically, the items listed under *kōgai* in the index of each month's "reduced-type edition" (*shukusatsuban*), not including regional pages. Data collected by Miranda Schreurs. Needless to say, these data are not directly comparable to my old-age press indices, which rely on librarians rather than the editors of a single newspaper to select articles, presumably with somewhat different criteria. Unfortunately the lack of an old-age heading in the index for any newspaper's reduced-type edition made this much simpler method impossible. American research of this sort commonly uses column-inches in *The New York Times Index*, which has no equivalent in Japan: see Jack Walker, "Setting the Agenda in the U.S. Senate: A Theory of Problem Selection," *British Journal of Political Science* 7 (1977): 423–45.

est was much lower than in social security, the surge less abrupt, and the timing reversed; the growth in public interest followed rather than preceded actual governmental decision making.⁹

In fact, the two cases are quite different in several respects. The pollution issue had been on or near the general policy agenda for some time, quite recently in connection with passage of an important law in 1967, and was sharply controversial *within* the government.¹⁰ Moreover, such factors as pressure from organized citizens' movements in many regions, the momentum of a set of legal cases proceeding in the courts, and particularly the intractable administrative problems posed by local governments pushing beyond the framework of national regulations, all provided direct incentives for governmental action.¹¹ Such incentives were not entirely lacking in the case of old-age policy; labor unions and other organized groups did take up the issue, and free medical care initiatives by local governments were a worry for national bureaucrats, but they were much less intense.

We may conclude that media and public attention were relatively more important as a cause of rapid policy change in the old-age case than in environmental policy. But why did the press and public get so excited? Governor Minobe's initiation of free medical care in Tokyo during 1969 was a key focusing event, but the persistent mood-building campaign of the policy community centered around the Welfare of the Aged Division was important as well. Note that the specialized-media trend line on Figure 5-1 (dotted line) shows that growth in publications by and for the old-age policy community started well before the mass media surge; these articles (and the people who wrote them) were a resource for newspaper and television reporters looking for something to write about.

And even for novelists: Ariyoshi Sawako's *Man in Rapture* (*Kōkotsu no Hito*), published in June 1972, quickly became the nation's number-one best-seller. This story of a senile old man who nearly destroys his family is remembered by many Japanese as exemplifying the new concern for the old-people problem. The book originated in the late 1960s when Ariyoshi, already a best-selling social-problem writer, had been looking for a new idea. After reading about various old-age topics in the press, she turned to specialized articles and books on gerontology, and also to Mori Mikio, the

⁹ For examples of this pattern elsewhere, see Walker, "Agenda." Incidentally, those choosing pollution as the single top priority peaked at 6 percent in 1972; they were no more than 2 percent in the three surveys preceding the period of policy change in 1970.

¹⁰ The main battle was between MITI and the Welfare Ministry. For environmental policy making in this period, see Imamura Tsunao, "Soshiki no Bunka to Kōsō," in Tsuji Kiyooki, ed., *Gyōsei to Soshiki* (Tokyo: Tokyo Daigaku Shuppankai, 1976), pp. 37-82; and Margaret A. McKean, "Pollution and Policymaking," in T. J. Pempel, ed., *Policymaking in Contemporary Japan* (Ithaca, N.Y.: Cornell University Press, 1976), pp. 201-38.

¹¹ The latter is emphasized by Steven R. Reed, *Japanese Prefectures and Policymaking* (Pittsburgh: University of Pittsburgh Press, 1986).

specialist at the Welfare of the Aged Division. He gave her many statistics on aging and accounts of current programs; the book sometimes reads like a *White Paper*.¹²

It is difficult to disentangle the role of policy entrepreneurs (Minobe Ryōkichi or Ibe Hideo), experts, writers, and mass media organs in touching off the boom. What is clear is the genuine public response: Japanese citizens were already worried about a host of old-people problems, and were eager for governmental help. An aroused public means that a lot of political energy is generated, which creates opportunities for major decisions. However, although this energy was clearly connected with the old-people problem in general, it was not strongly linked to anything more precise.

This point offers another interesting contrast with environmental policy change. When the pollution issue arrived on the general agenda, it carried with it a substantial number of quite specific proposals already well nurtured by activist groups or sympathetic government agencies. The new programs included in the thirteen laws enacted so quickly in 1970 were mainly based on these proposals. Policy toward the elderly was quite different, in that the public's attention was more free-floating. One would suppose that certain problem-definitions and certain types of solutions would be more attractive to the public than others; moreover, some participants were doubtlessly better situated to take advantage of this energy than others. In fact, as we will see from the fate of the Welfare of the Aged policy community's services strategy for health care, some problem-definitions, solutions, and participants may be disadvantaged by a surge of public attention, relatively or even absolutely. In any case, such energy is hard to control.

FREE MEDICAL CARE AT THE NATIONAL LEVEL

As we have seen, once Tokyo had initiated "old-people's medical-care costs no-fee-ization" (*rōjin iryōhi muryōka*) in October 1969, this attractive new idea was picked up by local governments all over Japan. By little more than two years later all but three prefectures and many cities had enacted related programs. A few were virtually identical with the Tokyo plan of full coverage for most people 70 and over, but most had more limited and less expensive provisions. These programs nonetheless cost quite a lot of money: aggregate expenditure in the welfare of the aged category for all local governments nearly doubled from fiscal 1971 to 1972. In 1969, Mi-

¹² This story was told in a publicity brochure included with the book, and confirmed by Mori. *Kōkotsu no Hito* was published by Shinchōsha in Tokyo; it was translated as *The Twilight Years* (Tokyo: Kodansha, 1984) and also was made into a powerful and very popular movie.

nobe had said “if the central government won’t do it” but now the feeling grew that only the national treasury could and should bear the burdens of health care for the elderly.

Pressure. Local governments themselves, individually and via their six national associations, thus became one of the loudest and probably the most influential voice among proponents of a free medical care program at the national level. Many other groups were also active: labor unions, their associated retiree clubs, and even the hitherto rather unpolitical National Federation of Old People’s Clubs, which over two years managed (with help from the Social Welfare Councils organization) to collect enough signed petitions to fill a truck. The three main opposition parties—Socialists, Communists, and Clean Government—could all take some credit for the Tokyo initiative, and they often criticized the national LDP’s inaction in Diet interpolations and public statements. And certainly everyone around the government believed that the popularity of free medical care among the general public was high and rising.

Pressure was therefore more and more intense. Recall that our definition of the agenda rests on whether a preponderance of the relevant participants believe that government action is likely; in that sense the issue undoubtedly arrived in the general policy agenda within a year or so after the initiation of the Tokyo program. But arrived in what form? The problem was reasonably clear—insufficient health care for the elderly—but it was not at that stage firmly attached to any particular solution. The Tokyo system, as the most prominent program in this policy area, certainly was seen as one proposal by participants, but the less expensive systems of other localities were also possibilities, and a different sort of proposal from the Ministry of Health and Welfare might be entertained as well.

Welfare Ministry non-decision making. After all, given the norms of Japanese policy making, it was the Welfare Ministry that would have primary responsibility for coming up with actual legislation. Initially, the Insurance Bureau had taken the lead, inserting a proposal for an old-age health insurance system (*rōrei hoken seido*) in a draft radical reform (*happōn kaikaku*) of the entire health financing system proposed to two advisory committees in August 1969.¹³ However, the most concerned participant was the Social Affairs Bureau, because of its responsibility for old-age social welfare, along with the policy community that had grown up around its programs. In the summer of 1970, just before the National Conference for a Rich

¹³ Ministry of Health and Welfare, Fifty-year History Editorial Committee, ed., *Kōseishō Gojūnenishi*, Vol. I (Tokyo: Chūō Hōki, 1988), p. 1361, cited hereafter as *Fifty-year History*. This notion had also been endorsed by an LDP body looking into radical reform of health care in April.

Old Age and the Central Social Welfare Council report, Bureau chief Ibe Hideo tried to insert a ¥2 billion program to establish hospital rehabilitation services for the elderly into the Welfare Ministry's requests for the 1971 budget. His hope was that intense public interest in the old-people problem could be used to advance the preferences of the old-age policy community, namely, the services strategy of specific government programs to deal with the particular health problems of the elderly. Incidentally, because of the high prevalence of stroke in Japan, rehabilitation was a particularly important aspect of old-age health care.

This proposal was opposed within the Ministry by the Insurance Bureau, because it was still hoping to use the rising tide of pressure as leverage to achieve its long-sought radical reform, and feared that the Ministry's getting more involved in specific programs for old people would make that harder. After a three-hour argument in the August 1970 Ministry meeting to settle budget requests, a compromise was reached that only rehabilitation services for outpatients, not the hospitalized, would be requested. The Finance Ministry initially rejected this proposal, as it does most new programs, but Ibe protested in late 1970 that public opinion was running so high that unless the Welfare Ministry did something it would be forced to come out in favor of free medical care. The request was finally granted.¹⁴

By the following spring, it was becoming obvious that palliatives would not be enough. In March 1971, an interbureau project team was organized, the first time such a device had been attempted in the Welfare Ministry. Ostensibly its purpose was to draw up concrete plans to implement the many proposals included in the 1970 Comprehensive Policies report, but the real goal was to build a ministerial consensus on the free medical care problem. This organizational stratagem failed completely; the project team's interim report (actually the only one issued) of May 14 included *four* alternatives, with no preference expressed:¹⁵

- A. Some of the patient's portion of medical fees would be covered out of general revenues, with the various health insurance systems continuing as before (similar to the Tokyo plan but not covering 100 percent of costs).
- B. The central government would simply offer a partial subsidy to whatever schemes local governments developed.
- C. The elderly would be separated from regular health insurance, and a special system would be established to cover all their health costs from general revenues (possibly partially cross-subsidized by the health insurance systems)—in effect, an extension of the existing system for public assistance recipients and A-bomb victims.

¹⁴ Interview with Ibe Hideo, April 8, 1977.

¹⁵ See Kōseishō Shakai Kyoku Rōjin Fukushi-Hokenka, eds., *Yōsetsu Rōjin Fukushi hō* (Tokyo: Chūō Hōki Shuppan, 1974), pp. 45–47, cited hereafter as *Explanation*.

- D. The regular health insurance systems would raise their coverage ratio to 100 percent for elderly patients, paid for by a Treasury subsidy.

The differences among these alternatives had enormous implications for Welfare Ministry officials. Those who had a vague distaste for the entire idea, particularly Medical Care Bureau officials, favored Alternative B as the cheapest solution and the one with fewest ramifications for Ministry policy. The Social Affairs Bureau preferred Alternative C because it opened a path for the development of specialized geriatric services within the new system; the Public Health Bureau was drawn into lukewarm support after a proposal to include preretirement health examinations starting at age 40 (which would infringe on existing bureau programs) was dropped. As a fallback position, Social Affairs and Public Health also endorsed Alternative D, thinking that it would speed a radical reform of health insurance which then would provide more opportunities for their much-preferred services strategy. However, both C and D were fervently opposed by the Insurance Bureau, which by now had given up its hopes of radical reform, and in any case was more concerned with immediate financial problems in health insurance. This bureau's main desire was to avoid getting tangled up in the expensive old-people problem—as one participant put it, Insurance Bureau officials “couldn't be bothered”—and so it came out for Alternative A.¹⁶

Given this divergence of views, it is not surprising that the project team could not bring about a consensus; it was a committee of equals that met only a few times, most officials saw it as essentially a Social Affairs Bureau operation, and the representatives from each bureau did no more than argue from established positions.¹⁷ Only strong leadership from the vice minister could have made a difference. An alumnus of the Insurance Bureau, he was said to lean toward Alternative A as the easiest response to the political pressures that were building up, but in fact he did not play an active role. The fragmentation and confusion thus continued into the fall: requests for the 1972 budget were due by the end of August 1971, and the Ministry knew it had to propose something, but it could do no better than resubmit the Sonoda plan halfheartedly requested back in 1968. This specific idea, in fact, had not even been seriously considered by the Project Team.¹⁸

¹⁶ Yamaguchi Shin'ichirō, in Kōseishō Shakai Kyoku Rōjin Fukushika, ed., *Rōjin Fukushi Jūnen no Ayumi* (Tokyo: Rōjin Fukushi Kenkyūkai, 1974), p. 38, cited hereafter as *Ten Years*. This scorecard is based on that account and an interview with a middle-ranking Welfare Ministry official conducted in 1977.

¹⁷ See chap. 9 for an account of another intraministerial body that learned from this experience and succeeded in forging a unified ministry recommendation, this one on how to retreat from free medical care.

¹⁸ See the previous chapter and *Explanation*, p. 53.

By its inability to reach a decision, the Welfare Ministry in effect threw away much of its influence over how the now-inevitable program for old-age health care would be shaped. This abdication of responsibility is an example of the phenomenon called problem flight in the garbage-can model.¹⁹ When a choice opportunity was presented, several participants dumped in the problems and solutions that most concerned them at the time. The situation became crowded and complex, and not enough energy was available to produce any choice. As a participant later remembered, because everyone was eager to finish quickly, it was finally decided “to avoid getting mixed up in the larger problems” of the Japanese health care system, and four contending alternatives were listed without preference. The issue thus flew off to another arena.

LDP decision making. That arena was the Liberal Democratic Party, which could not afford to ignore the issue. As well as being pressured by such long-valued constituents as local governments, and not insensitive to the growing boom in media attention and public opinion, the conservatives were at this juncture also feeling quite threatened by the progressive opposition and its charges of governmental unresponsiveness. The confident mood induced by more than a decade of amazing economic growth helped to diminish any feelings of constraint.

Which is not to say that a majority of LDP Dietmen actually favored the expensive Tokyo plan. Although there is no systematic evidence on this point, it appears that few conservative politicians viewed the idea with enthusiasm and many had severe doubts, particularly those in leadership positions. However, the fragmented nature of LDP policy-making routines meant that the issue would first be considered in the party’s Special Committee on Policy Toward the Aged (appointed in June partly as a symbolic gesture to the public opinion boom). The chairman was Sonoda Sunao, and the leading members were Tanaka Masami and Hashimoto Ryūtarō, who (along with Saitō Noboru, then the Welfare Minister) were the LDP Dietmen most interested in the old-people problem and welfare policy in general. All three also served on the permanent Social Affairs Division of the Policy Affairs Research Council, which was the party body responsible for reviewing all Welfare Ministry policies and therefore also had jurisdiction over the free medical issue. I interviewed two of these three Dietmen in 1977.

According to these interviews (which may have been colored by problems that occurred later), the welfare specialists in the LDP believed that new policies were needed in this area, but they did not see that completely

¹⁹ Michael D. Cohen, James G. March and Johan P. Olsen, “A Garbage Can Model of Organizational Choice,” *Administrative Science Quarterly* 17:1 (March 1972): 1–25.

free medical care would be warranted, and they worried about possible overuse of medical facilities by older people. Some preferred an emphasis on the most serious illnesses incurred by the elderly, such as stroke, rather than on routine medical care. However, the Special Committee and the Social Affairs Division lacked the technical expertise and staff resources to deal substantively with an issue as complicated as a major reform of the medical care system, and therefore had to depend primarily on bureaucratic recommendations. The two committees held several hearings with representatives of the Welfare Ministry's project team, mostly in July. Time was getting short: with pressure increasing, everyone now assumed that some policy change would have to be included in the 1972 budget, which meant a concrete proposal would be needed during the fall of 1971 at the latest.

The Special Committee's report, formally issued on Respect for the Aged Day (September 15), opted for Alternative A, essentially a cheaper version of the Tokyo plan.²⁰ An "appropriate amount" of the patient's share of medical fees would be covered by public subsidy, for everyone over 70 except "those with an adequate income to cover medical costs." As a gesture to those hoping for a more fundamental solution, it was noted that the problem really should be dealt with as part of an overall old-age health care system, with the subsidy as an interim step. This proposal was then passed up to the party's Executive Council, the central policy-making organ of the LDP. The Executive Council contained no welfare specialists, and it dealt with the proposal quickly and in a highly political fashion—the draft was further sweetened by dropping the "appropriate amount" language, so that the entire patient's portion would be covered and medical care would be free (as in Tokyo). The point about creating an overall system in the future was not emphasized. Although I lack detailed accounts of these deliberations, the politicians and officials I interviewed later used such words as "the movement was too strong" and "it was inevitable"—clearly both the experts in the Special Committee and the political leaders in the Executive Council felt they were being carried along by political momentum.

At the same time as these political negotiations were going on, that perpetual gadfly, the Social Security Systems Deliberation Council, issued a report on health insurance reform in general.²¹ It noted the growing public demand to do something about the old-age health care problem and recognized that the various local programs had to be brought into some order. However, the several solutions then being discussed were criticized:

²⁰ "Rōjin Taisaku no Yōkō—Akarui Rōgō no tame ni." For the text, see *Explanation*, p. 48.

²¹ "Iryō Hoken Seido no Kaikaku ni tsuite," September 13, 1971. The relevant portions are reproduced in Kōseishō Shakai Kyoku Rōjin Fukushi Ka, *Rōjin Fukushi Hō no Kaisetsu* (Tokyo: Chūō Hōki Shuppan, 1984), pp. 36–39, cited hereafter as *Commentary*.

the Tokyo plan in particular would strain existing facilities, lead to various inequities and conflicts of interest, and throw the National Health Insurance system into financial difficulties. The Council preferred simply subsidizing the existing health insurance systems to raise the percentage of costs covered for the elderly (i.e., Alternative D). More importantly, it pointed out that simply paying fees was not enough; the elderly needed a range of specific services—geriatric hospital facilities, nursing homes, home care for the bedridden—which should not be forgotten. In its characteristically acerbic tone, the Council characterized the discussions to date as too hurried, superficial, and incomplete, but concluded that “the ripe opportunity to go ahead was coming” and asked only that the government keep its observations in mind.

No one paid much heed to these views, which were typical of policy community thinking. In the final budget negotiations in December, only the smaller Sonoda plan was officially on the table (since that had been the formal request) and the Welfare Ministry did not support that very strongly.²² The Ministry was nonetheless given much more than it had asked for, or wanted. The LDP-backed Tokyo plan was approved. The austere officials of the Finance Ministry would of course have preferred any less expensive alternative, but in fact they put up little resistance, partly because they were under an unusual amount of political pressure in late 1971.²³ And as is often true in Japanese policy making, this agreement by the Finance Ministry during the budget process amounted to de facto enactment of free medical care.

The plan, as drawn up by the Welfare Ministry and submitted to the Diet in February 1972, covered those 70 and over whose own incomes were low enough to be exempt from income tax, and whose family's income was not too high (about 4.3 million people, over 90 percent of the age group, were covered). The full patient's copayment portion of both inpatient and outpatient care would be paid, two-thirds from national general revenues and one-sixth each by prefectures and municipal governments, with reimbursement directly to the medical facility rather than the patient. The direct cost to the national treasury in 1973 was ¥103 billion (about \$570 million).

²² It is noteworthy that the Welfare Ministry's quite dry and bureaucratic *Fifty-year History* emphasizes the LDP's role in this process, and—uniquely among the sections I read—directly characterizes the Ministry's attitude in September–October 1971, as “negative” (*shōkyōteki*). *Fifty-year History*, p. 1263.

²³ Satō Eisaku's term as prime minister was ending and factional battling over the succession was intense; in particular, Tanaka Kakuei and Fukuda Takeo were competing over who could get bigger budget allocations to impress the rank-and-file. Note also that Finance Minister Mizuta Mikio had already endorsed an expansive fiscal policy to meet the brief recession induced by the mid-1971 dollar devaluation. See my *Contemporary Japanese Budget Politics* (Berkeley: University of California Press, 1976), pp. 149–50.

Aftermath. The free medical care program was passed easily by the Diet in June 1972 to begin in January 1973. Both the Upper and Lower House Social and Labor Committees issued supplementary resolutions calling for expanding free medical care itself and completing the old-age welfare system, including various components of what we have called the services strategy for health care.²⁴ In October 1973, the Welfare Ministry picked up on one of these ideas: by bureaucratic ordinance, it extended the program to bedridden elderly 65 and over—in effect, a partial achievement of its preferred targeted strategy.

The Welfare Ministry's negative view of free medical care was reflected in a legislative and bureaucratic anomaly: the new program was created as an amendment to the 1963 Welfare Law for the Elderly, which meant it would be housed in the Social Affairs Bureau rather than one of the health care bureaus, even though the new division (Health Care for the Aged Division, *Rōjin Hokenka*, established in June 1972) was headed by a physician. It was located in a rather decrepit office far from the Social Affairs Bureau's floor. The division's first task was to complete some tough negotiations with the Japan Medical Association about the payment system, and to work out relationships with the local governments that would administer the program.

The various localities that were already active in this area responded to the new program in various ways: some simply let the central government's system suffice, while others used their savings to go a little further. In Tokyo, many experts called for the expansion of a variety of other services for the elderly instead, but the social welfare movement was still active, and Governor Minobe responded to its demands by lowering the age of eligibility to 65 and removing the income test, achieving a truly universal system. The level of expenditures by the Tokyo Metropolitan Government thus remained quite high.

A major problem in the long run, at both the local and national levels, was the impact on National Health Insurance, the system administered by localities in which most of the elderly were enrolled. Free medical care brought many more old people into doctors' offices and hospitals, and although 30 percent of these costs came from the new program, 70 percent was covered by NHI. Its deficit ballooned and had to be covered from general revenues. This problem had not been fully taken into account when considering free medical care: the 1973 budget did include a special ¥3.4 billion (\$19 million) subsidy for NHI, but the amount was inadequate and had to be increased.²⁵ As will be described in Chapter Nine, this indirect cost of old-age health care, along with its own budget, became the main

²⁴ *Explanation*, pp. 59–60.

²⁵ *Fifty-year History*, p. 1363.

force in what came to be perceived as a dangerous spiral of health-care costs that led to substantial reform in the 1980s.

Interpreting Free Medical Care

That the government would do something about the cost of health care is easily explained by the boom in the press and public opinion and the strong pressure from local governments and other interest groups, facilitated by such factors as the rather relaxed financial constraints and the threats to conservative hegemony posed by opposition party gains in many cities and urban prefectures. However, a central puzzle remains: why was the Tokyo plan, virtually the most expensive solution imaginable, selected by a conservative administration? It appears that the majority of both LDP Dietmen and Welfare Ministry officials opposed making medical care for the elderly completely free, and in fact the idea really had no sponsor within the governmental system—no individual, group, or agency in the bureaucracy or the majority party actively pushed for the Tokyo plan itself. The interested outside groups and certainly the general public wanted action, but most were not committed to any specific plan. If a consensus could have been reached inside the government on another reasonably generous solution, with a solid rationale, a good sales job might well have deflated much of the pressure and brought credit to the LDP. And alternatives were available: local governments had implemented quite a variety of programs, most not as generous; for example, coverage often started at age 75, and the income limitation was usually the stricter Welfare Pension standard (allowing about 75 percent participation rather than over 90 percent).²⁶ The Welfare Ministry itself had come up with other possibilities.

The answer to the puzzle lies in the immediate attractiveness of the Tokyo plan as compared with the weakness of available alternatives, given the assumption that some rapid and substantial policy change was necessary. To timid LDP politicians, a cut-rate plan like partial Treasury subsidization of local programs or a marginal increase in reimbursement through the health insurance system seemed risky because they invited invidious comparisons with Tokyo and other progressive localities. On the other hand, a comprehensive reform of health insurance or the medical care system would require difficult preparations and tough political negotiations. The only alternative that had really been nurtured by a sponsor was the Social Affairs Bureau's services strategy and the accompanying notion of a separate financing system (Alternative C). Its support, however, was concentrated within the welfare of the aged policy community, and the idea had drawn little interest in the more general policy arena. Even to get off the

²⁶ *Commentary*, p. 35.

ground, such a proposal would require a strong push from the entire Welfare Ministry, but intraministerial rivalries and the distractions of the larger issue of radical reform of all health financing had made that impossible.

The Tokyo version of free medical care had several advantages: it was demonstrably workable, had received the most publicity, and met the genuine problem of high medical costs head-on. It also could be implemented without creating or reorganizing large administrative structures. The fact that Minobe's bold move had touched off the old-people boom meant that this proposal had a head start on the others; even without a real sponsor or much enthusiastic support inside the system, it had enough momentum to brush aside criticism and win rather easily, largely because no one could field an attractive opposing idea.

PENSION EXPANSION

The other large-scale policy changes of the boom period were in public pensions. Most spectacular were the enormous increases in benefits for the contributory programs—the ¥50,000 pension—but nearly all aspects of Japan's pension system were affected.

Those Who Are Already Old

Benefit levels for the contributory programs actually had little to do with the immediate old-people problem itself, since almost no one was receiving anything like the model benefit. Only about 10 percent of those becoming eligible for the Employee Pension in this period had earning records that would provide an adequate benefit, and full National Pension benefits would not be paid for years. Much more relevant to those who were already old was the noncontributory Welfare Pension (*Fukushi Nenkin*), which by 1973 was going to 3.7 million people aged 70 and over who could pass an income test (about three-quarters of this age group).²⁷ This was a larger number than the 3.4 million eligible under *all* the contributory programs in that year. In the early years of the Welfare Pension, the benefit had been tiny, starting at just ¥1,000 per month and rising only by small jumps in the 1960s; as late as 1972 it amounted to only ¥2,300 a month (in real terms an increase of only about 15 percent over twelve years).

The proximate reason for this puny performance was a matter of organizational missions and boundaries. The Pension Bureau was in charge of the program (which is formally part of the National Pension), and its officials' *raison d'être* was the achievement of a generous and modern pension

²⁷ Basic information on these programs is from *Kāsei Hakusho*, 1974 and 1975. Also see Okamoto Shigeo and Miura Fumio, *Rōjin no Fukushi to Shakai Hoshō* (Tokyo: Kakiuchi Shuppan, 1972), p. 180.

scheme that they perceived, following Western examples, only in terms of a contributory system. Those already old did not fall within the Pension Bureau's preferred domain. Another factor was that because these payments came directly from the ordinary budget, the Ministry of Finance had a much more direct stake in benefit increases than when the payments came out of a separate fund. Current old people were of course the main concern of the growing old-age policy community, and these experts often wrote about lack of income as a major aspect of the old-people problem—the need to raise the Welfare Pension substantially was an important recommendation of both the National Conference on a Rich Old Age and the Central Social Welfare Council Report in 1970. However, the institutional niche of this policy community was the Social Affairs Bureau, which had no jurisdiction over pensions. In this sense, the Welfare Pension had fallen between the cracks.²⁸

This sort of program should be an obvious beneficiary of the shift in attention from the old-age problem to the old-people problem that occurred in the boom period of the early 1970s. In fact, in early 1971 the Welfare Ministry's project team recommended an increase from ¥2,300 to ¥3,000 per month, the LDP's Special Committee on Policy for the Aging upped the ante to ¥3,300, and the National Federation of Social Welfare Councils demanded a ¥5,000 benefit. The ¥3,300 figure (a 40 percent nominal increase) was ultimately approved by the Finance Ministry in late 1971 for the 1972 budget.

This success was entirely the result of old-age policy community pressure. The Pension Bureau, according to a participant, played virtually no role in this expansion of its own program.²⁹ Nor, within the LDP, were any but welfare specialists involved. Unlike free medical care, the Welfare Pension issue never reached the general agenda. The key was public interest in the *general* old-people problem, which became an energy resource for Social Affairs Bureau officials and their allies, allowing them to cross jurisdictional boundaries to support another bureau's program.

In effect, although the issue remained a matter of budgetary decision making mainly within the subarena, the Welfare Pension was transformed from a low-energy bureaucratic track to a more political process. In 1972, with a small prelection boost from Prime Minister Tanaka (who said "this is good campaign material"), benefits were increased to ¥5,000 per

²⁸ In a larger sense, of course, the lack of policy change in the 1960s reflects the Japanese government's policy of restraining consumption to encourage industrial development, and was possible because most old people were able to depend on their children.

²⁹ *Ten Years*, p. 45. The pensions policy community, perhaps in embarrassment, woke up to this issue belatedly: the National Pension Deliberation Commission appointed a special subcommittee on the Welfare Pension in October 1973, which reported that more attention should be paid to those already old and benefits should be raised to a living level. *Fifty-year History*, p. 1837.

month (effective in 1973), and thereafter the monthly benefit was raised every year by ¥1,500–¥4,500 rather than the ¥100–¥300 increments of the period 1959–1971.³⁰ Each year the Welfare Ministry would request an increase; the Finance Ministry would cut the request marginally; interest groups and a few politicians would protest; and a portion of the cuts would be restored. The protests would include marches of Old People Club members through downtown Tokyo and so forth, and would attract some press attention, but in fact the only issue at stake was whether the increase would be, say, 10 percent or 15 percent. That is, such processes are still highly constrained—even these sizable percentage increases were hardly munificent. In 1988 the benefit was just ¥28,400, or \$160 a month.³¹

A real improvement in the incomes of those already old would have required much more involvement by heavyweight actors, and so the question of why this issue did not reach the general agenda the way free medical care did is worth a note. It was not that small sums were at stake: Welfare Pension expenditures were twice the size of free medical care budget costs in 1974, and its increase from ¥89 billion in 1971 to ¥361 billion in 1974 (from \$500 million to \$2 billion) was substantial. The main difference was that initiation of a brand-new program to pay medical costs was a dramatic event that caught people's attention, whereas the Welfare Pension expansion was perceived as incremental. A contributing factor may have been that although the beneficiaries of the two programs were largely the same (people over 70 below a specified income), free medical care had broader appeal because middle-aged people too were worried about the impact of sudden heavy medical expenses for their parents on their own household budgets. Covering day-to-day living expenses, in contrast, was continuous and predictable. If this problem were not seen as much of a burden by citizens, it offered little potential energy for political leaders.

The ¥50,000 Pension

The issue that did reach the general agenda was the Employee Pension. Although few Japanese were then receiving benefits from a contributory

³⁰ Ashizaki Tōru, *Kōseishō Zankoku Monogatari* (Tokyo: Eeru, 1980), p. 123. Also see Nihon Kokumin Nenkin Kyōkai, ed. and pub., *Kokumin Nenkin Nijūnen Hisshi* (Tokyo, 1980), p. 144, cited hereafter as *Secret History*.

³¹ At the ¥180 = \$1 exchange rate used throughout this book. Note, incidentally, that in visits to rural areas in 1977, I found that for many old people who owned their own homes and ate mostly vegetables that they grew themselves, the Welfare Pension (then about \$83 a month) amounted to the highest disposable cash income they ever remembered having. Surveys indicate that older people who lived with their children (the majority) valued this pension as allowing them to give money to grandchildren, an important factor for feeling independent in reciprocity-conscious Japan. Many of those without family support were on public assistance, which paid more.

system, nearly everyone not already old anticipated getting them in the future. Certainly pensions loomed large in the minds of the survey respondents who indicated that the government should pay attention to completion of social security. The EPS was thus an attractive issue for heavy-weight participants, and for the first time since the late 1950s, a pension issue was pulled up from the subarena level and became a major focus of attention. The achievement of the ¥50,000 pension in 1973 was widely heralded as the start of the pension era (*nenkin jidai*) in Japan.

Bureaucratic process. Of course, the agency in charge was still a significant participant. From the Pension Bureau's point of view, this policy change had its roots in the prosperity and rising incomes of the late 1960s, accompanied by high inflation that was diminishing the real value of the new ¥20,000 pension. Its first response was an increase of about 10 percent in Employee Pension benefits, passed in mid-1971, to compensate for price inflation and wage increases since the 1969 Fiscal Review; such a mid-term adjustment was unprecedented but was accomplished with little fuss.³² But the Pension Bureau soon became more ambitious: in November, 1971 it proposed through an advisory committee that the next Fiscal Review (scheduled for 1974) should be carried out "as soon as possible" to allow a major hike in benefits plus automatic indexing.³³ Pension Bureau officials clearly saw an opportunity in the surge of public opinion favoring improvement of social security and the rapid progress of free medical care toward enactment. After a year's deliberations by officials and experts, the Welfare Ministry's official Social Insurance Council recommended on October 17, 1972 that the Employee Pension model monthly benefit for a couple be raised to ¥50,000. This figure represented the Pension Bureau's long-held goal of attaining the International Labor Organization's standard of 60 percent of average wages.

Compared with the benefit hikes of the 1960s, the Pension Bureau had a lot of help. As Yokota Hiyoshi, who became chief of the Pension Bureau in June 1972, remembered: "This was the time when the nation's expectations about pensions rose rapidly . . . the feeling had grown strong that the pension system should be established as the main support for the elderly. The mass media were engaged in an unceasing campaign demanding

³² See Hirota Tomitarō, "Rōrei Hoshō Kindaika Shomondai," in Kagoyama Takashi, ed., *Shakai Hoshō no Kindaika* (Tokyo: Keisō Shobō—dated 1967 in error; probably 1976), p. 320.

³³ This was a "discussion group" of the Employee Pension Division, Social Insurance Deliberation Council. This account is partly based on Yamazaki Hiroaki, "Nihon ni okeru Rōrei Nenkin Seido no Tenkai Katei: Kōsei Nenkin Seido o chūshin to shite," in Tokyo Daigaku Shakai Kagaku Kenkyūjo, ed., *Fukushi Kokka* (Vol. 5, *Nihon no Keizai to Fukushi*; Tokyo: Tokyo Daigaku Shuppankai, 1985), pp. 171–237, cited hereafter as "Process."

reform of the pension system. On top of that, the labor unions . . . were demanding completion of the system. . . . Those of us in charge of policy resolved that we must carry out an unprecedentedly drastic reform.”³⁴

Progressive pressure. The previous chapter briefly described the left-wing social welfare movement, which played an important role in Tokyo's initiation of free medical care. Its constituent groups were also the core of a loose national movement, at least nominally based on union-connected retiree clubs, which developed in the 1960s to push for several expansions of old-age policy. Pensions were the top priority, followed by health care, the extension of mandatory retirement, and housing.³⁵ The first national meeting had been held in 1964 as part of a campaign by Zennichi Jirō, the union of Unemployment Relief Measures enrollees, to oppose Labor Ministry cutbacks in their support. By 1967, other Sōhyō unions and progressive groups had been drawn into a somewhat larger First National Old People Assembly, and some union-sponsored organizations of retirees were started at the firm, industry, and regional levels. This old-age security movement (*rōgō hoshō undō*) was based on the idea that “social security is a fundamental right of the working class,” and it came to focus on a series of court suits, notably the 1967 Makino case testing whether it was unconstitutional for the government to reduce the Welfare Pension benefit to married couples who were both eligible.³⁶

The progressive old-age security movement was neither a unified nor a massive social movement. For one thing, as it expanded from its radical core to the major public-employee and then private-employee unions, its interests became somewhat disparate. But in September 1971, feeding on the growing old-people boom, the Fifth National Old People Assembly drew over 10,000 participants—up significantly from the 500–1,500 of earlier years, and enough to attract considerable attention in Tokyo.³⁷ More importantly, the labor unions themselves were giving old-age policy, particularly pensions, a much higher priority. In October 1971, an Employee Pension Reform Committee was established as part of the 1972 Spring Offensive Joint Headquarters, the top strategy organ of the labor movement.³⁸ The unions kept up the pressure: in August 1972, Sōhyō

³⁴ *Secret History*, pp. 141–42.

³⁵ Its origins can be found in the mixture of radical union and movement politics of the late 1950s, including organizations of welfare recipients, TB patients, radical physicians, and so forth. For details, see the sympathetic account by Mitsuka Takeo, “Rōdō Kumiai Undō to Kōreisha Mondai,” in Kōhashi Shōichi, ed., *Rōgō, Rōjin Mondai* (Tokyo: Mineruba Shobō, 1976), pp. 305–36.

³⁶ As in the earlier and more celebrated Asahi case, which hinged on the right to Public Assistance, the plaintiff won in the lower courts but lost on appeal. Ibid.

³⁷ Ibid., p. 321.

³⁸ “Process,” p. 198.

called for a minimum benefit of ¥40,000 for all pensions and an Employee Pension as high as ¥80,000.

Cooperative business. One expects to see pressure for bigger pensions from labor, but surprisingly enough employers were moving in the same direction. As we saw in Chapter Three, large Japanese firms had in the early 1960s come to see the Employee Pension as a mechanism for relieving a portion of their retirement bonus obligations; to do so, benefits had to be relatively high. Since company retirement bonuses are based on average pay, the rapid wage increases of the late 1960s had pushed these burdens higher and higher and thus increased the incentive to improve public pension benefits. Businesspeople are of course also part of the general public; they shared the new sense that the old-people problem was a top national concern, and perhaps saw the Japanese welfare state as an inevitable development.³⁹ The most progressive of the “big four” business peak associations, the Keizai Dōyūkai, had been calling for more attention to social policy for some time.⁴⁰ More directly, in April 1971, Nikkeiren (Japan Federation of Employer Associations, the peak association specializing in labor management matters) endorsed a resolution stating that “in response to the aging of the population, the completion of old-age security [*rōrei hoshō no jūjitsu*] should be pursued as a high priority.”⁴¹ On September 5, representatives of Nikkeiren met with the Sōhyō top leadership and agreed to carry out a joint struggle for social welfare; they agreed that the Employee Pension should be at least ¥47,000.

The Liberal Democrats. The ruling party had certainly never opposed higher pension benefits; it had been happy to use the ¥10,000 pension and ¥20,000 pension among its campaign slogans for the 1965 and 1969 elections. In 1972 it took a more active role. The year started unhappily, when Labor Minister Hara Kenzaburō was forced to resign after remarking to a provincial youth group that “people who go to old-age homes when they are 60 are the lowest of the low, people who have forgotten what it is to be thoughtful.”⁴² But Tanaka Kakuei had become Prime Minister in July. Addressing a meeting of prefectural governors on September 11, he announced he would make 1973 “the year of the pension.” Two weeks later, the party’s Social Security Investigation Council recommended a ¥50,000 monthly benefit. This became a featured promise for the December 1972 general election campaign, during which, unsurpris-

³⁹ Ibid., pp. 200–1.

⁴⁰ Calder, *Crisis*, pp. 108, 201.

⁴¹ “Process,” p. 197.

⁴² For Hara’s speech, see T. J. Pempel, *Policy and Politics in Japan: Creative Conservatism* (Philadelphia: Temple University Press, 1980), pp. 160–62.

ingly, the opposition parties outdid the LDP by calling for a ¥60,000 Employee Pension, as Pension Bureau chief Yokoda put it, “each party put up its own horse in the pension race.”⁴³ In December, Prime Minister Tanaka personally forced the final decision on the Employee Pension benefit by overriding objections from the Budget Bureau and instructing Finance Minister Aichi Kiichi to approve the ¥50,000 figure.

Other Pension Decisions

Pension systems are inherently complicated. In the initiation of free medical care (at least in the way it turned out), the government simply could decide to shovel out the money without much immediate regard for further implications. That was impossible for the ¥50,000 pension, which required many technically difficult decisions with enormous implications for the lives of many people and for the fiscal health of the government.

To an extent perhaps not completely appreciated at the time, the decisions made in the early 1970s changed the fundamental basis—not just the size—of the Japanese pension system. As we will see in Chapter Ten, these decisions later came to be seen as quite flawed: future benefit levels as too high, their financing as both inadequate as written and improperly calculated, and the overall system as inequitable and administratively unworkable. This book is not an exercise in pension policy analysis, and we cannot delve very deeply into these interesting and extremely significant issues. It is important for our purposes, however, to get a general sense of these decisions and how they were made.

All were essentially subarena processes, handled by the same specialists who had been dealing with pensions for years. Pension Bureau officials were at the core, working with representatives of labor unions and employers and some academic experts (LDP politicians played little or no role on detailed policy matters). Three of these detailed decisions—indexation, the benefit formula, and financing—were the subject of sharp arguments within the Employee Pension Division of the statutory Social Insurance Deliberation Council, which met from November 1971 to October 1972.⁴⁴ The other two discussions concerned the management of reserve funds, settled rather easily in negotiations with the Finance Ministry, and a set of provisions on the National Pension made quickly and apparently without much argument by Welfare Ministry officials.

Compared to earlier years, these specialists were working in a more tur-

⁴³ *Secret History*, p. 141. Note the Democratic Socialists stuck with ¥50,000. See Hagino Kōki and Fukuoka Masayuki, *Gendai Fukushi to Seiji* (Tokyo: Kōbundō, 1979), chap. 3, for summaries of party positions.

⁴⁴ For these discussions see Hirota, “Kindaika,” pp. 321–23, and *Fifty-Year History*, pp. 1432–36.

bulent environment, and they were dealing with larger and more complicated issues. Much later criticism of these pension decisions amounts to an argument that new thinking was required, a comprehensive reassessment of pension policy, but as a practical matter the decisions had to be made quickly by relatively few people, with limited capabilities and long accustomed to an incrementalist approach. It is understandable that they might have focused on questions that were not necessarily the most important ones.

Indexation. The biggest decision made within the subarena, as significant as the expansion of benefits, was the introduction of indexation, or as it is called in Japan the price slide (*bukka suraido*) system. Under the old method, pension benefits were supposed to be adjusted in the scheduled Fiscal Review every five years “in cases of extreme fluctuations in national living standards or other conditions.”⁴⁵ In inflationary times considerable purchasing power can be lost over five years. In practice, to deal with this problem, the Fiscal Review had routinely been moved up a year or two, benefit hikes had gone well beyond the amounts of price or wage increases, and in 1971 adjustments were made between reviews. However, pension experts had long been bothered by the delays as well as the administrative vagueness and political uncertainty of this procedure. They were also quite aware that indexing had already been introduced in many European countries (although not in American Social Security until 1972).

Imai Kazuo, a public finance scholar with long service on both Welfare Ministry and Finance Ministry advisory committees, takes credit for a behind-the-scenes role starting in 1965, when he talked the Chief Cabinet Secretary into establishing a study group to promote indexation.⁴⁶ That led to a 1968 proposal by the Onkyū Deliberation Council, reflecting demands from veterans and other groups, which was accepted by the Finance Ministry in order to remove the highly political *onkyū* benefit decisions from LDP influence as much as possible.

The Pension Bureau did not propose indexation for its own programs until 1972, possibly because benefit increases had simply been a higher priority, but probably also for strategic reasons: locking benefit levels into prices or any other objective indicator would make it more difficult to gain approval of nonincremental expansions, big jumps to raise pensions relative to national income or average wages.⁴⁷ In 1971, as the specialists re-

⁴⁵ Employees Pension Law 2:2. This account is mainly based on Hirota, “Kindaika,” pp. 323–32.

⁴⁶ *Secret History*, p. 151.

⁴⁷ This view was expressed by the economist and pension expert Yamada Yūzō in a Welfare Ministry publicity organ called *Nenkin Jihō* 18 (1969): 8.

alized that a large benefit hike was in the cards, indexation came to appear both desirable and attainable.

All indications are that this major step was assumed, not debated, within the subarena. True, the “slide” was one of the three major issues of contention during 1972 in the body responsible for detailed planning for the pension reform, the Employee Pension Division of the statutory Social Insurance Deliberation Council. But this lively debate centered on what *kind* of slide should be introduced, with the labor unions pushing for wage-based indexation and Nikkeiren holding out for tying benefits to the (normally lower) rate of inflation. Pension Bureau officials favored the management side, and in fact set the floor for the slide at a 5 percent increase in consumer prices (in a two-year period), which is more conservative than in most other countries. However, they did promise that the five-year Fiscal Review would take average wage increases into account, although this decision would not be automatic.

As has become evident in many countries, benefit indexation can cause large uncontrollable expenditures and can accelerate inflationary trends; particularly questionable was that the government would cover the cost of indexing benefits in the Employee Pension Funds, even though this was partially a private pension. But apparently these potentially serious problems were not much discussed within the subarena, and at the general-arena level, the political leadership and even the Finance Ministry simply accepted this reform as a legitimate, technical, and normal element of a modern pension system.

Benefit formulas. An individual's EPS benefit is based on a complicated formula, including both a fixed amount based on months of participation and a proportional amount based also on average wages up to a ceiling. As with the benefit hikes of the 1960s, the ¥ 50,000 pension was carried out not by changing the system, but by revising both parts of the formula. Finding a way to do this was the second contentious issue in the Employee Pension Division: the labor representatives wanted the formula written so that the full amount—the model pension—would be paid to a worker with an average earnings record after the minimum twenty years of participation, whereas Nikkeiren wanted thirty years. The Pension Bureau compromised in favor of the latter position, and set the figure at twenty-seven years.

This decision was relatively straightforward in its immediate application, but created problems for the future that seem not to have been realized at the time. First, most workers would contribute for longer than twenty-seven years. Although the maximum period of participation to be counted was then set at thirty years (and very few workers had attained that level), the period would presumably have to be lengthened in the future to pre-

vent later contributions from going for nought. However, any additional participation above twenty-seven years would produce benefits higher than the model.⁴⁸ Second, both the price slide and the five-year adjustment to reflect higher wages would apply not only to benefits already being paid, but also to determining the initial benefit at retirement. Since price inflation is a major component in the growth of average wages, and in fact the individual's wage history was revalued to adjust for earlier low-wage periods, benefits were in effect double indexed and would rise more quickly than either prices or wages.

These difficulties, both of which inflated future benefits well beyond the level contemplated in 1973, were probably inherent in the decision-making process carried over from the 1960s of starting from a catch phrase (the ¥50,000 pension) and modifying the old formulas to match. In particular, the implications of indexing were not fully taken into account.⁴⁹ One reason was that the pension specialists thought they had settled the problem of future benefit levels through yet another policy change.

That is, as noted previously, the Pension Bureau saw the ¥50,000 pension as the fulfillment of a long-sought goal, attaining the International Labor Organization's standard replacement ratio for pension benefits.⁵⁰ The replacement ratio as a criterion for benefit amounts had been popular within the policy community for some time, but was not given much publicity until the 1973 reform.⁵¹ Its political appeal was to allow favorable comparisons with the West, and to legitimate Japanese benefit levels via a prestigious international organization.⁵² Its administrative appeal was to

⁴⁸ As Yamazaki notes, this problem was unacknowledged in Welfare Ministry publications until the 1982 *Kōsei Hakusho*. "Process," p. 221.

⁴⁹ These problems were recognized at the time by Murakami Kiyoshi: see his 1975 discussion in *Nihon no Nenkin*, pp. 106–13. The "coupling" problem of the mid-1970s in American Social Security was similar, and led to emergency reforms. Martha Derthick, *Policymaking for Social Security* (Washington, D.C.: The Brookings Institution, 1979), pp. 392–408.

⁵⁰ ILO Convention No. 102 of 1952, to which Japan subscribed in 1975, set the standard at 45 percent of income at retirement—see Koyama Michio and Saguchi Takashi, *Shakai Hashōron* (new ed.; Tokyo: Yūhikaku, 1975), pp. 240–43. The ¥50,000 pension was about 45 percent of average *total* wages for male workers in manufacturing in 1973; it was about 60 percent of standard wages not including bonuses. "Process," p. 204.

⁵¹ Derthick notes, incidentally, that the replacement ratio was taken as the official criterion for setting benefit levels in the American Social Security system in the mid-1970s, but the idea never really caught on—officials found the notion too abstract for public occasions, and instead would speak of lifting older people out of poverty. *Policymaking*, p. 395 and n. 30.

⁵² Prestigious in Japan, that is; studies of American Social Security rarely mention the ILO's benchmark. Another interesting comparison is that Americans do not refer to average replacement ratios, but show the range across income levels (the ratios are high for low-income groups, and low for high-income groups although their absolute benefits are higher). Japanese Employee Pension benefits are also progressive in this sense because of the fixed-amount portion of the benefit, but most discussions of pensions make no reference to such

provide pension officials with a rational, easy-to-apply criterion for future benefit decisions—the official Social Insurance Deliberation Council announced that the EPS benefit would be maintained at 60 percent of average wages henceforth.

This sensible criterion was thereafter often evoked but not actually employed in decision making. Benefits continued to be set under the old formulas and the new indexing rules, and for the reasons noted earlier these in effect contradicted the 60-percent principle, which had never been translated into operational terms. By 1980, the model EPS benefit had crept up to 67.5 percent of average wages, much higher (at ¥136,000 a month) than officials or even the labor unions had hoped for in 1972; if left unaltered, these formulas would have eventually brought the replacement ratio to 76 percent.⁵³

Financing. Bigger benefits require higher contributions, eventually. For the Employee Pension, the Welfare Ministry over the years had gradually increased both the contribution rate and the ceiling for earnings subject to contributions. In the 1969 Fiscal Review, the contribution rate for men had been established at 6.2 percent of the first ¥100,000 a month of wages, and in 1973 the rate was raised to 7.6 percent on the first ¥200,000 (\$1,100). A much bigger hike was left for future contributions, which in 1969 had been scheduled to rise gradually to a peak of 15.6 percent in 2025, but now were to go up more rapidly to peak at 19.6 percent in 2010.⁵⁴ Clearly, the cost of benefit increases was being pushed to later generations.

This pattern had been consistent since the 1954 EPS reorganization, when contribution rates had been dropped sharply for political and economic reasons. The Employee Pension is semifunded in that it maintains large reserves, but not large enough to be actuarially sound—that is, so that each generation's contributions plus interest would cover all its estimated future benefits. During each Fiscal Review, the Pension Bureau calculates the standard contribution rate (*hyōjun hoken ryōritsu*) required for full funding (10.5 percent for 1973), but the actual rate has always been lower (7.6 percent in 1973).⁵⁵ Controversy in 1972—the third major dis-

variations by income. Of course, the lack of interest among Americans about other countries' examples, and among Japanese about issues of class, goes well beyond the pension field.

⁵³ *Kōsei Hakusho*, 1982, p. 132.

⁵⁴ Contributions are split 50–50 between employee and employer, and women's rates are somewhat lower even though women became eligible for pensions earlier and lived longer. The figures in this section are from "Process," and Murakami, *Nihon no Nenkin*, pp. 129–33.

⁵⁵ The standard contribution for women was 13.9 percent, compared with an actual rate of 5.8 percent. Kōseishō Nenkin-yoku Sūrika, *Nenkin to Zaisei* (Tokyo: Shakai Hoken Hōki Kenkyūkai, 1981), p. 12. This periodical reports on the Fiscal Review and is the authoritative

agreement in the Employee Pension Division—centered on whether this semifunded system should be maintained or be shifted to a pay-as-you-go system like American Social Security (until the 1980s), in which the reserve is merely a buffer and benefits roughly match contributions each year. This was a classic argument, with labor pressing as it had over twenty years for pay-as-you-go to maximize benefits immediately without a contribution hike. In the 1950s (and again later in the 1970s) there was some sympathy in big business circles for this view, but now Nikkeiren held out for the old system and was backed by the Pension Bureau, at least at the symbolic level.

Symbolic, that is, in that the indexation of benefits required a new method of calculating the standard contribution, based on dynamic instead of static assumptions about future economic performance. Because taking inflation into account means that the future value of the reserve is lowered, it follows that interest payments would not help as much, and the inevitable transformation of a semifunded system into pure pay-as-you-go would occur earlier (and in a more brutal way) than when estimated with static assumptions (expert critics said the system should now be called semi-pay-as-you-go).⁵⁶

Serious consideration of such problems was obviated, however, by the ritualistic debate over labels on the one hand and by concern about the increase in the *current* contribution rate on the other.⁵⁷ In the legislation for every Fiscal Review, that increase had been reduced or postponed by Diet amendment under opposition party pressure. The Pension Bureau could be flexible here because, unlike pay-as-you-go systems, Japan's large pension reserves meant that decisions about the actual contribution rate had few immediate consequences.

The pension funds. Large reserves have considerable political interest of their own. Back in the early 1960s, one of the many grounds on which the left attacked the new National Pension System was that the accumulated funds would be invested for the benefit of the establishment (e.g., allegedly for remilitarization) rather than of the contributors. In response, the Welfare Ministry and Finance Ministry agreed in 1961 to establish the Pension

source for Welfare Ministry planning. The clearest explanation of the technicalities is Tamura Masao, *Zaisei kara mita Nenkin* (Tokyo: Shakai Hoken Hōdōsha, 1975).

⁵⁶ See, e.g., Murakami in the 1975 *Nihon no Nenkin*, pp. 129–33. Later critics found disastrous flaws in the new methodology itself: e.g., Yukio Noguchi observed that the assumption of zero economic growth and a 5.5 percent future interest rate could not happen in the real world, and estimated that a 25 percent standard contribution was called for, far above the Welfare Ministry's calculated 10.5 percent let alone the actual 7.6 percent set in 1973. "Public Finance," in Kozo Yamamura and Yasukichi Yasuba, eds., *The Political Economy of Japan*, Vol. I: *The Domestic Transformation* (Stanford, Calif.: Stanford University Press, 1987), p. 208.

⁵⁷ See chap. 10, and Yokoyama, "Fukushi Gannen," for this debate.

Welfare Service Public Corporation (Nenkin Fukushi Jigyōdan) to use a portion of the pension funds for loans to build hospitals, old-age homes, and recreation facilities. The Welfare Ministry itself benefited by gaining capital to invest and good postretirement jobs for its officials. The issue stayed alive and was pushed hard by activists in the progressive old-age security movement in the early 1970s. They called for more funds and for labor participation in investment decisions, and they were supported by the Ministry's EPS and NPS advisory committees in 1972. The Finance Ministry again responded by raising the proportion of EPS and NPS reserves that could be used for such purposes, and by expanding the mission of the public corporation to allow housing mortgage loans to contributors and a new, rather pointless program to build "large-scale recreation areas."⁵⁸

This argument with the Finance Ministry over how the funds would be used was not without substance, but it overshadowed the most fundamental question about fund management, which is what the reserves would earn for the pension system. Takayama Noriyuki, another of the 1980s critics of the pension system, has pointed out that the interest rate paid by the Finance Ministry's Trust Fund Division was always well below market rates, and often—in years of high inflation—actually less than zero. He argues that a 2 percent real return rather than 0 percent would put the EPS on a sound financial footing and could cut future contribution rates almost in half.⁵⁹ There is merit on the other side as well, but the important point is that this crucial issue was not prominently raised in the early 1970s.

The National Pension. Our discussion has centered on the Employee Pension because discussions in the early 1970s did as well. The National Pension, though it was then the largest system with some twenty-five million enrollees, seems to have been handled almost as an afterthought; today it is difficult to discover even what if anything was argued about.⁶⁰ There are two obvious reasons for this neglect: first, the NPS was not of direct concern to any large organized interest group (as EPS was for business and labor); second, because no one would be eligible for a regular NPS old-

⁵⁸ See chap. 6 and *Fifty-year History*, pp. 1436–39.

⁵⁹ Takayama Noriyuki, "Japan," in Jean-Jacques Rosa, ed., *The World Crisis in Social Security* (Paris and San Francisco: Fondation Nationale d'Economie Politique and Institute for Contemporary Studies, 1982), pp. 71–91.

⁶⁰ A subcommittee of the statutory National Pension Deliberation Council met for six months in 1972, but mostly echoed EPS thinking. *Fifty-year History*, pp. 1432–33. Even the article on the 1973 reform in *Secret History*, the compilation of bureaucratic memories about the *National Pension*, mostly talks about the EPS (pp. 141–44). One suspects embarrassment is the reason.

age pension until 1986 due to the twenty-five-year contribution period, the question of benefits was rather abstract.

With a costless decision, in immediate terms, it was easiest to use an established rule of thumb. The principle had been invented in the 1960s that NPS benefits should be equalized with the EPS on a household basis. In order to total ¥50,000 for a couple, the basic portion was thus raised from ¥7,500 to ¥20,000 per month, and the supplementary benefit (from voluntary additional contributions) from ¥2,500 to ¥5,000. The NPS was also included in the price slide, and it was assumed that its benefits too would be adjusted to wage levels in each Fiscal Review. This "choice" was made almost completely on inertia—no direct pressure, not much thought—and can readily be characterized as "irresponsible."

That is, it should have been obvious to anyone with a pencil that the NPS was a financial disaster. Since it was based on a fixed contribution largely from lower-income people, it could not generate enough income to cover high benefits. In 1973, the monthly contribution was raised from ¥550 to just ¥900 (even though the actuarial standard contribution was calculated at ¥2,661); the ¥270,000 that would be collected over the twenty-five-year contribution period at that rate is only marginally more than a *single year's* benefits at ¥20,000 a month—and the average Japanese would live at least fifteen years after becoming eligible for the National Pension at age 65.⁶¹

The fact that the transitory NPS ten-year and five-year pensions came partly from the same pool, although contributions covered only a small portion of their benefits, worsened this financial pinch. Both were increased in the 1973 reforms: benefits at age 65 for those with ten years of contributions were raised from ¥5,000 to ¥12,500 a month (payable to about 1,400,000 people), with the general revenues portion hiked from one-third to one-half. The five-year pension would not start until 1975, when about a million people would become eligible, but its nominal benefit nonetheless was raised from ¥2,500 to ¥8,000.⁶² These decisions were made quickly and in an ad hoc style, presumably based on sympathy for the impact of high inflation on low fixed incomes and regard for the political attractiveness of these something-for-almost-nothing benefits. The National Pension policy change as a whole can be seen as essentially inertial, simply carrying forward policies established for the Employee

⁶¹ This calculation is of course an oversimplification of pension financing, and leaves out the Treasury contribution, but given that any interest payments would be offset by benefit indexing it is not wholly unrealistic. Cf. Murakami, *Nihon no Nenkin*, pp. 147–49.

⁶² *Kōsei Hakusho*, 1974, p. 345. In later years, incidentally, the five-year benefit was raised annually to maintain rough parity with the Welfare Pension, and the ten-year benefit was kept about 15 percent higher (of course, their eligibility age was five years younger).

Pension without much thought about whether these were appropriate, or much real conflict about differing interests; in fact, no one paid much attention.

Aftermath

The decision to raise EPS benefits to ¥50,000 had been made in the general arena, and it occasioned little debate except about whether it might be even bigger. The other issues, essentially settled within the specialized arena, were more controversial. Most often, the immediate battle was between labor and management within the Social Insurance Council's Employee Pension Division, but these arguments were also reflected in disputes among the experts—to oversimplify a bit, between the more progressive academics and those with closer ties to the government. This debate broadened from early 1973, when the pension reforms were submitted to the Diet.⁶³

This was the time when both public and media attention peaked (see Figure 5.1), and when, for the first time in history, Japan's labor movement really mobilized around pensions. A "prices and pensions Mayday" on March 11 featured a rally of 100,000 workers, followed by a "pensions unified strike" on April 17 as part of the annual spring offensive. The unions' demands generally followed the progressive positions noted in the previous section, such as an immediate shift to pay-as-you-go financing, but went further—for example, calling for a 30–70 rather than 50–50 split between employee and employer in EPS contributions, and a higher share to be paid by the Treasury.

All this pressure had an impact on Diet proceedings. Several amendments were added at the committee stage, including as usual a cut in the proposed current contribution rate, plus several benefit sweeteners. The largest was a special temporary allowance granted to about 400,000 people not yet 70 (and so not due the Welfare Pension) who had not signed up for any pension program. The benefit was set at ¥3,500 a month by the Lower House Social and Labor Committee and raised to ¥4,000 in the Upper House. Both Houses tacked on decidedly progressive nonbinding resolutions—for example, requesting more consideration of wage-indexing and pay-as-you-go—before the bill was passed in September. *Fukushi Gannen*, the birth-year of the welfare era, was now complete, two months before the oil shock.

⁶³ The Welfare Ministry had prepared a draft of the necessary amendments to the pension laws in December 1972, and after approval by the necessary deliberation councils and passage by the Cabinet, it was submitted to the Diet in February 1973.

The 1976 reform. The economic slowdown that followed the 1973 oil shock ultimately led to something of a reevaluation of social policy, including pensions—a story told in Chapters Eight and Ten. The immediate effect was the opposite. Inflation soared, bringing quick use of the new slide mechanism—EPS benefits were “automatically” raised by 16.1 percent in 1974 and 21.8 percent in 1975—and the accompanying enormous wage increases (the average wage hike in the 1974 spring offensive was 32.9 percent) plus a general feeling of economic dislocation induced the Welfare Ministry to move up the next Fiscal Review by *two* years, to 1976. This Review brought the EPS model benefit up to ¥90,393 per month—by far the largest absolute increase ever from one review to the next. However, the process was noncontroversial and nonpolitical.

One reason was that indexation had taken pensions out of politics: the model benefit had already been raised to over ¥70,000 by the price slide, and this further hike looked like a technical adjustment in response to wage increases. The fact that the replacement ratio had thereby risen to 64 percent went unnoticed. Another reason was that, although public support for completion of social security was quite high, the media old-people boom had run its course, and pensions no longer seemed so exciting.⁶⁴ Finally, we might speculate, heavyweight actors were already becoming disturbed about the financial implications of the early 1970s commitments in an era of lower growth; although not yet ready to think about cutbacks, they were wary about pushing for still greater expansions, and thus were happy to avoid getting involved.

In any case, the Review process, all accomplished during 1975, was entirely a subarena affair. The EPS contribution rate was increased to 9.1 percent (again, after another trimming in the Diet), and pension finances were figured on the same methodology as in 1972, with little regard for the economic changes since.⁶⁵

The most interesting aspect of the 1976 reform was the National Pension. The full benefit for a couple was raised to ¥65,000—a substantial increase, but about ¥15,000 below the EPS benefit. Fiscal reality had finally dictated abandonment of the equalization principle, though this was done without comment.⁶⁶ That this quiet strategy was effective is indicated by the lack of protest by farmers or small business groups. Also, in response

⁶⁴ The social security item reached its all-time high in the May 1976 survey in the series cited earlier. It was picked as one of the top two priorities for government by 45.6 percent of respondents.

⁶⁵ The Pension Bureau actually again reevaluated past wages, although that violated the assumptions of the 1972 system and worsened the double-indexation problem. “Process,” pp. 202–6 and 222–28, has a good account of the technicalities.

⁶⁶ The official *Fifty-year History* had made much of this principle for earlier years but ignored it in its account of the 1976 reform. *Fifty-year History*, pp. 1837–41.

to pressure from the Finance Ministry, the timing of the Treasury subsidy to the NPS was switched from the time of contributions to the time of benefit payments. The contribution was raised to ¥2,200 a month (with a scheduled hike to ¥2,500 later), still much less than the calculated standard contribution required, now over ¥5,000.⁶⁷ Characteristically for the management of the National Pension, the new contribution rate was decided by asking a convention of local government administrators what level they thought would be acceptable to enrollees.⁶⁸

Interpreting Pension Expansion

In Japan as in the United States, pension outlays are today the largest single item of government expenditure. Since this high level of spending was essentially decided in the early 1970s, the policy changes just described demand reflection on substantive grounds. They are also quite interesting in terms of our theory of policy change.

The biggest decision, the ¥50,000 pension, is easy to explain. A big benefit boost was a natural focus of the public opinion boom, and after earlier slogans for the ¥10,000 and ¥20,000 pensions, ¥50,000 was the next logical number. As for who carried the weight within the decision-making system, a reasonable case can be made for giving the credit to any of four actors: the Pension Bureau was pursuing a cherished goal, progressive unions had achieved an unprecedented mobilization, big business had switched from its expected negative posture, and the LDP—which of course had the ultimate power—made the final choice. Yamazaki Hiroaki makes the key point in arguing that this pension policy change, uniquely, was the product of a *Sei-Kan-Zai-Rō Kyōchō Taisei*, a political-bureaucratic-business-labor cooperative system.⁶⁹ Under these conditions, there is little need for policy advocacy and strategy—sponsorship is superfluous.

However, our policy sponsorship model provides good tools for disentangling the other pension policy changes in the early 1970s. Unlike some events in the 1960s, incidentally, we do not find much evidence of policy entrepreneurship, in that there was not much real creativity and not much risk in pushing any of these policy expansions. Given the substantial energy flowing from the old-people boom, by and large pension policy developed much as might be expected. Nonetheless, the extent to which a sponsor was able to channel and control these processes, on both the ideas and the energy side, made a lot of difference to the contents of policy.

The most straightforward case was the noncontributory Welfare Pen-

⁶⁷ *Nenkin to Zaisei*, 1981, p. 145.

⁶⁸ According to Soneda Ikuo, the Pension Bureau director at the time, in *Secret History*, pp. 145–49.

⁶⁹ “Process,” p. 201.

sion expansion. It was clearly brought to the agenda and pushed through by the old-age welfare policy community, really a quite integrated subgovernment acting as a sponsor. Social Affairs Bureau officials, the National Social Welfare Council staff, and their associated academic experts already had in mind the rather simple solution needed to meet the problem of low incomes among those already old, and so they were prepared when growing public interest made enactment feasible. The only unusual element in this case was the crossing of bureaucratic jurisdictional boundaries—the natural sponsor, the Pension Bureau, was on the sidelines until most of the work had been done.

The Pension Bureau was the sponsor for the remaining pension policy changes. All dealt with contributory pensions, the core of its traditional mission. Some of the ideas, such as indexation and the ILO replacement ratio, clearly came from the bureaucrats and academic experts within the pensions policy community, and were enacted without resistance—technocratic policy making. The issue of control over pension funds, and their use to benefit enrollees, was an old left-wing cause, but one that the Pension Bureau could fully support since its own interests were also enhanced; it therefore led the successful campaign against the Finance Ministry. On some other issues there was real controversy both inside and outside the policy community, but the Pension Bureau generally retained control of the process, and in fact the battles were not really very threatening.

Compare this process with that leading to the 1954 Employee Pension reorganization described in Chapter Three. Unlike the creation of the National Pension later in that decade, the EPS reorganization had essentially been carried out within subarena boundaries, with Welfare Ministry officials taking the lead, but at that time the old system had been in total disarray and some genuinely new policies were needed—for example, it was then that the fixed-amount benefit was added. Tough negotiations over fundamental issues with Nikkeiren, the unions, and the Finance Ministry were required. In the early 1970s, in contrast, the challenges to Pension Bureau preferences noted earlier were often rather small-scale—a point or so drop in the contribution rate increase and a few specific benefits were easily granted; annual wage-based rather than price-based indexing was turned down, but would have made little difference in practice. Other demands, such as immediate pay-as-you-go to *decrease* current contributions, or having employers pay 70 percent, were unrealistic enough to amount to rhetoric, and were easily dismissed.

In short, the Pension Bureau was in charge. In particular, any defects in the policies established in this period cannot be ascribed to political meddling. There were several: inherent contradictions among the benefit formulas, the indexing system, and the 60 percent standard; miscalculations in financial estimates; adherence to the clearly inappropriate equalization

of NPS with EPS benefits. And there were also important matters *not* seriously discussed in this period: the Finance Ministry's allegedly too-low interest rate on pension reserves, or—a subject not even mentioned in this chapter, although it will be discussed extensively later—the continually worsening problems caused by the fragmentation and general administrative irrationality of the entire pension system.

These errors and more have often been pointed out in recent years, with several examples noted previously. Takayama Noriyuki observes more generally that the confidence in Japan's future ability to pay for large benefit increases was based on rosy-colored assumptions about future economic growth. He also castigates the government (or the older generation) for not making it plain, when the transition to an eventual pay-as-you-go system was being discussed, that this would inevitably put very high burdens on younger people—he called this immature politics.⁷⁰

Before becoming too critical of the Pension Bureau's performance in 1972, however, three mitigating factors should be noted. First, the ¥50,000 pension policy change itself cannot be ascribed solely to bureaucratic initiative, yet its size and rapidity meant that the specialists were stuck with making quite a few important and intellectually difficult decisions in a short period of time. Under those conditions errors are inevitable, caused by continuing to employ old principles and methods when no longer appropriate, or—when the need for innovative approaches was recognized—by simply not seeing all the implications (as when switching from static to dynamic assumptions in future financial estimating).

Second, most of the later criticism has faulted these decisions for going too far, for not taking future burdens enough into account. It is important to remember that the active debate in the early 1970s was not about whether the Pension Bureau's proposals were too big, but rather about whether they were big enough. When bureaucrats are under fire for being insufficiently compassionate about the plight of the aged and excessively cautious about finances, it is quite difficult for them to turn their attention to the question of whether even the minimum proposals on the table are workable. Latter-day critics might in fact give the Welfare officials a little credit for holding out for the more conservative alternatives among the choices available.

Third, it is doubtful that as many as twenty Welfare Ministry officials could devote most of their time to planning pension reform in 1972, and many of these did not have long experience with pensions; moreover, there were few real experts in outside groups or academia. Sophisticated computer simulation techniques did not become available until the 1980s. In

⁷⁰ Takayama Noriyuki, "Nenkin Kaikaku no Kihon Mondai," *Shūkan Shakai Hoshō* (April 25, 1983), p. 16.

short, the human and technical resources for making all these difficult decisions were quite limited.

A comparison is useful. Policy making for American Social Security was probably technically easier (although errors were more immediately disastrous) because of its pay-as-you-go system, and the Social Security Administration has had many more professional experts and far larger computers available. Also, especially since the early 1970s, controversy has brought outside expertise to bear from both the progressive and conservative side, providing more substantial criticism and quite a few alternative proposals. But enormous errors have been made in the United States as well.⁷¹ And although Americans like to think of their politics as fairly “mature,” it would be hard to argue that the fundamental issues of intergenerational equity have been faced any more squarely in the American decision-making process.

Having said all that, it is difficult to give the Pension Bureau top marks for the early 1970s. In particular, several of the conditions that made cognitive policy making difficult in 1972 were mitigated by 1975. Despite continued public support for social security, direct political pressures had dropped off, some experience with the new rules had been gained, and more time was available for analysis. These factors should have allowed more intelligent sponsorship of policy change. Nonetheless, other than dropping the EPS–NPS equalization principle, the choice opportunity provided by the 1976 Fiscal Reform was largely wasted. Despite sharp changes in the economy, old approaches were again applied—or misapplied—without much thought.

CONCLUSION

The initiation of free medical care and the enormous hike in pension benefits of 1972 brought Japan into the world of advanced nations with respect to policy toward the aged, and social welfare in general. Mori Mikio, the promoter of the old-people problem in the 1960s, told me he felt a little sorry for his younger colleagues at the Welfare Ministry when he retired in 1973: “Everything has been accomplished; now it’s just a matter of tidying up the details.” Frontiers remained in areas like employment policy, health services, long-term care, housing, and so forth that could still be advanced by expansive public policy, but the largest and intrinsically most controversial thrusts forward had now been carried out. Our theory provides explanations for why this policy change, why in the early 1970s,

⁷¹ See Paul Light, *Artful Work: The Politics of Social Security Reform* (New York: Random House, 1985), chap. 5, “The Politics of Assumptions.”

and—as previously noted, the most puzzling question—why did it go so far?

The Theory of Policy Change

In Chapter Two, it was argued that a policy change process can be analyzed by separating out four elements: on the energy side, the potential energy that produces an opportunity for making new choices, and the activity of interested participants; on the ideas side, the recognition of social problems and the development of policy solutions. We put special emphasis on the role of policy sponsors, who bring problems and solutions together into specific proposals and devise strategies to get them on the agenda and enacted; the presence or absence of such sponsors, and their goals, skills, and resources, are important factors in many policy changes. How do each of these work in the reforms of the early 1970s?

The choice opportunity. In the early 1970s big things seemed possible. Japan had become prosperous. Old goals had been achieved. Politics was getting interesting: some big local governments were in the hands of progressive entrepreneurs, both the Clean Government Party and the Communists were gaining votes with slogans about change; a young, dynamic politician from the provinces was rising toward the prime ministership that for seven years had been a role of stodgy, behind-the-scenes leadership. Foreigners had finally noticed Japan's economic success and were waiting to see what it would do now. The image of a nation in need of a new role, a new self-definition, pervaded the media. And after more than a decade of high growth, with no end in sight, there seemed to be plenty of money.

In short, the level of potential energy in the early 1970s was very high. An unusual policy window had opened, and the circumstances of its creation made it more likely than in more normal eras that this energy could be mobilized around ideas that seemed new, large, idealistic, and pointing toward an admirable future for Japan.

Problems. "Quality of life" fit the bill nicely. Its key advantage was probably that it had no real competitors. Many foreigners would have liked Japan to start thinking about the problems of the world (or the "free world"), but few among the leadership were ready to take on anything international—defense, diplomacy, aid, imports—in a very public way. The problems of big government, overregulation, and high taxes so popular in the 1980s had hardly appeared. The economy seemed in good shape except for emerging inflation (still not too bad early in 1972). The "black mist" scandal had passed, and worries about political ethics would need another incident to revive. Everyone seemed to want to forget the chal-

lenges to the educational system, to subservience to the United States, to underdeveloped civil liberties, and to Japanese society in general raised by the student rebellions of the 1960s. It is hard to think of any other problems of like magnitude that were even contenders for the agenda in this period.

Within the general area of quality of life, the environmental problem clearly had priority, and not simply because it had suddenly gotten worse (although Japanese air and water were quite dirty by international standards and incidents of contamination were occurring regularly). Also important were the popularity of so photogenic an issue in the press, the impressive organizational mobilization of the citizens' movements in many areas, earlier high-profile policy change in the United States, and especially the new policy activism at the local government level, which was both a political threat (pollution became the number-one issue for many progressives) and a severe administrative problem (no one knew how to handle localities doing more than the national government wanted). The initial focus on the environment, as manifested in the "pollution Diet" of 1970, is therefore not at all surprising.

When air and water pollution left the general agenda, space was created for other issues, and several appeared. Urban crowding, inadequate public facilities, expensive housing, depopulated rural areas, clogged highways and trains, and other aspects of the malaise of modern life formed a cluster of such problems. Tanaka Kakuei packaged them with a sweeping solution—reconstruction of the archipelago—in his campaign for the LDP presidency, a rare use of large-scale policy entrepreneurship as political strategy in Japan. Tanaka's vision attracted the public's attention and support at first, but its appeal quickly dwindled. The immediate reason, along with inflated land prices, was perhaps that so many "solutions" were generated, largely though not only in the public-works area, that the whole idea started to look like a pork barrel. After all, modern life is filled with many problems, not one, and an overall solution is inherently implausible.

A social problem is much easier to conceptualize when embodied in identifiable people. The elderly had several advantages over other possible claimants for public concern—the poor, the handicapped, the mentally ill, women, minorities, youth. First, nobody disliked them, and indeed respect for the elderly was sanctified in Confucian ideology and Japanese convention. Second, old people were everybody someday, so were not categorized as "other." Third, not only were the problems of the elderly obviously not their fault, but it was easy to believe that everyone else's prosperity had come at their expense; it was old people, after all, who had suffered through so much to build Japan's success.⁷² The widening gap between

⁷² Similar reasons account for why the American SSA selected the aged as the opening

their living standards and the affluence of the rest of Japan was conspicuous.

So the old-people problem had many advantages over any competitors. The old-age policy community's public relations campaign, the success of Minobe's free medical care plan, and other events kicked off the boom of public concern about the old-people problem. But *which* old-people problem? That was not as clear. In our other case, the environmental campaign had developed from tragic incidents and the local citizens' movements they stimulated, which meant that impetus was already linked to quite specific problem-definitions—pollution kills people and blights home towns. Here the view became widespread that old people needed help, but which old people and what sort of help? Personal experience and common sense naturally predisposed people toward health and income as the most important problems, but they were probably open to suggestions from above about precisely how their new concerns should be formulated.

Solutions. The two main solutions of the early 1970s, free medical care and the ¥50,000 pension, were produced in the general arena. Here they had three advantages: they pertained to *all* the present or future elderly (or nearly so) rather than a particular group; they were simple and direct; they seemed to be answers to significant problems. It is not at all surprising that solutions of this sort would appear in such a high-energy period. The puzzle is rather why the advance of the old-people problem to the general agenda did not bring more alternative solutions into consideration.

When a broad problem like old people arrives on the national agenda, we expect to see policy specialists coming forth with proposals, often linking some long-cherished solution with an appropriately specific formulation of the problem.⁷³ This process was quite characteristic of the other two quality-of-life issues in this period: quite a large number of specific proposals reached the general agenda in the pollution case, and in restructuring the archipelago as well—every agency in the government (and every *zoku* of policy enthusiasts in the LDP) seemed to have a large-scale project ready to solve the ills of modern life, and many of these were taken quite seriously.

The old-people case did not lack for policy ideas. The experts and interest groups around the Social Affairs Bureau had several solutions, for direct social services and for increased Welfare Pension benefits. They talked about the especially pitiful situations of the bedridden and of old people living in poverty. The same bureau was pushing geriatric health mainte-

wedge to achieving national health insurance—a strategic choice of problem. Derthick, *Policymaking*.

⁷³ Cf. John W. Kingdon, *Agendas, Alternatives, and Public Policies* (Boston: Little, Brown, 1984), esp. chap. 8, "The Policy Window, and Joining the Streams."

nance services, and so characterized the health problem in terms of the specific needs of the aged, rather than the financial problem of paying doctor bills. Indeed, agencies throughout the Japanese government had their own slant on what old people needed, determined mainly by what they had to offer (as we will see in Chapter Eight, the Labor Ministry in particular had a lot, and took a correspondingly broad view of the problem of old-age employment). In short, the specialists were activated, and many of their solution-driven problem formulations were sufficiently accepted to lead to small program enactments. However, none reached the general agenda—that is, they were not much taken into account by heavyweight actors in the early 1970s.

Why did proposals in the various other segments of the old-people policy area not reach the general agenda? Part of the answer, at least, no doubt lies in the ideas themselves: target populations too narrow, solutions too complicated to be easily grasped, the problems addressed simply not perceived as important. It is difficult to compete with big pensions or free health care in these terms. It may also be that their sponsors lacked the skill, or the political resources, or even the motivation to push their ideas onto the general agenda. We can pass on this question for the moment, since policy changes in these other areas are considered hereafter. An important question about solutions remains, however. Free medical care and the pension reform were extremely generous; why were no less-expensive alternatives seriously considered? Some detailed answers were already provided; for a more general explanation, we may review the interests and resources of the policy makers.

Participants. The early 1970s saw more participation by a broader range of actors than in any other case considered in this study. Most notably, the media and the general public—the two are almost indistinguishable from the viewpoint of decision makers—were attentive and involved. This influx of political energy attracted heavyweight actors: the opposition parties, labor unions, local governments, and a variety of interest groups outside the central governmental system; on the inside, several bureaucratic agencies, the Liberal Democratic Party leadership, the Welfare-Labor *zoku*, and to some extent ordinary rank-and-file Dietmen as well.

With all these actors making up a support coalition, it is not surprising that a large-scale policy expansion would be enacted. In fact, there was little opposition. Welfare Ministry officials grumbled about free medical care but took little action, and the major interest groups in the health care field (the Japan Medical Association, health insurance carriers) were ambivalent and inactive.⁷⁴ On pensions, Nikkeiren fought some marginal is-

⁷⁴ The JMA had problems with the administrative provisions, but of course its members would greatly benefit. Free medical care did not directly affect employee-related health insurance (until later); it was a financial drain on the National Health Insurance system, but the

sues but had already agreed to a big expansion, and most pressure came from the left, for an even more generous reform. At the subarena level, then, an effective resistance did not develop, and in the general arena most forces favored generosity.

In the usual dramas of Japanese decision making, the Ministry of Finance always plays the role of saying “no,” or at least “not so much.” However, the Finance Ministry was in an unusually weak position during negotiations for the 1972 and 1973 budgets, when actual enactment of both policy changes took place. The economy had slowed in 1971, and even Finance Minister Mizuta had said the budget for 1972 should be stimulative; political pressures for more spending were intense because of factional maneuvering over the post-Satō party presidency.⁷⁵ By the fall of 1972, when 1973 budget decisions—including the pension hike—were being considered, Finance officials were under an unprecedented assault from Tanaka, the most expansionist and activist prime minister of postwar Japan, aided by his equally positive-minded Finance Minister, Ueki Kōshirō. The Finance Ministry itself announced in November that this budget would signal a transition from manufacturing first to public welfare first. LDP campaign promises for the election held in December, just before the last stage of the budget process, added more pressure. The results in both years were very large budgets: the 1972 growth rate was 21.8 percent, the highest since the Ikeda Cabinet in 1962, and the 1973 budget grew 24.6 percent over that, the highest ever. To cite my own judgment at the time—when I was not thinking particularly about social welfare issues—the 1973 budget was “the largest pork barrel in the history of Japanese public finance.”⁷⁶

The Ministry of Finance was thus not in a position to say no to anyone in 1971 and especially 1972. Unprecedented political pressures along with economic conditions favoring spending had eroded the traditional bulwark against new programs and rapid expansions. A yes-or-no decision on free medical care or more-than-doubled pension benefits would inevitably come out yes. But why—to return to the question posed earlier—were only these expensive alternatives on the agenda?

Policy sponsorship. The answer is that the bureaucratic agency in charge, the Welfare Ministry, did not produce any alternatives. The reasons were

carriers here are local governments, which mostly were eager to get the national government to subsidize their old-age health subsidies. See chap. 9.

⁷⁵ The Finance Ministry was threatened by demands to allow deficit financing if it did not allow an expansive budget. See Campbell, *Budget Politics*, pp. 249–50.

⁷⁶ Ibid., p. 257, and also see pp. 152–65 for the importance of support by the finance minister and the prime minister for the Budget Bureau’s ability to withstand spending pressures. Yokoyama, “Fukushi Gannen,” pp. 42–44 has a good account of Finance Ministry thinking about the 1973 budget.

different for health care and pensions. In the former case, virtually all the bureaucrats and their friends were opposed to free medical care, but because jurisdiction in this area was so fragmented, no agreement on a counterproposal could be arranged. In retrospect, it appears that if the top leadership of the Welfare Ministry could have figured out a more effective mechanism than the project team for banging bureaucratic heads together, at least a grudging consensus behind a lowest-common-denominator ministry proposal should have been possible. The LDP bosses in the Welfare-Labor *zoku* could have done better within the party's internal policy process as well; it is not clear why the specialized politicians and the Ministry leadership did not get together and devise a joint strategy. In any case, the substantial potential resistance inside and outside the Welfare Ministry had no focus; the question became free medical care versus nothing, and the answer was obvious.

In the latter case, there was no problem of fragmented jurisdiction, and if the Pension Bureau and its associated experts had preferred some alternative solution, they could have easily pushed it into the national agenda and might well have gotten it enacted. However, they were happy with the ¥50,000 pension idea, even if they did not invent it, and were more than happy simply to hitch their own ideas of indexation and the replacement-ratio standard to it. The question is why they did not hitch on more. Pension reform in 1972–1976 was an important missed opportunity—unlike the efforts of the 1960s (and indeed later in the 1970s), the possibility of trying to reorganize and unify the fragmented pension system was not seriously raised.

By combining a unification scheme with a major benefit hike, the Pension Bureau might have been able to achieve a long-held secondary goal and spare itself considerable travail later. But unfortunately, either the Pension Bureau officials and their allies were too set in their earlier patterns to respond creatively and strategically to new possibilities, or they were simply overtaken by events. Pressures for a benefit increase did build quite rapidly, and preparing a unification plan would have taken some time simply as an intellectual task, let alone selling the plan to interested parties inside and outside the Ministry of Welfare. Perhaps it was impossible for 1973, though again, one wonders why more energetic policy sponsorship did not appear in 1975.

The Boom as a Political Process

The choice opportunity of a transition in political leadership and a positive mood for policy change; a compelling new problem that fit the mood well; two easy and attractive solutions with no real alternatives put forward; impetus from newly mobilized heavyweight actors, plus the public; opposition only from a weakened or not very skillful resistance—such factors

account for the distinctively generous outcomes of the early 1970s. Depending on how these factors are weighted, one could emphasize any of our four decision-making modes or logics of explanation in interpreting the boom period (a task undertaken in Chapter Eleven). On balance, more than any of the other large policy changes described in this book, the process here appears political, our logic of energy attached to ideas. But energy from where, which ideas, and attached how?

At the start of this chapter, we distinguished between the old-age and pollution cases, noting that pressures for policy toward the elderly largely came from the mass media and general public, concerned about the old-people problem in a rather diffuse way, compared with the more direct pressures for environmental policy change from specific social movements, local governments, and other organizations, many with concrete solutions in mind. We can now ask, with respect to quality-of-life issues as a whole, to what extent did they get to the agenda from the bottom up, the result of popular pressure from whatever source, and to what extent as a top-down process of elite choice?

The latter case has been argued by Curtis, Calder, and Pempel. They see the welfare policy expansion (along with pollution policy and so forth) as a creative response by “a conservative government anxious to forestall electoral changes” to the threat of the LDP’s steadily dropping national vote share and especially the rise of progressive local executives.⁷⁷ Calder sees policy toward the elderly as one among several “compensation” strategies that emerge at time of political crisis for the ruling party; Curtis further emphasizes a deliberate shift in strategy by the LDP to appeal to the new urban electorate. Both appropriately stress Tanaka’s personal role in carrying out this transformation.⁷⁸ The implication is that the LDP brought these issues to the policy agenda.

This interpretation has much to recommend it; certainly LDP support was crucial to these two big policy changes in the old-age field, and the party’s acquiescence was necessary for the antipollution laws to pass. But these are events at the enactment stage. In the pollution case, the conservatives gave in grudgingly rather late in the game, and even with regard to free medical care and the pension expansion, the party’s role appears more reactive and passive than the image of a new strategy would suggest. Although free medical care was a case of co-option from the opposition and the LDP role was crucial, note that the action occurred in the summer and fall of 1971, which was before the start of Calder’s “crisis” period. It appears that Tanaka himself was not involved and that new strategies were not much discussed at the time—free medical care looked less like a ploy and more like a hot potato for the LDP.

⁷⁷ Pempel, “Creative Conservatism,” p. 166.

⁷⁸ Calder, *Crisis*, pp. 372–73; Curtis, *Politics*, p. 64.

As for pension reform, the LDP was supportive and did talk about electoral considerations, but other heavyweight actors—the unions, big-business federations, the mass media, as well as the Welfare Ministry—were moving in a similar direction. All in fact had become active at least during 1971, although there is not much evidence of LDP interest in pensions before the summer of 1972. This case is therefore quite different from the initiation of the National Pension in the 1950s, when it was clearly the majority party that brought the issue to the national agenda. Indeed, again unlike NPS, in the early 1970s we do not find LDP organs coming up with alternative plans and generally getting involved in the details of the program. The politicians—certainly Tanaka himself—mostly just cared about the amount to be spent, the ¥50,000 figure, and even that was only slightly higher than the numbers already in the air when the party became interested in pensions.

The ruling party of course had the ultimate power, and its new support for expanding old-age programs was a crucial element in the policy change. But political strategy is only part of the explanation. More emphasis should be given to the old-people boom in the media, and the sharp jump in the general public's support for an expansion of social security, as revealed in the January 1970 survey cited earlier.⁷⁹ A political party that ignored such signals would be foolish.

It was Tanaka Kakuei's restructuring the archipelago plan that should be seen as a truly top-down, entrepreneurial strategy, a bid for future political support with a creative solution to significant social problems—overcrowded cities, rural stagnation, regional imbalances. Those problems had yet to produce serious immediate problems, as had pollution, or a surge in public attention, as had the old-people problem, or sustained media criticism, as had both. Perhaps for that reason, restructuring was momentarily popular but soon became a bad word, whereas both the new environmental and old-age policies were enduringly popular. Their effect may well have been to bring some credit to the LDP. Their cause, however, was less strategic planning from above than a nearly obvious response to real pressure from below.⁸⁰ In our case, were it not for the surge of political energy quite firmly attached to the old-people problem, the government's response to the "crisis" of the early 1970s might well have gone in different directions.

⁷⁹ It is noteworthy that the LDP at that time had shown almost no interest in the subject; its policy manifesto published just before the December 1969 election gives a scant and tepid single page (out of 308) to pensions.

⁸⁰ Sheldon Garon and Mike Mochizuki make a parallel argument for LDP policies favoring small business and organized labor, although those involved actual negotiations with organized groups. "Negotiating Social Contracts in Postwar Japan," in Andrew Gordon, ed., *Postwar Japan as History* (forthcoming).

Starting Small Programs

ALTHOUGH large programs of the sort discussed previously account for the bulk of public expenditure—indeed, both pensions and free medical care are essentially money-disbursing mechanisms—much of the business of government is conducted through smaller programs with relatively narrow purposes. Richard Rose observes that understanding how such programs expand may well require rather different explanations from those devised to analyze aggregate expenditure growth.¹ It can be added that the process by which small programs get started may well be quite different from the large policy changes more often studied by political scientists, if only because of differences in scale. The fact that initiation usually occurs within subarenas rather than in the more fluid and political general arena certainly has implications for the number and type of participants, the ways problems and solutions are analyzed, and so forth.

The Japanese national government offers a great many programs for the elderly; by one count, 263 have been started since 1950.² They are all listed in the Appendix, which reveals some interesting points about these programs beyond their sheer quantity: First, they embody a great variety of problems and solutions, as indicated by their titles (although abbreviated here). Second, most are relatively small. Third, once established, most continue—only 15 were not operating in 1985, even after the government's "administrative reform" austerity campaign. Fourth, they are administered by many different agencies. Fifth, many (57 programs) were initiated during the boom period of 1971–75.

This chapter is devoted to explaining why these policy changes occurred, applying the methodology followed throughout the book. That is, we need to know who participated, what problems and solutions were considered, which choice opportunities became occasions for change, and where the energy came from that linked these four elements together. But where

¹ Richard Rose, "The Programme Approach to the Growth of Government" (Glasgow: University of Strathclyde Center for the Study of Public Policy, Studies in Public Policy Number 120, 1983); and *Understanding Big Government* (Beverly Hills: Sage, 1983). The definition of program used here is at a much lower level of aggregation than employed by Rose.

² Any definition for program is arbitrary, since government activities can be aggregated at various levels; it is just as legitimate to say "the pension program" or the "military widow's pension supplement program." The level used here, in between these extremes, is based on the official listings of programs compiled by the Office of Policy for the Aging.

previously we have dealt with individual choices one at a time, we now have a sizable number of somewhat similar decisions available to analyze. This means we are more able to compare cases, and can offer some generalizations about the factors that affect at least this genre of policy change.

Two distinctions are important for this discussion. First, some programs were started by agencies for which providing services to old people was accepted as a normal element of their core missions, whereas for others the elderly were a novel subject. Although this distinction is a bit arbitrary, for the programs considered in this chapter, those run by the Welfare Ministry's Social Affairs Bureau (specifically, the divisions for Welfare of the Aged, Health of the Aged, and Institutions) can be regarded as "within-mission" programs, and all others as "outside-mission."³

Second, a distinction by period is helpful: to begin, a brief look at the few small programs started in the 1960s, and then more attention to the surge of new programs started in the old-people boom of the early 1970s, when the new impetus generated by public and media attention propelled the old-people problem onto the national agenda. We have already seen how this potential energy attracted heavyweight political actors, and how the largest aspects of the problem and the most obvious solutions were quickly brought onto the agenda of the *general* arena and enacted. This story appears reasonably straightforward: it is harder to understand how the old-people problem also arrived on the agendas of so many different *subarenas*, and led to such a variety of enacted programs.

In 1976–77, I interviewed the officials in charge of nearly every program for the aged then being offered by the Japanese national government, and collected a variety of published and internal materials. Because these programs are relatively small the materials were not plentiful, and given the inevitable difficulties of bureaucratic turnover, spotty memories, and narrowness of view, the complete stories of how all these programs got started were not always available. Still, there was enough similarity across all these cases for confidence that at least the general patterns can be discerned.⁴

³ Within the Welfare Ministry, most Pension Bureau programs, and in the 1980s several programs administered by health-related bureaus, were within-mission, and the Ministry of Labor *added* old-age policy to its mission during the 1970s. However, these cases, as well as several small-program initiations in the 1980s, are covered in other chapters and not included in this discussion.

⁴ There is also a fundamental methodological problem: the key question is why these particular programs got started among the universe of all possible programs for the aged, or why some agencies acted and others did not. My information pertains only to the programs that existed and the agencies that became active—I did not visit, say, the Ministry of International Trade and Industry to ask why it then had no programs for old people. Any conclusions about causes of participation are therefore somewhat speculative.

TECHNOCRATIC POLICY DEVELOPMENT

Policy making in Japan is often characterized as wise officials looking out over society to identify emerging problems, so that effective solutions can be implemented before trouble occurs—in short, technocracy, or our cognitive mode. It should be clear by now that this model is inadequate for explaining many policy changes in the old-age area, but under certain circumstances cognitive decision making can dominate, particularly when energy levels are low.

Before the Boom

We can get a sense of what difference the boom made by reviewing the process of small program starts in the earlier period, when the media and the public were not particularly interested in the elderly. During the 1960s there were thirteen within-mission programs (those administered by the Welfare of the Aged Division) and seventeen outside-mission programs established. About half of the within-mission programs are associated with the passage of the Welfare of the Aged Law in 1963. Several of the others represent an incremental process of developing a policy niche: the creation of information and public relations resources through the National Survey, a buildup of clientele group relations (the national Old People Club Federation is an offshoot of the National Social Welfare Council, the Social Affairs Bureau's main support group), and ventures into the policy subfields of employment, in-home services, and targeted medical care for which the old-age policy community had the greatest future hopes.

Many of the programs initiated by other agencies, those that did not include services for the elderly within their missions, were also part of this general pattern. My interviews indicated that the public housing, railroad fare, education, employment, and tax programs mainly resulted from direct requests by the Welfare of the Aged Division, attempting to carry out its self-imposed mission of representing the elderly within the Japanese government. For example, the Ministry of Construction extended priority admittance to public housing for older people in 1964 after a meeting between the director of its Public Housing Division with the Welfare of the Aged Division director. This was not a major innovation, in that similar priorities had already been given to fatherless families, the handicapped, and ex-coal miners. It appears that the special considerations for old age home residents with respect to airport noise and television fees were similarly brought about by Welfare of the Aged Division suggestions.

The majority of small program initiations in this field during the 1960s thus resulted from the leadership of a mission-oriented agency, which with the help of its growing community of policy experts, analyzed many as-

pects of the old-people problem and devised a variety of solutions. This group then served as the sponsor in seeking to enact these solutions, both inside and outside the Social Affairs Bureau. There was little overt opposition; the difficulty, as emphasized in Chapter Four, was simply that not much energy was available—not enough to overcome resource constraints in the agency's own domain, or inertia and the lack of interest in old people among other participants. Given the extent of the old-people problem, the number of programs started by other agencies in this period appears quite low.⁵ The small programs that were enacted can nonetheless be explained not as isolated events, but as parts of an essentially cognitive and technocratic process of policy development.

Incidentally, a few of the outside-mission programs do not fit this pattern. The lending activities carried out by the Ministry of Health and Welfare's Pension Bureau (which I label outside-mission because they are outside this agency's normal task of income maintenance) resulted from demands by the opposition parties to use a portion of EPS and NPS funds for the benefit of participants. The big business oriented Employee Pension Fund idea and the Farmers' Pension, it will be recalled, were the products of direct interest group pressure. However, such examples of fragmented pluralist processes were infrequent and untypical of program initiation in the old-age policy field in the 1960s.

Technocrats in the Boom

A technocratic pattern of policy development also characterized the initiation of *within*-mission programs in the 1970s. In all, seventeen programs were started by the Welfare of the Aged Division or the Health of the Aged Division (which was created in 1973) during the 1970s. It is striking that all of these solutions had been included in the formal policy agenda drawn up within the old-age policy community in the late 1960s.⁶ Specialized officials and their allies in effect maintained a wish list of proposals, which were put forward in turn as conditions appeared favorable. Even ten years later, in a very different era, the old-age policy community was still working on plans essentially laid out back in the 1960s—a splendid example of rational policy development.⁷

⁵ Incidentally, the U.S. Administration on Aging, which formally is supposed to have a coordination function for old-age-related policy throughout the government, has similarly had great difficulty in getting officials in other agencies to pay attention. Informal interviews in Washington, 1980.

⁶ This agenda was formally developed in the Central Social Welfare Council report of November, 1970: see chap. 4.

⁷ The most significant example was the rebirth of the services approach to health care in the 1983 Old People Health Care Law: see chap. 9. Other concerns, including community

Still, the more noteworthy point is that this process did not really go very far. The Welfare of the Aged Division's list of intended solutions was much longer than the relatively few proposals it was able to enact during the boom period; indeed, the initiation rate of within-mission programs was no higher in the early 1970s than in the 1960s, and those that were started were very small. The exception was of course free medical care, a double irony: the specialists did not want it in the first place, but having been "granted" so extravagant a new program, they were constrained from enacting much other new policy. The Labor Ministry and other agencies had an easier time during the boom, as we will see shortly.

What about existing policy? Although Japan had hardly established a Swedish-model comprehensive old-age welfare system by the early 1970s (or later), several important—albeit small—programs were in place. The boom would seem to provide the opportunity for major expansions of these ongoing programs. In fact, the welfare of the aged budget category, exclusive of free medical care, did rise at a substantially higher rate during the boom: 37 percent a year from 1970 to 1975, compared with 21 percent from 1965 to 1970. These increases partly reflect higher inflation, but also stronger arguments by the Social Affairs Bureau, more active lobbying by groups like the National Social Welfare Council, some additional support by the few LDP and even opposition Dietmen interested in welfare, and a more receptive attitude by higher-level Ministry of Health and Welfare officials and Finance Ministry budgeters.⁸

Even more rapid expansion is revealed by examining specific program data rather than aggregate spending. Three key programs in the old-age welfare field are nursing homes (Special Old-Age Homes) for the most frail, home helpers for older people living alone, and senior centers (Old-People Welfare Centers) for ordinary elders in the community. Table 6-1 gives the numbers and the average annual increments (average number added yearly across the previous five-year period) for nursing home beds, households visited by home helpers, and senior centers, from 1965 to 1985. It appears that for the two institutional programs (nursing homes and senior centers), the boom period established a pattern of rapid expansion that later actually accelerated; for helper visits, growth slowed markedly after the boom.

Another table (Table 6-2) can provide a more close-up view of the boom period; it shows (A) the number of nursing homes, home helpers, and senior centers in each year from 1965 to 1977, plus (B) the number that

care and the interface between welfare and medical institutions, were also quite consistent across at least two decades within the old-age welfare policy community.

⁸ For a more systematic analysis of social welfare budgeting in this period from an organizational point of view, see Sakata Shūichi, "Shakai Fukushi Yosan ni okeru Ishi Kettei Kōzō no Bunseki," *Kikan Shakai Hoshō Kenkyū* 14:3 (Winter 1978): 26–49.

TABLE 6-1

Two Decades of Growth in Three Programs for the Elderly

	<i>Nursing Home Beds</i>		<i>Senior Centers</i>		<i>Helper Visits</i>	
	<i>A</i>	<i>B</i>	<i>A</i>	<i>B</i>	<i>A</i>	<i>B</i>
1965	1912		30		6890	
1970	11280	1873	180	30	30801	4782
1975	41406	6025	561	75	62395	11862
1980	80385	7795	1173	122	73242	2169
1985	119858	7895	1767	118	75235	399

Source: Calculated from Kōseishō Gojūnenshi Henshūinkai, ed., *Kōseishō Gojū-nenshi*, Vol. II (Tokyo: Kōsei Mondai Kenkyūdai and Chūō Hōki Shuppansha, 1988), Tables 3-3-1, 3-6-4, 3-6-6.

Notes: A columns are total numbers; B columns are the average yearly addition for the five-year period ending in that year.

TABLE 6-2

Twelve Years of Growth in Three Programs for the Elderly

	<i>Nursing Homes</i>		<i>Home Helpers</i>		<i>Centers</i>	
	<i>A</i>	<i>B</i>	<i>A</i>	<i>B</i>	<i>A</i>	<i>B</i>
1965	27		673		30	
1966	42	15	855	182	58	28
1967	62	20	1108	253	80	26
1968	81	19	1338	230	106	26
1969	109	28	4145	2807	143	37
1970	152	43	4746	601	180	37
1971	197	45	5586	840	233	53
1972	272	75	6233	647	299	66
1973	350	78	7278	1045	354	55
1974	451	101	8178	900	439	85
1975	539	88	8549	272	561	122
1976	627	88	8821	272	655	94
1977	714	87	9166	345	729	74

Source: Same as Table 6-1.

Notes: A columns are total numbers; B columns are the number added that year.

was added each year. Here we note the enormous jump in home helpers in 1969, the result of the survey on the bedridden elderly discussed in Chapter Four, but otherwise the peaks come in the period 1973–75 (earlier for helpers because personnel can be added immediately, whereas institutions take a year or two to build).

It is clear, then, that the sorts of decisions made during the budgetary process were heavily influenced by the old-people boom. Key programs expanded at a rapid rate, and the fact that this high rate could be maintained through the following decade, when public and media attention had fallen off, indicates that the priorities of the old-age welfare specialists had been recognized within the routinized decision-making system. Not just a policy niche, but a priority high-growth niche, was well established. However, the relative scarcity of new program initiations, leaving many of the policy goals laid out in 1970 unfulfilled, demonstrates that the policy community had not succeeded in breaking through the routines to expand the boundaries of its policy domain. It is ironic that, despite its role in igniting the old-people boom, the old-age policy community did not gain as much as it had hoped.

STARTING OUTSIDE-MISSION PROGRAMS

The impact of the boom in stimulating new programs was much greater when we look beyond the agencies that specialized in old-age policy. Certainly the pace of new outside-mission program initiation increased sharply—forty-six from 1971 to 1975, compared to just seventeen in the decade of the 1960s. Moreover, the pattern of initiation was quite different. Few if any were the result of direct Welfare of the Aged Division requests. In fact, the specialists in and around the Welfare Ministry were rarely even consulted when new programs for the elderly were being drawn up by other agencies.

We will return later to the questions of why the old-age policy community was unable to direct the energy generated in the boom toward creating the specialized social welfare programs that it thought most important, and how the Welfare of the Aged Division lost its leadership role in this field. The main point is that the pattern of specialized, coordinated, rational policy development that characterized the 1960s can account for relatively few of the programs initiated in the early 1970s. Lacking such leadership, why were specialists in policy areas like agriculture, transportation, or education drawn into the old-people problem; where did they find solutions; and how could they marshal enough energy to get their proposals enacted? Before attempting a general explanation, it is helpful to look at a small but fairly typical pair of cases that convey some of the flavor of outside-mission program initiation during the old-people boom.

Case Study: "Life-Worth" Projects for Mountain Villages

In 1975, the Research and Extension Division, Private Forest Department, Forestry Agency (attached to the Agriculture Ministry) initiated a project

called, literally, Promotion of the Establishment of Forestry Projects for the Elderly in Mountain Villages. In the following year, the Development of Mountainous and Heavy-Snow Regions Division, of the National Land Agency's Regional Promotion Bureau, started a project called Model Program for Construction of Productive Activity Centers, for areas officially designated as depopulated. Both programs were aimed at encouraging productive activities by groups of older people: to grow, process, and sell forest products like shiitake mushrooms, tea, or materials for Japanese paper; to carry out reforestation; and to make and sell traditional crafts. The seniors would fill up their spare time, have a chance to socialize, gain a sense of purpose in life, and make some pocket money. National funds (totaling about ¥40 million and ¥90 million respectively in their first years, or \$220,000 and \$500,000 at our ¥180 = \$1 rate) would provide half the cost to buy equipment or (in the Land Agency program) build a building; operating expenses would be covered by the locality. At the start these were pilot or model programs, which are supposed to be temporary and are more flexible in implementation than regular programs.

The national level. I interviewed the officials in charge of each of these programs in 1977. I will call the Forestry Agency official Mr. Hayashi; when I asked him where the idea for this program originated, he mentioned the overall aging of society, the life cycle plan that had been recently proposed by Prime Minister Miki (see Chapter Seven), and the general problems of agriculture. Mountain villages had particular difficulties because the flight of younger people had led to high concentrations of the elderly (up to 30 percent in extreme cases). Older people had a lot of spare time and did not have as many activities available as those living in the city; this meant they had a real problem of *ikigai*, "life worth."⁹ All this was discussed within the division, and the members themselves thought up the idea of providing facilities for relatively light work to be done by older people, who would be provided with technical guidance from forestry extension agents (the main responsibility of this division). The plans were talked over at regional meetings of these agents, but there were no substantial consultations within the national government about how this program might fit in with other old-age programs.

The Land Agency official, whom I will call Mr. Tsuchi, told essentially the same story with some embellishments. His division, which was responsible for promoting the economic well-being of mountainous depopulated areas, had been administering a subsidy program to build camps and sight-seeing facilities for tourists. This was a model program, which means it has

⁹ This term is very commonly used with reference to the elderly; its connotation is "a life worth living, a purpose in life, something to live for."

a limited term, although if a model is successful it is not infrequently replaced by another with very similar content. However, this program had not been very successful—that is, localities did not seem eager for the funds. The bureaucrats in the division talked the situation over: “We needed a new idea within our jurisdiction to replace this program, so we thought about what the future problems of these regions would be. That seemed to be the old-people problem (*kōreisha mondai*). Then we needed something which did not overlap with another ministry’s jurisdiction, and everything except *ikigai* seemed to be covered by someone else.” The latter point was investigated by calling up to get the annual list of programs for the elderly from the Office of Policy toward the Elderly in the Cabinet Secretariat—the only consultation outside the division prior to formulation of the proposal. The officials did notice that the Forestry Agency had recently initiated a similar program, but they saw that the scale was smaller; somewhat later they called over to ask about its administrative details.¹⁰

The next step for each agency was to win approval at higher levels—the bureau, the Agriculture Ministry or Land Agency, and the Ministry of Finance—within the budget process. This turned out to be no problem. Mr. Hayashi of the Forestry Agency said that “the Finance Ministry knew that the old-people problem was becoming important for the nation, so it was fairly soft on this request.” As is normal for new programs, the request was not approved at the first “Finance Ministry draft” stage, but it did succeed in the “revival negotiations” with the amount reduced from ¥53 million to ¥41 million. The Land Agency reported no difficulties at all, largely because the new program was to replace the tourism program it was phasing out (the two would overlap in 1976 and 1977).

Once their budget requests had been approved, each agency solicited applications from local governments via a bureau director’s circular (*tsū-tatsu*). Prefectural governments applied on behalf of their towns and villages. The Forestry Agency picked forty localities, each with a work plan, a group of at least five seniors, and permission to use an appropriate facility. Each of these was given ¥860,000 (about \$5,000). The Land Agency grants were much larger—each project was to be given ¥60 million (about \$330,000)—and more care was taken in selecting projects.¹¹ Among numerous inquiries, twenty looked promising, ten were invited up for “hearings” in Tokyo, and three were finally approved for the first year. It was planned that seven more would be selected in the second year, so there would be one project in each of Japan’s ten regional “blocks.”

¹⁰ This contact was by telephone, not personal visit, as was the after-the-fact “coordination” with the Welfare of the Aged Division in the Welfare Ministry (they explained what they were doing to Tanaka Sōji, the “specialist” official).

¹¹ Because the older program was being phased out gradually, the total budget would increase, to ¥270 million in 1977, allowing for additional projects.

According to Mr. Tsuchi, the Land Agency used four main criteria for judging applications: commitment and sincerity of the local officials, soundness of the financial plan and whether land was already available, the appropriateness of the proposed products for the area, and the plans for marketing the product. The first two are normal administrative criteria, and the second two reflect the agency's mission of economic development. When I asked if much thought had been given to the elderly of the village—their expressed needs, the appeal of the particular activity planned, whether the people were already organized, how far from the site they lived, how transportation would be arranged—I got rather blank looks.

The local level. In the summer of 1977, I spent a month in Kōchi Prefecture on the Pacific Coast of Shikoku, smallest of the four main islands. Kōchi is one of the most rural and mountainous prefectures in Japan, and for that reason is one of the two with the highest percentage of elderly in its population. It had been granted three of the Forestry Agency projects, and had also been selected for one of the seven Land Agency projects approved in the second year. I talked with officials in charge of each program at both the prefectural and municipal levels.

Kōchi officials had paid no attention to the first circular about the National Land Agency program, but news about the first three selections in a newsletter published by a Land Agency affiliated organization piqued the interest of a newly appointed assistant division chief, whom I will call Mr. Inaka, in the Agricultural Policy Division of the prefectural Agriculture Department. After receiving tentative permission from his division and department heads, he sent an inquiry notice around to local governments, and then went out to visit five likely prospects. In the mountainous town of Ikegawa, with a scattered population of about 4,000 (about 800 of whom are over 65), both the mayor and the Planning Division showed real interest.

Over the next several months, Inaka and the town officials worked together to draw up a plan, including a visit to an already-approved site in Hiroshima Prefecture, and consultations with agricultural and economic development officials in the Kōchi prefectural government. A member of the office in charge of programs for the elderly was also visited, but he just said "seems like a good idea." Mr. Inaka spoke with Mr. Tsuchi at the National Land Agency on the telephone regularly, and visited him in Tokyo twice; the Prefectural Governor and various other officials also stopped by to lobby for the proposal when they were in Tokyo on other business. This petitioning (*chinjō*), particularly by the governor, was later said to have been quite an important factor in getting the grant.¹²

¹² Although according to Mr. Tsuchi, Kōchi's lobbying was no more extensive than that

It turned out that the biggest difficulty was the prefectural budget process: the Fiscal Division objected to the entire idea because its goals seemed to overlap so closely with the Forestry Agency program.¹³ Mr. Inaka had to argue that it was not really an old-people *ikigai* program, despite the language used by the National Land Agency, but rather was aimed at increasing agricultural production. Even so, the Fiscal Division forced a cut in the normal prefectural contribution of 20 percent down to 10 percent. The town of Ikegawa was willing to make up the difference, despite Mr. Inaka's embarrassment about asking them, but the prefecture's case in Tokyo was weakened. That is, the lower contribution did not cause any practical problems for the national-level bureaucrats, but it did cast doubt on the prefecture's commitment and enthusiasm.

The project was nonetheless approved by the Land Agency, and plans went forward to build a building and organize up to one hundred older people to come two or three times a week to process and sell tea, mountain vegetables (*sansai*), tiny river crabs, and the grasses used for Japanese paper-making. The seniors would be gathered by the local Social Welfare Council, which had already selected three of the four group leaders (all men in their forties). Town officials hoped that the program would make life more pleasant for the seniors, who would be paid a few dollars a day, and could also participate in activities like traditional dancing and crafts and could use the building's Japanese bath facilities.

The process of local approval and implementation of the Forestry Agency's much smaller projects was naturally far simpler. The prefectural Forestry Division heard about the program from the formal circular. Official notices were then sent out to localities, but the more effective route turned out to be through the chairman of the prefectural Federation of Old People's Clubs, an ex-official himself who happened to be a friend of a Forestry Division member. The chairman suggested the first two local clubs to be supported as being appropriate and enthusiastic; the prefectural officials approached them to offer aid. The third project was initiated by a direct request from another local club.

I visited one of these projects, hiking up a hillside to see the dead logs where *shiitake* mushroom spores had been inserted, and then admiring the new drying machine bought with government funds. The man in charge,

from other prefectures, so it is hard to know what "important" means. Incidentally, the Diet delegation was not called upon for aid, although Dietmen from other prefectures often did telephone or send over a staff aide during the site-selection process.

¹³ Mr. Inaka remarked to me that "the two agencies did not seem to coordinate very well." Steven Reed points out that whatever policy coordination one can find in Japan's fragmented administrative system is likely to be at the local level, where jurisdictional boundaries are more permeable. *Japanese Prefectures and Policymaking* (Pittsburgh, Penn.: Pittsburgh University Press, 1986).

the local Old People's Club president, told me that the members were very happy to have the machine, although he had found it rather difficult to get people to come and participate. Most, it turned out, were too busy on their own farms every day. They wished they had more spare time, the way old people in the city did, but could only do their best to donate a few days a month for the sake of the club.

As for the later fate of these two programs: the Forestry Agency decided to cut the budget of its program in the second year, but in the third year turned it from a pilot to a regular program. In 1984 another division in the Agency took the program over, and distributed more money (¥ 1,912 million, over \$10 million) among 765 projects. The objective was still "joy and life-worth through work."¹⁴ Since the Land Agency's effort had been a model program it had to be ended after a few years, but it was replaced by another called "Construction of Community Centers for the Aged" in 1980. The new program also featured productive activities and was very similar, on a somewhat smaller scale. It distributed ¥ 250 million (about \$1.4 million) to 25 projects in 1984.¹⁵ In short, despite a somewhat tenuous rationale, both these programs survived the rigors of administrative reform, and continued into the mid-1980s. More detailed research would be needed to indicate whether their success was mainly due to effectiveness, to the development of a local clientele, or simply to governmental inertia.

General Pattern: Outside-Mission Program Initiation

This case is certainly not significant enough in policy terms to warrant exhaustive analysis, but in fact it was quite typical. The way the elements of policy change combined here was similar to the pattern I found for most of the outside-mission program initiations during the boom period that I investigated. An abstract of the most salient features of this case, using the vocabulary of our theory, can therefore serve as a general model.

The elements of policy change are problems, solutions, participants, and choice opportunities, with energy required to link them up. The problem coming from outside the subarenas was nothing more specific than something like "old people are a deserving group in a tough situation." The solutions came completely from within the subarenas, and were programs the agencies already knew how to do. In fact, it was the nature of the solutions available that mainly determined how the problem was defined

¹⁴ I might note this slogan sounds less fascist in Japanese: *hataraku yorokobi to ikigai*. From the official annual compilation: Sōmuchō Chōkan Kanbō Rōjin Taisakushitsu, "Rōjin Kankei Shisaku no Gaiyō" (1985), pp. 90–91.

¹⁵ Ibid., pp. 96–97. This program does not appear in the appendix, as it was insufficiently new.

within the subarena. It is hard to think of any aspect of the old-people problem other than excess free time and a lack of "life worth" that these agencies could deal with, given their repertoire of activities and limited resources. Indeed, if my discovery that elders in the mountains of Kōchi actually had no free time were more generally applicable, we could conclude that the definition of the problem was almost entirely determined by the nature of the solutions available; certainly in these two cases, and in most others, virtually no research on the extent or significance of the problem was carried out prior to initiating the program.

Through the enactment stage, the participants in both cases were all bureaucrats. Interest groups and politicians were activated only afterward, at the time that specific projects were being selected at the national or local level, and even then they played subordinate roles. Moreover, the process was completely dominated by specialized arena officials, since there were few consultations with other agencies (such as the Welfare of the Aged Division) and little or no resistance to approval by upper levels of the ministry (or agency) or by the Ministry of Finance. The choice opportunity in the Land Agency case was the scheduled termination of an existing program, but in the Forestry Agency case was no more than the annual budget process, which brings an expectation that each Division will come up with some sort of new proposal.

Where did the energy come from? In particular, were these program initiations "caused" by the old-people boom? Unlike the free medical care case, there was nothing like a trend in public opinion or the mass media pointing to excess free time among the rural elderly as an important problem (and certainly the potential beneficiaries were making no such demands). Nor did anyone expect that these programs would draw substantial public approval, as was the case with pension benefit hikes. In that sense the boom was not a direct cause. On the other hand, if the old-people problem had not been sitting prominently on the general arena agenda, it would not have reached the agendas of these two subarenas. Moreover, ministry-level staff and Finance Ministry budget examiners all read newspapers too, and were aware of the importance of the old-people problem; Forestry Agency officials thought this was a significant help in getting their request through. In the Land Agency case, the budget process seemed to work rather routinely—some requests are always approved simply as good ideas in the judgment of the officials directly in charge.

Parenthesis: Theory and Method

The general pattern of outside-mission program initiation, then, sees agenda-setting as the problematical stage, with participation dominated by subarena bureaucrats; the problem, in a very general form, produced by

public opinion and the media; a solution drawn from an agency's existing repertoire; and choice opportunities provided either by some event like the termination of another program or simply by the annual budget process. I found few exceptions to this pattern.

It will be noted that this pattern does not specify a sequence. Of course, the old-people problem arrived first on the *national* agenda, but either the problem or the solution might enter a specific *subarena* agenda first. For that matter the process might be initiated by the arrival of a participant or a choice opportunity. In fact, there was considerable variation of sequence among these cases; note in the previous description that the Land Agency case was sparked by the upcoming end of the tourism program, impelling officials to search for an attractive new problem-solution combination, whereas in the Forestry Agency case it appears that an awareness of the problem may have come first, although it is possible that underemployment of Forestry Extension Agents impelled a search for something they could do, which would be a solution-first sequence.

In principle, one could differentiate among cases in terms of sequences, to find out which are more common and how particular sequences are related to outcomes. For example, problem-first sequences correspond to what Cyert and March called "problematic innovations," and the solution-first type to "slack innovations," with differing implications for durability and other characteristics.¹⁶ However, deciding which element came first requires a lot of information, and may be quite delicate anyway. All four elements might arrive simultaneously.

In any case, even if one comes first, it would not be correct to say that any of these four elements (or for that matter the energy produced by the boom) was the cause of a given initiation in the sense of a necessary and sufficient condition. Each in fact is a necessary but not sufficient condition—absent any of the four, policy change will not occur. It cannot even be said that all four together make up a necessary and sufficient condition: the fact that an agency with solutions that might be extended to the elderly is making up budget requests at a time when the old-people problem is much talked about will not inevitably result in a new old-age program proposal. For example, if we make the reasonable assumption that fifty bureaucratic divisions in the national government have such solutions potentially available, and that the old-people problem was on the national agenda for five years, there would be two hundred chances for such proposals to emerge, while we observed only forty-six initiations in this period.¹⁷ Even with the necessary ingredients available, they combine to produce a proposal only, say, 20 percent to 30 percent of the time.

¹⁶ Richard Cyert and James G. March, *A Behavioral Theory of the Firm* (Englewood Cliffs, N.J.: Prentice Hall, 1963).

¹⁷ Our lack of knowledge about failed proposals, about which agencies might have poten-

What governs the likelihood of such events occurring? This is a very difficult question to answer, either theoretically or empirically. Each of the four elements flows independently—a different model is needed to explain how many participants, or problems, or solutions, or choice opportunities are available.¹⁸ Happily, our best information applies well to exploring the partial model that is most significant for our purposes, the model governing the linkage of participant and problem.

That is, we are most interested in finding out why organizations or people who had never previously shown any interest in old people were tempted to propose new programs in this area—why in the sense both of the characteristics that differentiate these from others who did not get involved, and of the motivations that impelled them. The choice opportunities are not especially puzzling, and we do not care as much about the nature of the solutions in such small programs as we did, for example, in the cases of the National Pension or of free medical care, where the process produced expensive public policies that did not work very well or were otherwise interesting. First, we ask why small-program initiation was so dominated by low-level bureaucratic agencies, through explaining why other actors were not involved. We can then suggest some factors that help account for which agencies become active. Illustrations will be drawn from my interviews with the officials in charge of outside-mission programs.

Why Not Other Participants?

It would seem to be logical that a popular issue like old people would attract political parties, individual politicians, and interest groups—these are after all the representatives of the public within the governmental system, and they certainly played a major role in the large cases described earlier. In small-program initiations, however, bureaucrats not only took the lead, they were nearly alone in the field. I encountered no case of a political party mentioning one of these programs in a list of demands, and no official told me of relying on LDP support to win approval for a proposal.¹⁹ Individual politicians almost never appeared except on a few oc-

tially applicable solutions, and about how to define a program make a real calculation impossible, but these estimates are surely fairly accurate and probably conservative.

¹⁸ Moreover, the likelihood of their combination is not a simple function of the quantities of each of these elements. One would think that a decision would become more likely as the quantity of any of the four elements or the amount of energy increased, but the garbage-can theorists have demonstrated through computer modeling that at least under the conditions they define for an organized anarchy this is not true—such systems are easily overloaded. See Michael Cohen, James March and Johan Olsen, “A Garbage Can Model of Organizational Choice,” *Administrative Science Quarterly* 17 (March 1972): 1–25.

¹⁹ Or more precisely, the relevant Policy Affairs Research Council Division does review all ministerial budget requests and nearly always supports each of them, especially new programs, at least formally. The point here is that the programs in question did not receive special

casions when local sites for programs already approved were being considered. Interest groups were also rarely mentioned, and never in connection with the creation of a new program; for example, a Ministry of Finance official in charge of taxes noted that retirees' groups were active on behalf of *expanding* the income tax exemption for public pension benefits, but the establishment of this exemption in 1973 had been purely an internal matter.

Why no political interest? In many of my interviews with these officials and others, including a few politicians and interest group representatives, I asked why these representatives of public and private interests seemed so uninvolved in the process of initiating small programs for the aged. I was led to the following understanding. These programs are not large enough to engage the interest of politicians as national policy, nor expensive enough to threaten expenditures on other, more political programs. The category of people they serve, the elderly, tend not to participate in politics and are difficult to mobilize. Proposals of similar size that would benefit, for example, cigarette-stand proprietors, coal miners, the residents of a particular town, or perhaps even women would be much more likely to be backed by organized interest groups, and certainly would draw more attention from LDP or opposition party politicians because they could see pay-offs at election time.

Another factor is that interest groups generally organize around particular governmental programs and agencies—often enough they are created by some program. Within all specialized arenas are found the “clientele” groups which (to use the Washington phrase) feed at the trough of governmental programs. Once established, such groups and often some associated politicians are always interested in increasing the flow through existing spigots, and they may also try to get new spigots opened up—usually of much the same shape as the old ones. Much more rarely do they help build a new trough.

As previously described, the National Federation of Social Welfare Councils, which represents both Old People's Clubs and a variety of service providers, plays this role within the old-age policy arena. It has frequently pressured for new old-age service programs as well as expansions of old ones. But the National Federation has no channels to other agencies (even, for example, to the Pension Bureau within the Ministry of Health and Welfare), and does not normally push for programs outside the jurisdiction of

attention from the LDP, as new programs in other fields often do, and that party power was not an important factor in approval. See my *Contemporary Japanese Budget Politics* (Berkeley: University of California Press, 1976), chaps. 2 and 5.

the Social Affairs Bureau.²⁰ On the other hand, clientele groups in the agriculture, education, or labor fields, say, rarely have much reason to be interested in the elderly, since their attention is occupied by the specialized problems and solutions current or pending in their subarena. It is certainly possible that an interest group seeking new ideas (perhaps because it has lost its *raison d'être*, the classic March of Dimes case) would see the elderly as a useful vehicle, and in fact the Farmer's Pension initiation described in the previous chapter was partly due to such a search for new issues by the Chambers of Agriculture. The boom would seem to make such an occurrence more likely, but as it happened I discovered no cases of this sort.

This lack of involvement by interest groups also helps explain why a middle-ranked LDP Dietman active in the corresponding *zoku* of policy enthusiasts would not likely be attracted to the old-people problem. For example, although the agriculture *zoku* includes some of the most vociferous politicians in the LDP, I found no example of one of them participating in getting any of that Ministry's programs for the aged started. A politician of this type would have few incentives to get involved, since he is not much concerned with national image, and the relatively small programs he could hope to influence are unlikely to benefit many voters in his own district. The Dietmen already interested in aging, on the other hand, would not feel at home at the Agriculture Ministry and would not have much incentive to visit there on behalf of a small program.

What about politicians conscious of national image? American congressmen have often taken the lead in starting up small programs for the elderly in various departments, not just in the specialized agency (the Administration on Aging). They also created special committees on aging without specified organizational jurisdictions to help them get involved anywhere they liked.²¹ Their motive appeared to be mainly image (of course along with real concern) rather than direct constituency payoffs. The reason this phenomenon has not occurred in Japan has more to do with general norms of political career-building than with the old-age policy field itself: if getting involved with this sort of issue was viewed as helpful by Japanese politicians, old people would no doubt be an attractive vehicle.

Why no other agencies? It is thus understandable that politicians and interest groups were not active in the process of initiating small programs for the elderly. More puzzling, perhaps, is that this process was in most cases confined almost entirely within narrow subarena boundaries. One

²⁰ This group is also connected to the Children and Families Bureau of the Welfare Ministry. In general, it is my impression that Japanese interest groups tend to have more exclusive relationships with particular agencies than is usually true in the United States.

²¹ See chap. 4 and Henry J. Pratt, *The Gray Lobby* (Chicago: University of Chicago Press, 1976).

might well expect, in particular, that the Welfare of the Aged Division in the Welfare Ministry or the Office of Policy for the Aging in the Cabinet Secretariat (now in the Management Agency) would play a promotional role, or at least attempt to coordinate programs across the government. It would also seem that each ministry's leadership, other bureaus, or ministry-level staff would be concerned about the implications of such programs for the organization's overall mission; and that the Ministry of Finance would oppose such new programs on principle.

As we have seen, the Welfare of the Aged Division did play a leadership role in initiating programs at other agencies in the 1960s, and the Central Social Welfare Council report on old-age policy it staffed in 1970 contained recommendations for many areas outside the jurisdiction of its parent, the Social Affairs Bureau. I specifically asked about contacts with this division in my interviews, but no one associated with starting up a program in the 1970s mentioned any communication beyond a simple request for information (in either direction), usually by telephone. The main reason was apparently the strong norm of vertical administration (*tatewari gyōsei*) in the Japanese government: other agencies resented having Welfare Ministry people telling them what to do, in the Council report (even though specific provisions were always negotiated out with the responsible ministry) or even less formally. In fact, according to one respondent, such resentments were a major factor along with simple public relations in establishing a new old-age agency in the Cabinet Secretariat in 1973.

This Office of Policy for the Aging (Rōjin Taisakushitsu) is another potentially influential participant. It is a division-level unit of ten to twelve officials, some on loan from Welfare and other ministries. Its formal mission includes comprehensive coordination (*sāgō chōsei*) and liaison for old-age programs throughout the government, as well as research, planning, and the drafting of legislation. In reality, it holds symposia, conducts surveys, compiles an annual list of programs, publishes a magazine, and does little else. It has not attempted to play a real coordinating role—say, convincing an agency to request, not request, abolish, or even modify a program—which is not to say that anyone would pay attention if it did.

This lack of horizontal coordination is not at all unusual in Japanese policy making, where despite the "Japan, Inc." image, governmental organization generally appears quite fragmented even compared with the United States. But what about the vertical dimension? Why were so many outside-mission proposals accepted so readily even by the initiating agencies' direct supervisors, the ministry-level staff, and by the guardians of the nation's purse strings in the Ministry of Finance? In particular—to return to a question posed earlier—why were outside-mission program initiations apparently treated so much more gently than requests from the Welfare of

the Aged Division, the agency presumably at the core of the old-people issue?

Welfare of the Aged Division proposals were carefully examined by Welfare Ministry staff and the Ministry of Finance for two reasons. The first was that services to the elderly were generally viewed as an overall budget category, a framework (*waku*), one that included free medical care. In the early years of the boom, the controversy over medical care pushed aside other proposals within this category; later on, the high and rising expenditures for this program oppressed (*appaku*) current expenditures and especially any new proposals for the elderly by the Social Affairs Bureau. In the short run, it is assumed that competition over expenditures or program approvals within a given framework (here, either policy toward the elderly, or social welfare policy in general) is a zero-sum game; if one agency or program wins, the others must lose. Other bureaus thus have a strong incentive to participate, and the ministry staff and budgeters must be very concerned with balance among competing interests.

The second factor was that the substance of a new within-mission proposal would probably have implications for the missions of the Social Affairs Bureau, or some other bureau, and also of the Ministry of Health and Welfare as a whole. A good example is special visiting nurses for older people, a program that had been initiated by many localities by the mid-1970s and that the Health of the Aged Division wanted to make a national program. There was general agreement about the need for these services, and the division had researched both the problem and possible solutions carefully, but its request was turned down during the budget process at the ministry level. The reason was an objection from Medical Affairs Bureau officials, who said patients' connections with their own family doctors had not sufficiently been taken into account. This was not purely jurisdictional pique: Medical Affairs was then concerned about a variety of similar issues (unconnected with old people), and was particularly worried about negative reactions from the Japan Medical Association (some city governments had run into problems with their local medical associations about treatment by unsupervised nurses, an old bone of contention).

The general point is that when within-mission programs were in question, often enough even a small proposal would be seen as signifying a significant choice about an important issue—perhaps even a matter of ideology—for the Ministry. Additionally, from the Finance Ministry's point of view, any new programs in the old-age field granted to the Welfare Ministry threatened to become a foothold or a "camel's nose," the entering wedge that would lead to much larger and stronger demands in the future as the agency attempted to further expand its mission.

These factors did not apply to outside-mission program initiation precisely because these programs were not seen as part of the core missions of

the organizations that proposed them. The prospect of a new service program for elderly farmers or their wives would not infringe on other bureau jurisdictions, and raised no ideological issues for the Ministry of Agriculture. It would seem no more than an attractive ornament, conveying an image of responsiveness to the needs of the day. Even the budget the new program received would be perceived as an extra, a bonus, rather than a sum to be subtracted from the funds available for other ministry purposes. The Finance Ministry would have no reason to worry that the Ministry of Agriculture was attempting to build a new policy empire around old people, and would see an opportunity to appear responsive at little risk; for similar reasons, the Ministry of Health and Welfare would not feel threatened enough to object.²²

To summarize, an organization's main work, its mission, is a serious business, and any expansions or modifications will be seen as important by participants inside and even outside the organization. The Ministry of Labor case described in Chapter Eight indicates that once the Ministry got serious about the elderly, incorporating them into its primary mission, jurisdictional conflict with the Welfare Ministry quickly resulted. Starting up a program outside one's main mission, provided it is not seen as a threat to the interests of other organizations, is by comparison an almost trivial matter. This is a major explanation for why other bureaucratic agencies, and indeed interest groups and politicians both inside and outside sub-arena boundaries, were so little involved in the initiation of small, outside-mission programs for the elderly.

Which Agencies Were Active?

Having seen why the field was left to working-level bureaucrats—essentially divisions or bureaus—we may turn to ask why some of these became interested in the old-people problem and others not. Our theory suggests four elements that might explain activity: characteristics of the agency itself, of the relationship between its usual problems and the old-age issue, of available solutions, and of the choice opportunities that appeared. One way to phrase this question is to ask which of these elements “drove” the program initiation.

Agency personality. The Ministry of Labor became very active in the old-age field, as we will see, partly because it has always actively pursued new ideas. Agencies that are more routinized and sleepy are less likely to

²² Within the Budget Bureau, the examination process is organized on a ministry-by-ministry basis, and even programs with quite similar objectives will not usually be seen as part of the same budgetary framework when they are in different ministries.

innovate. I remember an interesting visit to the Human Rights Administrator's Office of the Civil Liberties Bureau in the Ministry of Justice. This agency, a product of the American occupation, is supposed to publicize the concept of human rights and supervise a national system for dealing with complaints. The number of such complaints that involved the elderly—many stemming from family disputes over property—had increased markedly, according to the officials I interviewed, although good time-series statistics were lacking (the number of complaints involving the elderly in 1970 was 436). In response to this trend as well as to the increased interest in aging throughout the Japanese government, the Office decided to devote the 1971 edition of its yearbook to the elderly and human rights.²³ Otherwise, these officials were quite content to continue handling the problems of the elderly within the ways of doing business they had become accustomed to over thirty years—questions about possibilities for more active publicity or other expansions were met with blank looks.

My impression in this case was of an extremely stolid and unadventurous *institutional* personality. Officials' *individual* personalities may also vary. Both of the case studies herein, and many of my interviews, indicated the importance of a key post being filled by an official who happened to have an active temperament, or perhaps some outside reason for being interested in new ideas like aging. As we observed about Seto Shintarō in Chapter Four, when rather small policy changes such as initiating a new program of modest size are in question, even the modicum of energy generated by a rather low-ranking official can make all the difference. A given program initiation could be considered "participant-driven" if the key factor appeared to be an individual or organization actively searching for problems and solutions, and perhaps even making its own choice opportunities.

It might be noted here that Japan's bureaucratic culture puts a high value on creativity and on responsiveness to the trends of the times. Officials improve their promotion chances and agencies stand to gain in status as well as budget when they are seen as entrepreneurial with respect to an important national problem (at least as long as they seem to be serving the interests of the larger organization, the ministry). Since bureaucratic activism is distributed fairly widely in the Japanese governmental system, it may not be as major a factor in explaining variations in innovation as in a country where normal behavior in governmental organizations is rather torpid. There, the question of what gets done with regard to some issue might

²³ Most of its 26 pages of text plus additional tables were devoted to information derived from standard published sources, plus six short case studies of complaints and their disposition.

depend almost completely on whether *any* agency or official is lively enough to be able to take an interest.²⁴

Problem. Another important determinant of whether a given agency would participate is the relationship of its mission to the old-people problem. The boom was not an equal opportunity for everyone in the Japanese government; the most forward-looking division and the liveliest bureaucrat would be unlikely to do anything about old-age policy if they happened to be located in, say, the Defense Agency. During the 1970s no programs for the aged were initiated by the following Cabinet-level organizations: the Ministries of Foreign Affairs and of International Trade and Industry, and the Administrative Management, Hokkaido and Okinawa Development, Environmental Protection, and Defense Agencies. The reason is clearly that their work did not have much to do with old people.²⁵

On the other hand, this condition does not appear overly restrictive. Some administrative unit inside all the other Cabinet-level organizations, including such apparently unlikely candidates as the National Land Agency or Ministry of Transportation, were dealing with the elderly in one way or another in the early 1970s. The *degree* of proximity does not appear to govern the *amount* of participation very consistently either, as suggested by the number of programs (some of which grew to be fairly sizable) initiated by the Ministry of Agriculture and Forestry.

The relationship of problem to mission can be stated this way: unless an agency had at least a plausible connection with older people, it could not participate in this policy area. Plausible connection means an overlap between some element of the agency's accepted jurisdiction and some aspect of the old-people problem. This need not be an aspect that anyone had previously seen as particularly important, or indeed that even exists in real life. For example, the problem of old people in rural areas lacking meaningful activities, which justified the Forestry and Land programs described previously, perhaps did not have much substance. It was sufficiently plausible, however, in that gerontology experts (with the urban elderly in

²⁴ In interviews at several prefectural and municipal governments, I discovered that many local-level program initiations were the direct result of an energetic official being transferred into an agency and bringing some new ideas with him. Bureaucracy at this level in Japan is not particularly noted for innovativeness and energy, and individual characteristics therefore probably matter more.

²⁵ Incidentally, in later years the Administrative Management Agency undertook a special project of evaluating other ministries' programs for the elderly, the Ministry of Foreign Affairs began looking into the problem of aging Japanese immigrants in Brazil, and MITI was urging housing and other industries to become more active in the new "gray market," as well as toying with a plan to "export" old people overseas ("Silver Columbia"). Nearly every Cabinet-level organization thus had gotten involved. Below that level, of course, there are many *bureaus* in the Japanese government that have never paid any attention to the elderly.

mind) had identified too much free time and the need for “life worth” as important aspects of the old-people problem.

The conventional model of policy change is of course the problem-driven case, in which a program is started because responsible officials perceive some serious need within their jurisdiction. This was a strong motivation for the Labor Ministry (see Chapter Eight), and the tax law changes benefiting the elderly implemented by the Ministry of Finance were also of this type. According to the officials in charge, the growing awareness of the old-people problem led them to think about equitable treatment, along lines already institutionalized in Japanese tax law. (Alternatively, local tax changes mandated by the Ministry of Home Affairs simply followed the Finance Ministry’s lead, a solution-driven case.) Such programs as the Ministry of Transport’s encouragement of fare discounts or special seats for the elderly in public transportation can be seen as problem driven in this sense—they were relatively simple and ad hoc responses to needs that would be obvious to anyone who rides trains or buses.

Solutions. The likelihood of a particular agency picking up on the old-people problem can also depend on whether it had an appropriate policy idea available. Agencies that were already used to directing service programs toward some category of the population, like the Social Education Bureau of the Ministry of Education, found it easy to pay attention to old people. In some cases, solutions were not only available, they were virtually lying in wait for some plausible problem to come along—the solution-driven pattern.

A good example is the Ministry of Agriculture and Forestry’s cow-lending program. In the late 1960s, agricultural officials in Tokushima Prefecture were interested in increasing beef production, at a time when many farmers had been getting out of the labor-intensive business of raising cattle. These officials realized that many retired farmers had plenty of experience, time on their hands, and enough forage available for a cow or two; all they lacked was capital. The prefectural government thus started a program to, in effect, lend such farmers a heifer. Over five years three calves would be produced and sold, and then the cow would be sold to repay the loan. The program turned out to be popular, and it was picked up by Tottori Prefecture in the following year. In 1974 the Agriculture Ministry, which wanted to increase beef production nationwide, requested approval from the Ministry of Finance to initiate a central government program to subsidize cow-lending.

The Finance Ministry rejected this request on grounds that increased beef production was not a high priority. In the following year, however, another opportunity arose: as the official in charge remembered it, “welfare for the aged was becoming widespread throughout the Japanese govern-

ment, and this [cow-lending] idea seemed to make sense. These old farmers had nothing to do.” In short, the solution to the low-priority beef-production problem quickly became a solution for the high-priority old-people problem. The request was readily accepted by the Ministry of Finance and continues to operate today; in 1985, ¥558 million (\$3 million) was provided to purchase 5,500 heifers for elderly farmers throughout Japan.

Cow-lending was the most extreme case of a solution seeking out a problem that I encountered, but in several instances the availability of underutilized resources, such as solutions whose problems were solved or had otherwise disappeared, was an important factor. A big cause of the initiation of “pair housing,” renting out a large and a small apartment together to accommodate a three-generation family, was a surplus of tiny apartments in public-assisted housing projects—the original policy problem, a simple shortage of any housing units, had disappeared. Another example in the Agriculture Ministry is the program started by the Home-Life Improvement Division to encourage rural old people to teach classes of younger people about traditional crafts. The main motivation appeared to be the steady decline in young farm wives, which meant that home-life extension workers (and their supervisors in Tokyo) were losing their traditional clientele and needed another.

Choice opportunities. Finally, events and timing often influence the likelihood of an agency becoming active. In the pattern encountered most often, the budget cycle produced an annual expectation that new program requests would be welcome. The supply of such opportunities may vary with the resources available—in a tight budget year, agencies would think that new proposals would have little chance of enactment, so they would have no incentive to seek good problems and solutions. This situation prevailed to some extent early in the administrative reform period of the 1980s, and no doubt the surge in new programs in the early 1970s was partly related to availability of funds—the budgets of 1972 and 1973, dominated by Prime Minister Tanaka, were the softest ever. However, note that activity continued in 1974, a relatively tight budget year, and activity did not cease even in 1981–82.²⁶ In cross-sectional terms, the distribution of budget and other opportunities is not uniform across the government—as previously noted, the Welfare of the Aged Division had motivation,

²⁶ In general, resource constraints do not impinge as heavily on small innovations. Lawrence B. Mohr, “Determinants of Innovation in Organizations,” *American Political Science Review* 63:1 (1969): 111–26. In fact, Japanese budgeters have been known to smile on inexpensive new program requests in tight years to compensate for the lack of major expenditure increases.

problems, and solutions aplenty in the 1970s, but its opportunities for enactment were crowded out by free medical care. Conversely, we have already observed that some program initiations, like the National Land Agency searching for a replacement for its expiring tourism program, appeared to be mainly opportunity-driven.

An appropriate example to conclude this analysis is the extreme case of a choice opportunity appearing with almost no linkages to problems, solutions, or participants. We have already noted that the Japanese government had repeatedly come under pressure from the opposition parties to invest some of the funds accumulated in its pension accounts in ways that would benefit “the people” (rather than the business interests seen as benefiting from loans under the Fiscal Investment and Loan Plan). An obvious need to be filled, activity to be implemented, and agency to take charge were all lacking. In the early 1960s, the Pension Welfare Service Corporation (Nenkin Fukushi Jigyōdan) was created and the Welfare Ministry’s Pension Bureau, the agency that collects the funds, was put in charge—perhaps because other agencies with more experience in administering loans were seen as insufficiently attached to the interests of the people.

Some of the solutions it came up with were sensible enough, such as capital to build old-age homes, or the 1966 program to give loans so people could add a room on their house for an aging parent. Others seemed to refer to no problem at all: Japan is dotted with hotel and ballroom facilities built with low-income loans from pension funds and managed by public corporations (and their Welfare Ministry retiree executives), purportedly to provide services benefiting pension enrollees.²⁷ The most expensive and perhaps least productive such program was started in 1973.

Pension Bureau officials too had been influenced by the old-people boom, as one explained to me in 1976: “In 1972, we thought about the problem of leisure for older people. This was the time when other agencies were building various fancy facilities for the elderly, but we thought of a place to bring young and old together.” Their idea was Large-Scale Pension Recreation Areas (Daikibō Nenkin Hoyō Kichi), complexes of hotels and recreational facilities to be built on large tracts of land in scenic, rural areas. The aim was to add “meaning and a sense of life-worth” to elderly pension recipients, who would come to enjoy the outdoors with their children and grandchildren, and to take advantage of special facilities for crafts, moderate physical recreation, folk dancing, and so forth.²⁸ The Pension

²⁷ Jazz and rock fans will recall the number of recordings “live from Kōsei Nenkin Hall” in Tokyo, connected to the EPS. Hotel companies have long complained about such “unfair” competition from these government-subsidized establishments.

²⁸ This account is based on budget documents, brief interviews in Tokyo and Kōchi in 1976–77, 1980, 1983, and 1989, and Welfare Ministry materials.

Welfare Public Corporation was put in charge, drawing the investment from the pension loan funds set aside for enrollees. As in other cases, there was virtually no research into whether this idea made sense, and no consultation even with the experts available at other bureaus within the Ministry of Health and Welfare.

This program was approved with a greater show of LDP interest than was common in these cases, and Dietmen became still more involved at the site-selection stage—intense pressure led to raising the number of projects from ten (one in each of Japan's major regions) to thirteen. Politicians are always fond of bricks, mortar, and land purchases, and relatively large sums were involved. Estimated spending just for one possible site in Kōchi Prefecture was ¥2 billion (over \$11 million), and the governor as well as the Diet delegation got busy and succeeded in winning a designation.

Many of these projects later ran into trouble, particularly when the economy weakened, and by early 1985 only five had opened, with eight still under construction (all thirteen had opened by 1989). Reality had intruded by this time: once built, operating expenses would have to be covered from revenues, and those in charge became worried that a “gray” image was not very marketable. The policy was therefore changed so that families would be welcomed with or without their aging parents, and the only gesture toward special facilities for the elderly in the first such resort was a small crafts shop. In fact, the only difference from a private resort area was slightly lower charges, because of low-interest loans and nonprofit management, although even so some opened by 1985 were running at a loss. The unofficial name was also changed: they were called Jumbo Nen-kin Resort in English and *Guriin Pia* (Green [Uto]pia) in Japanese.²⁹

In 1980 I asked a Pension Bureau official about the goals of this program, and he responded that “the problem was what to do with the pension money—we wanted people to enjoy it.” This was a policy change driven almost entirely by a choice opportunity: the key participants either had unrelated missions (the officials) or were concerned only with pork barrel (the politicians). The problem was non-existent, since there was no evidence then or now that Japanese old people were deprived of opportunities to travel to elaborate resorts. The solution was invented ad hoc. The Large-Scale Pension Recreation Areas program, which ate up ¥26 billion (\$144 million) in investment funds in 1984 alone, ranks among the least sensible of all Japanese policies toward the elderly.

²⁹ In a glossy advertising brochure for these resorts issued in 1989, there were 61 photographs in which guests could be clearly seen, and I spotted not a single guest who looked over 60 (and few over 40). The only identifiable old people were a Buddhist priest and some dancers at nearby village festivals, plus one woman golf caddy. The program nonetheless still appears in government listings of programs for the elderly.

CONCLUSION

The previous section includes two rather different sorts of analysis. We have assessed the factors that affect which participants were more likely to attach themselves to the old-people problem by getting involved in starting a small program. We have also illustrated the point that program initiations can be driven—the sequence of policy change touched off—by any of our four key elements. To summarize, the proximity of the problem to the mission of a given agency is a threshold factor, one that can eliminate many agencies from any likelihood of participation. It is not so often a motivation for action. Among agencies that pass through that filter, the availability of solutions that are well suited to the old-people problem, especially if some underemployed solutions are hanging about, can provide a strong incentive to get involved. Personality characteristics and the presence of particular choice opportunities can also provide incentives, but they are less powerful predictors because they seemed to be distributed fairly broadly across government agencies, at least in this period. Note that I have not paid much attention to questions of energy in this analysis because few proposals seem to have incurred much resistance and not much impetus was needed to get them enacted; unlike many other cases we have encountered, the distribution of power was therefore not an important factor.

What difference does the sequence—or the primary motivation of the agency—make to the outcome? If I may go beyond the evidence presented here and draw on my overall impressions of program initiation in Japan, however spotty, I would conclude that rather straightforward expectations are generally borne out. That is, it is logical that problem-driven program initiations (e.g., income-tax changes) will relate fairly closely to real aspects of the old-people problem, at least as seen from a bureaucratic perspective. Solution-driven programs may be less so but will be competently administered, if only because the agency has so much experience in performing quite similar functions. The two mountainous area projects are a good case in point. When agency or individual entrepreneurship is the key factor, the resulting programs will probably reflect the entrepreneur's personality. I lack a good illustration in these cases, but both Mori and Ibe left an individual stamp on within-mission old-age policy, the Labor Ministry style comes through clearly in its programs, and I encountered several such examples in studying local program initiations. And although it is dangerous to generalize from a single case, the Large-Scale Pension Recreation Areas program appears quite revealing of the consequences when a choice opportunity is dominant and the other elements lacking.

How can we characterize this process of initiating small, outside-mission

programs? Taken as a whole, the expansion of government policy toward the elderly was political in our definition, since it was driven mainly by the rapid increase in attention by the general public. However, the individual programs can hardly be explained in those terms: there were few compromises, because there was little conflict, because hardly any differences of interest appeared, because participation was so limited. The cognitive explanation is also weak, in that we found remarkably little research (and less program evaluation) aimed at matching effective solutions with real problems. Inertia was prominent in the solutions applied, and most decisions were made as part of governmental routines, yet most of these programs were novel departures at least with respect to the target group. By a process of elimination, then, the artifactual explanation looks strongest. The energy that caused change—the public's support for old-people policy in general, or the activity by bureaucrats acting from various motives—was not very closely attached to specific problem-solution linkages.

It is precisely the random or accidental characteristics of artifactual decisions which brought criticism of Japanese policy toward the elderly later in the 1970s. The standard observation was that it was *baramaki*, scattered, like sowing seeds randomly by the handful—accurate enough as a description of the process. But *could* old-age policy have been more rational, more systematic, more coordinated? What would have had to be different?

The old-people boom had generated substantial energy, but it was diffuse. If there had been a real social movement by or for the elderly, so that organized political pressures were attached to specific policy demands, the bureaucrats in all their specialized arenas would not have been left as free to define their own problems and devise their own solutions. Or, lacking focused bottom-up pressure, a necessary condition for comprehensive policy might be a policy sponsor within the governmental system, some institution or individual capable of formulating a reasonable plan, and powerful or skillful enough to impose it across several policy areas.

But who might be the sponsor? The old-age welfare policy community around the Social Affairs Bureau tried and failed; it had some intellectual resources but not enough support among politicians or the public to be a major player, particularly given the strength of sectional norms in the Japanese bureaucracy. The new Office of Policy for the Aging in the Cabinet Secretariat had a formal grant of authority to coordinate policy, but no other resources whatsoever. In the political realm, if Sonada Sunao's earlier hopes to build his own faction had been realized by the early 1970s, or if Hashimoto Ryūtarō then had the influence he would gain in the 1980s, we might have seen legislative policy entrepreneurship along American lines, but no powerful LDP Dietman cared enough to take the lead.³⁰

³⁰ Note that many of the 80-some small programs for the elderly in the American national

Finally, if a Prime Minister had taken on the old-people problem as his own, we might have seen a less fragmented process and a more coordinated set of policies. Tanaka Kakuei had other interests, but in 1975 Miki Takeo did attempt just such a comprehensive plan, for welfare across the entire life cycle. However, it came too late; the aftermath of the oil shock was already closing the window of opportunity (see the next chapter).

In short, despite some apparent *potential* for effective broad-gauged sponsorship, no such sponsor appeared. There were really only two participants—the mass public (or the mass media as its surrogate), and working-level officials. The first brought only the rather free-floating impetus that made the process go, and so the question of what would be made of it was left almost entirely to the bureaucrats, with the fragmented and perhaps irrational results we have seen.

But it is possible to overrate the virtues of coordination and even rationality. Keep in mind that the stakes here were not awfully high—unlike, say, pension or health care policy, most of these policies were inexpensive, and even rather ill-considered outside-mission programs are unlikely to threaten important national interests. Although the majority of the programs survived, those that did not work in some sense were left to stagnate if not actually dropped. Others sometimes surprisingly found a real niche and grew to significant proportions. And as the garbage-can theorists are fond of emphasizing, there can be payoffs for playfulness.³¹ A comprehensive policy analysis by gerontological experts would no doubt have avoided large-scale recreation areas, but by the same token would have been unlikely to come up with good ideas like cow-lending.

government stemmed from a group of congressional politicians, led in the 1980s by Claude Pepper, who maintained a consistent interest in this policy area. However, these programs appear only marginally more coherent than those in Japan.

³¹ See James G. March, "The Technology of Foolishness," in *Decisions and Organizations* (Oxford: Basil Blackwell, 1988), pp. 253–65.

New Agenda: The Aging-Society Problem

THE OLD-PEOPLE boom ended in 1975. It was a year of transition in the view taken of old people and social welfare in the Japanese government. As we have seen in the previous two chapters, pension benefits were greatly increased in 1975 without demur, and new small programs were still being initiated. But now, influential voices were heard arguing that Japan had gone too far, talking about “reconsidering welfare” and the need for a “Japanese-style welfare society.” Old-age policy changes would now be oriented less toward the old-people problem than toward the aging-society problem (*kōreisha shakai mondai*), the problems created for everyone else by the growing numbers of the elderly.

The aging-society problem would remain near the top of the national agenda for the next fifteen years. Perhaps the most oft-noted fact in newspaper and magazine articles of the “whither Japan?” variety, a tried-and-true staple of Japanese journalism, was that the Japanese population was aging at the most rapid rate ever seen in the world. Myriad official, semi-official, and private committees of experts deliberated about the implications of this trend. Anyone trying to review the vast quantity of reports, books, and articles about the aging society produced from 1975 into the late 1980s will be overwhelmed by a feeling of reading the same prose again and again (even though each author conveys an impression of personally discovering this critical new problem).

The central question for the rest of this book is how public policy was affected by this new *mondai ishiki*, problem consciousness, to use the handy Japanese term. The most important changes came, unsurprisingly, in health care and pensions, where major reforms in the 1982–85 period represented a pause or deceleration—if hardly a full-scale retreat—in Japan’s march toward the welfare state. These processes will be described in Chapters Nine and Ten, preceded in Chapter Eight by an account of problems and solutions in the area of old-age employment, the most distinctive sector of Japanese policy toward the elderly. This chapter will examine policy change in social services and other programs. Before looking at the details, however, we need an overview, a sense of the national agenda and how it shifted in the 1970s and 1980s.

DEBATE: THE LATE 1970S

The immediate cause of the agenda shift was the oil shock in the fall of 1973. Some thought it was a cataclysm, the end of prosperity, whereas others saw only a transitory glitch in the economic miracle. Before long, however, a consensus grew that the oil shock had signaled if not actually caused a fundamental transition from super-high to moderate growth, from the 8 percent to 10 percent range to the 3 percent to 5 percent range. One effect was that the government would not have as much tax money to spread around every year.

The implications of the oil shock took quite some time to be reflected in actual public policy, as we will see, but its impact on political discourse and the national mood came quickly. An early sign was the ambivalence of Japan's first authoritative proposal for a comprehensive social welfare policy.

The Life-Cycle Plan

Prime Minister Miki Takeo, who gained power in December 1974 in the wake of scandals and economic troubles, was looking for issues to differentiate himself from the image of the mainstream Liberal Democrats. As leader of the smallest intraparty faction, and always something of an outsider, it was important for Miki to appeal beyond the conservatives to the general electorate, and even to the opposition parties. His efforts to reform political finance laws and clean up intraparty politics were his best known policy initiatives, but he also jumped into social policy.

It was an obvious issue: the high level of public interest on the one hand and the plethora of new programs on the other implied that a forward-looking political leader who could come up with a good slogan, and a comprehensive plan to go with it, might get out in front of the predominant trend of the times, as Ikeda had succeeded so well with income doubling and Tanaka had attempted, less successfully, with reconstructing the archipelago. Miki organized a group of friendly scholars to devise a policy for him, and in August 1975 they came up with the Life-Cycle Plan.¹

The Life-Cycle Plan aimed at creating a "Japanese-style welfare society,"

¹ *Shōgai sekkei keikaku*, but often called *raifu saikuru*. The report was sponsored by the Chūō Seisaku Kenkyūjo, something of a private think-tank for Miki, and was published in book form as Murakami Yasusuke and Rōyama Shōichi, eds., *Shōgai Sekkei Keikaku: Nihongata Fukushi Shakai no Bijon* (Tokyo: Nihon Keizai Shinbunsha, 1975). For commentary, see the follow-up volume, Nihon Keizai Shinbunsha, ed., *Fukushi Ronsō: Raifu Saikuru Keikaku o megutte* (Tokyo: Nihon Keizai Shinbunsha, 1975), and a partisan critique, Kōmeitō Sōgō Seisaku Kenkyūkai, ed., *Fukushi Shakai Tōtaru Puran* (Tokyo: Kōmeitō, 1976), especially pp. 563–73.

based on the assumption that “completion of the welfare system” had replaced “growth first” as the highest priority on the national agenda. It included four principles: lifelong education, a house for anyone who will strive for it, a social security system providing a “national minimum” of protection for all, and a society that provides peace of mind (*anshin*) for the aged.² The post-oil-shock slowdown and the problem of future fiscal burdens were by no means ignored: for example, the proposed level of basic pension benefits was below the 60 percent replacement ratio policy established in 1973 (although this was to apply to everyone, not just employees). Nonetheless, the Life-Cycle Plan was clearly a positive policy idea, likened by some to Great Britain’s wartime Beveridge Report that established “cradle-to-grave security” as a national objective.

Although the report and its associated commentaries make interesting reading, we need not pause for a lengthy analysis because, as it turned out, this was an idea whose time had either passed or not yet come: “For a plan—especially a plan aimed at providing an image for a government—timing [*taimingu*] is important above all, and quite apart from the merits of its contents, the appearance of this plan at the worst time economically, socially and politically was fatal.”³ Economically, slow growth appeared the major problem; socially, the boom in media interest had dwindled (although support for social security in public opinion was still high); politically, Miki was preoccupied with other difficulties and already unpopular within his own party. The LDP’s poor showing in the 1976 general election and Miki’s subsequent departure took life-cycle off the agenda without much real consideration, although “national minimum” floated through social welfare circles for some years, and as we will see the Japanese-style welfare society idea became an important slogan in other hands. Instead of setting a policy agenda for the future, the Life-Cycle Plan turned out to be the last gasp of the welfare and old-people boom.

In fact, the national agenda had now shifted: instead of concentrating on older people themselves and how society had caused problems *for* them, attention would focus on the problems caused *by* the growing numbers of older people—problems for specific programs like health care or pensions, for the overall size of government, for companies and other private-sector institutions, for economic growth, and for the vitality of Japanese society.

² The term “national minimum” or “civil minimum” (usually expressed in English) had been popular in academic circles for years: see, e.g., Matsushita Keiichi, *Shibiru Minimamu no Shisō* (Tokyo: Tokyo Daigaku Shuppankai, 1971). The idea can be traced back to the work of the Webbs in Great Britain and to Article 25 of the Japanese Constitution, which states: “All people have the right to maintain the minimum standards of wholesome and cultural living. In all spheres of life, the State shall use its endeavors for the promotion and extension of social welfare and security, and of public health.”

³ Saitō Seiichirō in *Ekonomisuto*, November 25, 1975.

Reconsideration of Welfare

The first manifestation of this agenda shift was a debate over what came to be called *fukushi minaoshiron*, reconsideration of welfare.⁴ It began in 1975 with an exchange of speeches, committee reports, and magazine articles. Simply reading these documents does not immediately reveal what people were arguing about. Miura Fumio differentiates two schools of reconsideration, one emphasizing fiscal problems and the other worried about whether the existing welfare system was equipped to deal with the larger and more complex problems of the future.⁵ Clearly, reconsideration was an expression of worries that the nation had gone too far during the boom. Because of the new mood, welfare's defenders—particularly the old-age and social security policy communities—felt compelled to respond mainly in similar terms.

The attack. Two events in July 1975 kicked off the debate. One came from an unexpected direction: as noted in Chapter Four, progressive local governments had taken a leading role in free medical care and the expansion of welfare policy more generally. Such programs had been costly, however, particularly in the post-oil-shock economy. In a speech to the National Organization of Progressive Mayors, which he chaired, Yokomama Mayor Asukata Ichio said that “the competition to provide welfare services has become one of the causes of the chronic financial difficulties of local government. We need to reconsider (*hansei*) our former approaches to welfare policy and our notion that to advocate welfare is to be progressive.”⁶ He added that the need was to create a “helping society.” Such remarks were echoed by other progressive chief executives, notably Nagasu Kazuji, elected Governor of Kanagawa in 1975.⁷ Social welfare's best friends had been among the first to throw stones.

Quite a similar message came from the Economic Planning Agency. In a July report called “Completion of Social Welfare and its Burdens under

⁴ Very literally “the argument to take another look at, and correct, welfare”—welfare here meant in its broadest sense.

⁵ “Fukushi Minaoshiron to sono Igi,” in Miura Fumio, ed., *Kore Kara no Shakai Fukushi Shisaku* (Tokyo: Zenkoku Shakai Fukushi Kyōgikai, 1976), pp. 4–8, cited hereafter as *Social Welfare*. This useful compilation excerpts the relevant documents in 1975–76, including those referenced herein. For later materials see *Kore Kara no Rōjin Fukushi Shisaku*, published under the same auspices in 1978.

⁶ Quoted by Gerald L. Curtis, *The Japanese Way of Politics* (New York: Columbia University Press, 1988), p. 74; also see Yokoyama Kazuhiko, “‘Fukushi Gannen’ igo no Shakai Hoshō,” in Tokyo Daigaku Shakai Kagaku Kenkyūjo, eds., *Tenkanki no Fukushi Kokka* (Vol. 2; Tokyo: Tokyo Daigaku Shuppankai, 1988), pp. 3–78, at 58, cited hereafter as *Turning Point*.

⁷ Nagasu later regretted the timing: *Turning Point*, p. 59. A sympathetic analysis of these problems is Wada Yutsuka, *Fukushigata Zaisei no Jōken* (Tokyo: Gakuyō Shōbō, 1976).

Slow Growth,” the EPA noted that the rapid tempo of expanding social security programs was worrisome, especially given the difficult economic situation. Individual efforts, family life, and work are actually more important than public programs for true welfare; the main government responsibilities should be to strive for full employment and price stability, provide income only for those who cannot help themselves, and build up social capital. Recent public demands have led to an overexpansion of government. Better ways of screening demands are needed to hold down public spending: using market mechanisms when possible, restricting benefits to the genuinely needy, and establishing “brakes” to prevent thoughtless expansion of programs. Burdens—taxes, co-pays, various public fees (a traditional EPA concern which included railroad fares and so forth)—must be kept as low as possible and allocated fairly. Programs must be rationalized to eliminate overlaps and inequities, and the private sector should be mobilized. Welfare programs need to be treated as part of an overall economic plan, priorities must be set, and any rise in burdens examined very carefully. Above all, the importance of economic growth, high employment, low inflation, and so forth to real welfare must always be kept foremost in mind when considering social security program expansions.⁸

This report reflected the rather academic and future-oriented style of the EPA. A more immediate alarm was raised by the Ministry of Finance, beginning in the summer of 1975 in comments by various officials, and then authoritatively by its advisory committee and frequent public spokesman, the Fiscal Systems Council. In December 1975, as its annual comment on the budget compilation process, the Council released a “Report Concerning Social Security.”⁹ It argued that the epoch-making reforms of recent years had brought Japan’s ratio of social security spending to GNP up close to European levels (when allowing for the smaller numbers of the aged in Japan), and would lead to enormous burdens in the future. Although many programs were necessary, a good deal of waste had occurred and benefits had been raised without adequate analysis—the process was *sōbanateki*, “tips all around,” bringing irrational and overly generous budget allocations. The fragmented system made it difficult to eliminate overlaps and achieve balance and efficiency. To improve the situation, in some cases recipients should bear a portion of costs themselves (the “beneficiary principle,” an old Finance Ministry theme). Responsibilities should be properly divided among the national and local governmental levels, private organi-

⁸ “Seichōritsu Teika no moto de no Fukushi Jūjitsu to Futan,” the report of the Second Research Group, Planning Committee, General Division, Economic Deliberation Council. This council is responsible for developing economic plans, and the concern about welfare burdens arose from a debate over estimates of future transfer payment totals in national income accounts. For relevant portions of the text, see *Social Welfare*, pp. 11–13.

⁹ “Shakai Hoshō ni tuite no Hōkoku,” in Miura, ed., *Shakai Fukushi*, pp. 14–18.

zations, and individuals. These general points were followed by specific criticisms and suggestions about health care, especially free medical care for the elderly, and the pension system.

Conservative politicians also joined in. Fukuda Takeo issued a book-length policy platform during his successful run for the LDP presidency in the summer of 1976—something of an answer to Miki's Life-Cycle Plan. The section on social security began by noting the concern that "completion of the social security system might lead to the citizenry losing its sense of independence, and to the production of lazy people."¹⁰ The entire discussion consists of conservative warnings about the importance of work, threats to the traditional family system, the burdens of the expanding old-age population, and impending fiscal crisis. Similar motifs were echoed and amplified in many subsequent committee and think-tank reports and magazine and newspaper articles.

Response. The other side of the debate can be found in reports from the Ministry of Health and Welfare and other traditional proponents of social security. In December 1975, a report from the Social Security Systems Deliberation Council put the recent expansion into the broader context of social change affecting the balance between public and private, and the 1975 edition of the Welfare Ministry's *White Paper* (published in February 1976) took up "Social Security in the Future" as its main theme.¹¹ The interesting point is that although both these reports clearly emphasized the importance of social welfare programs and the need to complete (*jūjitsu*) the system, the matters they discussed were very similar to those mentioned by the EPA and the Ministry of Finance. Moreover, specific attacks on welfare programs were rarely refuted, or dismissed as unimportant; rather, the general tone was that *because* these problems of demographic change, slow growth, fiscal stringency, inequities of burdens, fragmented and overlapping programs, and so forth were so critical, everyone must pay still more attention to social security. To the casual reader, these themes and the constant repetition of such terms as "efficiency" and "rationalization" make these reports and articles themselves appear more critical than supportive of the accomplishments of the early 1970s—a good indication that the agenda had in fact shifted from the old-people problem to the aging-society problem.¹²

¹⁰ Fukuda Takeo, ed., *Zoku: Kore Kara no Nihon Sokoku Shinseiron* (Tokyo: Asahiya, 1976), p. 119. This document is the second report of the "1980 Policy Committee," which actually was Fukuda's LDP faction members augmented by outside experts.

¹¹ The former is Shakai Hoshō Seido Shingikai, "Kongo no Rōrika Shakai ni Taiō subeki Shakai Hoshō no arikata ni tsuite," in *Social Welfare*, pp. 18–23.

¹² Katō Junko similarly notes a shift in tone of the Welfare Ministry's Social Security Long-Term Planning Discussion Group, which in September 1973 had celebrated the transition

Worries about old people. What was the aging-society problem? There is no simple answer. The government agencies started with concerns for their own missions and jurisdictional responsibilities: revenue-expenditure balances for the Ministry of Finance, coherent economic plans based on free-market principles for the EPA, and the administrative rationality of entitlement programs for the Ministry of Health and Welfare. Once this problem and its accompanying reconsideration of welfare idea emerged, however, it became the receptacle for a variety of interests, worries, and emotional feelings, as well expressed in the Fukuda document. A plausible list of the main themes is the following:

Taking care of old people should be a family responsibility; the Japanese family is falling apart and must be rescued.

People should not get services like medical care for free (*tada*).

Japan is in danger of catching the “English disease” and losing its work ethic because of dependence.

Too many foreign ideas have been blindly imitated.

The welfare system is cold and impersonal; true welfare is a matter of heart, not money.

Local governments tend to get carried away with generosity; their programs are fragmented and ineffective.

We will all go broke if we have to support all these old people.

These were by no means new ideas: many influential Japanese had long felt this way, and had looked on with alarm at the rapid social policy expansion of the early 1970s. They had felt constrained from commenting because of the dominant mood of the period—it is after all very difficult to be against old people. Now, the new problem-formulation legitimized their concerns. Ezra Vogel was impressed by this set of attitudes when conducting interviews for *Japan as Number One*: “By the mid-1970s government and business leaders, at first quietly and then increasingly in indirect public comments, began expressing a new consensus. The essence of the consensus is that the welfare state, with ‘high welfare and high state burden’ as found in England, Sweden, and the United States, is undesirable. . . . The basic rationale for the new consensus is understood by all in leadership and in muted form (‘in a period of low growth, with a heavily strained budget, funds are not available’) occasionally appears in the public media.”¹³ In fact, the appearance of this point of view in the media was more than occasional: as already indicated, discourse about these issues

“from growth to welfare,” but by August 1975 was pointing with alarm at the fiscal problems and imbalances of the pension system. *Nihon no Seisaku Kettai Katei* (unpublished MA Thesis, Tokyo University, 1986), Vol I, p. 64.

¹³ Ezra Vogel, *Japan as Number One* (Cambridge: Harvard University Press, 1979), pp. 185–86.

dominated public discussion of the “aging-society problem” from 1975, even among social welfare supporters. But Vogel’s impression is entirely accurate that an elite consensus in favor of cutbacks or restraint was not being reflected in actual public policy.

Solutions: Failed Attempts

At the level of action, rather than rhetoric, the striking point is that no important policy changes occurred in the old-age field from the tailing-off of the old-people boom around 1975 until passage of the Health Care for the Aged Law in 1982. Of course, a period of seven years with no major changes in a given policy area is not remarkable—not much happened with respect to the elderly between the enactment of the National Pension in 1959 and the flurry of activity in the late 1960s either. But in the 1960s it was only a few specialized participants who were the least bit concerned with older people, whereas after 1975 the issue was constantly being discussed; at the elite level, as Vogel’s observation indicated, a consensus had developed that something should be done to cut back or at least check the growth of social welfare programs. And there was no shortage of ideas about where to cut: for example, the 1976 Fukuda platform mentioned earlier deplored rising health care expenditures, overuse of medical facilities by the elderly, and the excesses of certain local governments; it also called for reconsideration of the entire pension system.

However, Fukuda’s report stopped short of actually recommending any specific actions; in fact, the final sentence of this section proposed an *expanded* program of tax incentives for families, so they could take care of their old relatives themselves.¹⁴ The general pattern throughout this period was what Japanese call *sōron sansei kakuron hantai*, or “support the general principle but oppose the specifics”—or better yet, avoid even talking about any specifics. On the face of it, this lack of action refutes the simplest models of Japanese politics—“Japan, Inc.” and so forth—which predict that a consensus within the LDP, the bureaucracy, and big business is sufficient to set national policy.

The strategic situation. The reason for the establishment’s wariness was not that powerful pro-social-welfare interest groups were poised and ready to oppose cutback attempts. There was no group of older people themselves with any weight at all, and service-provider groups like the National Federation of Social Welfare Councils were influential only within their own narrowly defined subarenas. Labor had a traditional interest in social security, but partly because workers were also concerned about future

¹⁴ Fukuda, *Kore Kara*, p. 142. This change was enacted in 1980.

hikes in contributions the unions were not seen as regarding most programs for the aged as a do-or-die matter. With regard to health care, the Japan Medical Association was always a factor to be reckoned with, but ways could be found to provide sufficient safeguards for doctors' interests. Finally, individual Dietmen did not see these issues as engaging interest groups in their own constituencies, unlike rice prices, public works, or other policies where organized pressure at the local level is a potent electoral force.

The barriers to change were thus less manifest than anticipated opposition, less from organized groups than from two more diffuse sources of potential resistance. The most fundamental reason why nothing much happened was simply, as Vogel put it, that "opposing welfare lacks popular appeal."¹⁵ The survey data available are not sophisticated enough to disentangle all the threads of popular thinking on these complicated issues, but they indicate clearly that support was still strong for both specific old-age programs and the general proposition that "completion of the social security system" should be a high priority.¹⁶ It is not surprising, given the nature of belief systems in mass publics, that such support could coexist with a widespread perception of the aging-society problem and its implication of impending crisis—the contradiction would become acute only if the public came to focus on specific cutbacks.¹⁷

The second force was the political opposition: this was the era of *haku-chū*, or conservative-progressive parity in the Diet. Although the LDP did not lose control of either House, the 1971 and 1974 Upper House elections had severely narrowed its margin, and the 1976 general election—the nadir of LDP support among voters—required signing up conservative independents to preserve a slight majority. This situation helped produce a more cooperative style in Diet proceedings than had formerly prevailed.¹⁸

¹⁵ Vogel, *Number One*, p. 185.

¹⁶ For example, according to a 1977 Cabinet Office survey, 77 percent of adults said they wanted free medical care continued, and only 15 percent supported any sort of cost-sharing. *Rōjin Mondai* 2:3 (January 1978): 22–30. The annual survey on governmental priorities discussed in chap. 5 indicated that although the percentage choosing social security (as one of two) was declining from its peak of 45.6 percent in 1976, it was 37.2 percent, still second only to price inflation, in May 1978.

¹⁷ Public opinion on these issues has been equally ambiguous in the United States: see Michael E. Schiltz, *Public Attitudes toward Social Security 1935–1965*, Social Security Administration, Office of Research and Statistics, Research Report 33 (Washington: Government Printing Office, 1970); and John E. Tropman, *Public Policy Opinion and the Elderly, 1952–1978* (Westport, Conn.: Greenwood, 1987).

¹⁸ See Ellis S. Krauss, "Conflict in the Diet: Toward Conflict Management in Parliamentary Politics," in Ellis S. Krauss, Thomas P. Rohlen, and Patricia G. Steinhoff, eds., *Conflict in Japan* (Honolulu: University of Hawaii Press, 1984), pp. 241–93; and for a somewhat different view, Mike Mochizuki, "Managing and Influencing the Japanese Legislative Process: The Role of Parties and the National Diet" (Ph.D. dissertation, Harvard University, 1982).

In particular, the LDP frequently compromised its intentions and consciously avoided raising divisive issues, while at the same time competing with the opposition parties for identification with popular, consensual policy areas. Prominent among these was welfare, which according to Mochizuki was third among twenty policy areas in the proportion of enacted bills supported by both the LDP and the Socialist Party (88 percent of 166 bills from 1965 to 1979), and was tops in the number of opposition-sponsored member bills (71; education was next at 53).¹⁹ The pattern of electioneering we observed in the early 1970s, of each party backing its own welfare-policy "horse" (albeit horses of much the same color), persisted until the early 1980s.

In this environment, it was difficult for anyone to sponsor a concrete reconsideration of welfare proposal. Any effort to mobilize political energy behind an attack on welfare programs would be easy to counter by appeals to the public. A logical strategy was therefore to work behind closed doors, with participation as restricted as possible. If the process could be confined within the bureaucracy, in effect following the cognitive mode of officials sitting down together to work out problems on the basis of common goals, it might be possible to reach enactment without attracting much attention—the quick, inconspicuous, and bureaucratic strategies described in the garbage-can literature as decision by oversight.

The Finance Ministry made several such attempts in the late 1970s. The two most important, in the health-care and pension areas, will be described in Chapters Nine and Ten. In the first, the Ministry of Finance tried to work with the Welfare Ministry to solve what both sides saw as the excesses of free medical care for the elderly; the effort failed largely because the Welfare Ministry could not make up its mind what to do. In the second, a proposal to reduce Employee Pension outlays by raising the pensionable age got as far as Cabinet approval, but was then wiped out by a surge of opposition party and public resistance to which the LDP caved in immediately. No such attempt really succeeded, in fact; working behind the scenes might have been the best available strategy for achieving cutbacks, but it was not very good.

Japanese-style welfare society. Even if these bureaucratic solutions had been enacted, they would have amounted to little more than whittling at the margins of the emerging Japanese welfare state. Some politicians were more ambitious. Picking up on what seemed to be doubts around the world about big government and welfarism, they argued that Japan should

¹⁹ Mochizuki, "Managing," pp. 303–28. Such bills are not enacted, just introduced. Also see Muramatsu Michio, "Seijika to Gyōsei Kanryō," *Jichi Kenkyū* 54:9 (September 1978): 12–25.

try to find its own unique path. “Unique” is a key element: the Japanese-style welfare society should be seen as part of the *Nihonjinron* boom of the time, the spate of popular books and articles celebrating all aspects of “Japaneseness.” The West as bureaucratic, atomized, and conflictive is contrasted with Japan as a homogeneous and harmonious village, in which traditional community and corporate solidarity provide more “real” welfare than can big government programs. These themes come through clearly in two LDP official statements of the party line, the “Movement Policy” (*undō hōshin*) for 1978 and 1979, an indication that the LDP leadership took them quite seriously.²⁰

Indeed, the best-known sponsor of the Japanese-style welfare society was the prime minister, Ōhira Masayoshi, who in his Policy Speech to the Diet in January 1979, urged “retaining a traditional Japanese spirit of self-respect and self-reliance, human relations which are based upon the spirit of tolerance and the traditional social system of mutual assistance.”²¹ The concept was made official in the New Economic and Social Seven-Year Plan, passed by the Cabinet in August 1979, which proclaimed that the “new welfare society that Japan should aim at will be a ‘Japanese-type welfare society’ in which—while founded on the self-help efforts of individuals and the solidarity of families and neighborhood communities that the Japanese possess—an efficient government guarantees appropriate public welfare according to priorities.”²²

The Japanese-style welfare society proposal was a solution to the aging-society problem; how would it deal with the old-people problem? Other than a bit of rhetoric about community and volunteers, the main answer was the Japanese family. In 1979, both an LDP special committee and a government-appointed study group deliberated on fulfilling the basis of the family (*katei kiban jūjitsu*). Their reports displayed an ambivalence on family matters not unique to Japanese conservatives. On the one hand, they viewed with alarm such trends as postwar reforms in the civil code, the increase in nuclear families, and so many wives going out to work—all were seen as damaging traditional family values. On the other, the family was seen as capable of taking on the ever-increasing burdens of the aging

²⁰ Published by LDP headquarters in pamphlet form. Also see *Nihongata Fukushima Shakai*, edited and published by the LDP in 1979.

²¹ Quoted by Rei Shiratori, “The Future of the Welfare State,” in Richard Rose and Rei Shiratori, eds., *The Welfare State East and West* (New York: Oxford University Press, 1986), pp. 193–206, at 198.

²² This is from an essay on “Towards a Japanese-type Welfare Society” in the “reference materials” for the plan, pp. 162–66 of the English version published by the EPA in August 1979. The plan itself called for study of self-help, the “beneficiary principle,” and various economies in pensions, health care, and social welfare, in order to hold down burdens on the public: pp. 35–38.

society.²³ As critics among both social welfare and feminist groups pointed out, the reports were vague on precisely how families—for which read “women”—could live up to still greater responsibilities of caring for old people.

But such vagueness was natural. The Japanese-style welfare society concept was ambiguous from the start: it first gained wide attention in Prime Minister Miki's Life-Cycle Plan, used to justify a comprehensive welfare system even in the post-oil-shock economy on grounds that Japanese customs meant it would not be too expensive. The idea of fulfilling the basis of the family had been used by the Welfare Ministry (in the 1978 *White Paper*) to argue for direct housing support to three-generation families—that is, to expand government policy. For Ōhira and the LDP leadership, and their sympathizers in the bureaucracy, such ideas were in the air and available as a solution for the problem they wanted to emphasize, excessive government spending and future burdens.²⁴

If we see this loose coalition of conservatives as policy sponsors, the second half of the 1970s was the period in which they nurtured their issue, experimenting with various formulations of problems and solutions to find one that would maximize support, and minimize resistance, in a difficult political environment. As it turned out, the successful strategy was to broaden the issue beyond social welfare by attacking big government as a whole.

ADMINISTRATIVE REFORM

Administrative reform (*gyōsei kaikaku*) as a slogan for holding down the size of government has a long pedigree in Japan, but it came to dominate the national agenda in the early 1980s. The problem was an imbalance of revenues and expenditures, financed by borrowing money—in 1979, over one-third of public spending came from bond issues. The deficit had been caused by the post-oil-shock economic slowdown and the coincidental ex-

²³ For the LDP committee, and a good overall view, see Harada Sumitaka, “‘Nihongata Fukushima Shakai’ Ron no Kazoku Zō,” in *Turning Point*, pp. 303–92. The governmental Katei Kiban Jūjitsu Kenkyū Gurūpu was one of nine Policy Study Groups—the best known was on comprehensive security—established by Ōhira to lay out broad guidelines for future government policy. Their book-length reports were published in a series, *Ōhira Sōri no Seisaku Kenkyūkai Hōkokusho*, under the editorship of the Cabinet Secretariat and Prime Minister's Staff Office, by the Finance Ministry Printing Bureau in 1980.

²⁴ The main policy changes associated with this movement were an improvement in the tax exemption for households with an elderly parent, a loosening of restrictions on inheritance to allow rewarding a caretaker, and an attempt to enforce copay requirements in nursing homes, all around 1980. See the admirable review article by Hori Katsuhiro of the Shakai Hoshō Kenkyūjo, “Nihongata Fukushima Shakai Ron,” *Kikan Shakai Hoshō Kenkyū* 17: 1 (Summer 1981): 37–50.

pansion of government spending in the 1970s, which was partly connected with social welfare, but also aimed at economic pump-priming and at maintaining political support.²⁵ The solution was small government: expenditure and personnel ceilings, cutbacks on organizations and subsidies, privatization of public corporations, deregulation. These ideas were partly derived from, or at least legitimated by, the similar campaigns waged by President Reagan, Prime Minister Thatcher, and other leaders overseas. The choice opportunity was provided by an overwhelming victory for the LDP in the double election of summer 1980, which to many conservative leaders offered a chance to carry out their own agenda without worrying about attacks from the opposition.

The Campaign

Expenditure-cutting as the main solution for Japan's fiscal dilemma actually predated the 1980 election: Prime Minister Ōhira had turned to administrative reform after an embarrassing failure to institute a new value-added tax in 1979. Had he not died during the election campaign, he might have become its chief sponsor. As it was, the initial key participants were two other politicians: Suzuki Zenkō, the prime minister selected as a compromise among factions after Ōhira's death, and Nakasone Yasuhiro, who thought he should have been prime minister because he was the only major faction leader who had failed to achieve that post. Suzuki was the opposite of a dynamic leader—his motto was the “politics of harmony”—but he did need a policy platform to set the tone for his administration. Nakasone was ambitious and fond of issues; he had agreed to support Suzuki and accept the relatively minor cabinet post of director-general of the Administrative Management Agency on condition that he could do something with the job. In December 1980, the two agreed to cosponsor a major administrative reform campaign. Suzuki announced he would “stake his political fate” on cutting spending to achieve a balanced budget, or “fiscal reconstruction without a tax hike” (the catch-phrase sounds better in Japanese: *zōzei naki zaisei saiken*). To do so, he appointed a blue-ribbon commission called the Second Temporary Commission on Administrative Reform, or Rinchō.²⁶

The third key participant was Dōko Toshio, named chairman of Rinchō, who in his eighties was one of the most famous big businessmen in Japan.

²⁵ Edward J. Lincoln, *Facing Economic Maturity* (Washington, D.C.: The Brookings Institution, 1988), has a good analysis of both governmental spending and administrative reform from an economist's viewpoint.

²⁶ Daini Rinji Gyōsei Chōsakai, called “second” because it was preceded in the 1960s by a commission which had recommended broad (but never implemented) reforms in Japanese public administration.

His reputation rested on his successful leadership of both the Toshiba Corporation and Keidanren, the Federation of Economic Organizations, and on his stubborn and outspoken character and austere style of life. Dōko's contributions to the administrative reform campaign went beyond his personal image and energy, important as those were; his role also symbolized the critical fact that for the first time in many years, big business was intervening in the Japanese policy process openly, actively, and across the board.²⁷ The motivation was fear: the steadily rising share of government expenditures in GNP and the enormous deficit were seen as inevitably leading to a substantial hike in overall tax rates. The failure of Ōhira's 1979 tax proposal was in fact even more ominous to big business, because a value-added tax, among all feasible methods of generating revenue, would have been the least threatening to the interests of large companies.

Keidanren had been an enthusiastic promoter of a large-scale attack on big government for some time, and later served as something of an informal staff for Rinchō by providing ideas and research as well as publicity. The most active members of the commission and its subcommittees were businessmen, several of the "young" and energetic sort typified by Sejima Ryūzō, the chairman of C. Itoh and Company and a rising star in the business world. Many of the commission's policy emphases were heavily influenced by big business: paring away licensing requirements and other regulations, hiving off public corporations, the heavy stress on fiscal reconstruction without a tax hike. The feeling among businessmen that their firms had weathered the economic storms successfully while government had foundered, plus decades of pent-up resentment against Japan's officious bureaucracy, also led to an overall tone of hostility and patronizing condescension. Finally, businessmen brought to the fore an ideological element that had perhaps been latent in the late-1970s attempts to cut spending. In Sejima's words: "The Japanese people themselves are too soft. This is another legacy of the era of high growth. The spirit of independence and self-reliance that is fundamental to a liberal society seems to be fading. The nation is suffering from diabetes."²⁸

It was inevitable that social policy would become a major focus of administrative reform. Welfare was at the heart of the ideological critique of big government and worries about dependence. Social programs were relatively new, large, and growing, and so the most conspicuous element of the expansion of public spending since the early 1970s. The reconsideration of welfare issue had been on the national agenda for several years with no climax. When Rinchō decided it needed slogans, it picked two: "An

²⁷ "Big business" here refers to the Japanese term *zaikai*, literally "financial circles," the group of top industrial leaders who had long played a role of senior advisors to the government and the LDP.

²⁸ Sejima Ryūzō, "Gyōkaku Seidan," *Chūō Kōron* (May 1983): 129-35.

active contribution to international society,” and “A dynamic welfare society.” The latter phrase, *katsuryoku aru fukushi shakai*, implies a certain respect toward the continuing public support for social security, but saying welfare *society* rather than welfare *state* refers to family and community instead of government, and “dynamic” has an individualistic, free-market nuance.

Impact

The administrative reform campaign had three important effects on public policy. First, Rinchō itself came up with many specific recommendations, of which those for privatization of three public corporations became its most notable achievement. Second, the Finance Ministry imposed blanket restrictions on budget requests, which sharply cut the growth rate of public spending, and over time reduced the deficit substantially (though not as quickly as hoped). Third, both these participants plus the LDP leadership worked hard at public relations, leading to a real shift in the national mood about government. Each of these three effects can be seen in important changes in policy toward the elderly.²⁹

Specific reforms. Rinchō’s explicit task was to establish and legitimate an agenda of policy issues by identifying specific problems and solutions. It issued five reports between 1981 and 1983, of which the most important were the first and third.³⁰ The first was issued in July 1981, only three months after the first meeting, and although mainly aimed at the 1982 budget process it established the commission’s direction. In the brief section on cutting expenditures, the health care system (specifically including the elderly) was mentioned first, pensions second, and social welfare third; education, public works, agriculture, and energy followed. The tone of the first report was energetic, and the reforms proposed were fairly radical. Rinchō appeared determined to live up to Nakasone’s promise that administrative reform would provide the first thorough housecleaning of the Japanese government since the Occupation, with social policy as a top priority.

²⁹ Many of the important government reports from this period are summarized in the 1983 publication *Kōreika Shakai to Rōjin Fukushi Shisaku*, both edited and published by Zenkoku Shakai Fukushi Kyōgikai.

³⁰ Primary and secondary material on administrative reform is widely available. Quasi-official volumes of the report texts and supporting documentation were published in four volumes with the collective title *Rinchō* by the Gyōsei Kanri Kenkyū Sentai in Tokyo from 1981 to 1983. Comments from many circles are collected in Kamakura Takao, ed., *Gyōsei Kaikaku Shiryōshū* (Tokyo: Ariesu, 1982), and one among several insider stories is Katō Hiroshi and Sandō Yōichi, *Dokō-san to tomo ni 730 Nichi* (Tokyo: Keizai Oraisha, 1983). Also see Ohtake Hideo, *Seisaku Katei* (Tokyo: Tokyo Daigaku Shuppaukai, 1990).

The third and "basic" report issued in July 1982 was about one hundred pages long plus voluminous supporting documentation. It was based on lengthy hearings with bureaucrats and other experts carried out by four subcommittees. The three-page section on social security began by observing that "currently Japan's social security has advanced to a level not inferior to Western nations as a system, but there are problems about its contents," and goes on to mention fragmentation and imbalances in pensions and health care, the fiscal crisis, wasteful overuse of medical facilities, and the need for systemization, prioritization, and a correct public-private balance in social welfare. With the aging society ever advancing, the nation must worry about burdens as well as benefits, so beneficiaries should pay their share and volunteers should be mobilized for welfare activities. Although the goal was clearly to restrain spending, the report did concede that social security expenditures would have to increase in the future. In general, its tone was more bureaucratic than in the first report, and the recommendations more on the realistic than the radical side.³¹

Spending constraints. The second and more immediate impact of the administrative reform campaign on public policy had little to do with such specific criticism of particular programs. Even before Rinchō's arrival, the Ministry of Finance had lowered the ceiling on ministerial budget requests for the 1980 budget, from the usual 25 percent above the current budget to 10 percent, and in mid-1980 it announced another drop, to 7.5 percent for the 1981 budget. When administrative reform got under way, the axe was further sharpened. A "zero ceiling," meaning that ministries could not request more than their current budget, was imposed for 1982, followed by "minus ceilings" of 5 percent and then 10 percent *below* current spending. Several exceptions were allowed, including a small one for obligatory pension costs and a relatively large one for military spending (the main target of criticism from the left), but the ceilings were enforced. Officials throughout the government were under great pressure to find expenditure items that could be reduced without damaging essential missions or causing too much political trouble.

The request ceilings were remarkably successful in holding down the total general account budget, perhaps largely because its across-the-board strategy seemed to equalize the pain. Unfortunately, there is no comprehensive study on the impact of the ceilings at the agency or program level. It appears that ministries often succeeded in evading their full impact by postponement of expenditures and various accounting devices in the ear-

³¹ For a discussion of the Rinchō reports and "Japanese-style welfare," see Satō Susumu, "Nihongata Fukushima Kokka no Hōseisaku no Tenkai Katei," in Tokyo Daigaku Shakai Kagaku Kenkyūjo, ed., *Fukushi Kokka* (Vol. 4, Nihon no Hō to Fukushima; Tokyo: Tokyo Daigaku Shuppankai, 1984), pp. 133–81, esp. 160–81.

lier years, but also that real policy changes did eventually occur. In the case of the Ministry of Health and Welfare, ¥370 billion of the ¥500 billion it had to cut from its 1982 budget request was covered by postponing the required Treasury contribution to the EPS fund, and by moving the fiscal year for health insurance back a month (creating an eleven-month year). Although postponement of pension fund contributions totaling ¥3.25 trillion (over \$18 billion) was continued through the 1988 budget, the larger cuts demanded (over ¥1.2 trillion in 1984–85 and ¥1.5 trillion in 1986–87) forced action across many policy areas, including social welfare programs and medical care, as we will see presently.³²

Public relations. The third impact was on the national mood. Administrative reform dominated newspaper front pages for more than two years. The campaign tapped deep-seated feelings that taxes were too high and unfair, that the bureaucracy was on everyone's back, and perhaps even that Japan's basic way of life was being threatened by too many ideas from the West. The importance of the government deficit problem, the necessity for cutback solutions, and most importantly an overall feeling of near crisis were forcefully impressed on the Japanese public.

The new mood, although significant, should be seen in context. No popular movement to turn back the clock and abolish whole categories of programs became significant, as has happened elsewhere. Indeed, public support for providing health care to the elderly, decent pension benefits, and even expanded social services probably did not decline very much. Survey results as usual are ambiguous, but the annual Cabinet Secretariat poll on what people want from government shows support for social security in second or third place among the fifteen items listed, varying between 29.5 percent and 32.4 percent (one of top two choices) from 1981 to 1988 with no trend apparent.³³ On a similar question in an *Asahi Shinbun* poll, with nine policies to choose from, social welfare came in third with 11 percent in 1984 (behind prices and economy) and then fluctuated to 15, 12, 15, and 19 percent in 1986–89.³⁴ Finally, an EPA survey offered a choice of sixty items important in peoples' lives, and old-age pensions ranked first in

³² Dollar equivalent is at our ¥180 = \$1 rate. The figures are from a sharp attack on administrative reform and social policy by the chief staff person on social security at the Sōhyō union federation, Kumon Akio: "Rinchō 'Gyōkaku' no Seiji: Shichinenkan no Kenshō," *Chingin to Shakai Hoshō* 1003 (Early February 1989), 4–9.

³³ By the 1990 survey, social security had climbed to the top spot at 39.4 percent. Unfortunately, because of a temporary change in methodology, the 1979–80 data are not comparable, but the 1978 figure was 37.2 percent. See Figure 5-1 for sources.

³⁴ In December 1989 it was second only to "tax cut" (21 percent). *Asahi Shinbun*, January 1, 1990.

all four surveys in 1978, 1981, 1984, and 1987, with a slight upward trend.³⁵

Although public opinion did not swing violently, there were two important developments. First, the reevaluation of welfare issue was generalized beyond its specific policy area and hooked up to a problem spanning all of Japanese politics and society. The fact that cutbacks were being urged in nearly all policy areas, not just welfare, certainly diminished resistance. Second, the aging-society problem was transformed from a topic of almost academic debate among experts, bureaucrats, politicians, and journalists into a pressing national concern, thereby generating potential energy that might be turned into impetus for specific reform proposals.

Bureaucratic reactions. The administrative reform campaign was intended, as Prime Minister Nakasone put it, to be a “new broom” sweeping away the debris of government, the wasteful and inefficient programs accumulated over years of comfortable growth. How was it greeted by the officials who ran all these programs? Service programs for the elderly provide good examples: they were too small to be explicit targets in Rinchō’s reports, but were influenced by the tough budget ceilings and by various proscriptions aimed at cutting back or restraining bureaucratic activities.

On four visits to Tokyo that spanned the administrative reform period, I spoke with Welfare Ministry officials and others concerned with various old-age programs in the social welfare area. In summer 1980, the bureaucrats were absorbed in revising payment methods for nursing homes and were pushing new programs for day care and respite services; the National Social Welfare Council (the peak interest group of providers in this field) was hoping to achieve a national subsidy for bath services. All the rhetoric about family values was seen as a good chance for services for the elderly at home—the policy community’s long-held goal—to ease the burdens on those caring for elderly relatives. The mood was rather desultory, though, since the 1981 budget guidelines had already been announced and it was clear that resources would be constrained.

In 1982 and 1983, administrative reform was in full swing and the budget screws had been tightened. The General Account allocation for the Welfare Ministry grew by under 3 percent per year from 1982 to 1985, and in 1983 it barely went up at all. Ministry officials told me with some pleasure about the various gimmicks used to evade expenditure ceilings, generally with the connivance of the Ministry of Finance, and in fact ser-

³⁵ From 4.44 to 4.51 on a scale of 5; it also showed low and declining satisfaction with existing levels. Keizai Kikakuchō Kokumin Seikatsu Kyoku, ed., *Kokumin no Ishiki to Niizu: Shōwa 62 nendo Kokumin Seikatsu Senkōdo Chōsa* (Tokyo: Okurashō Insatsukyoku, 1987).

vices for the elderly had not been cut back.³⁶ The number of Home Helpers, the largest component of in-home services, was actually increased by 25 percent in 1982, after years of slow growth, so that their services could be expanded beyond the poorest households (a fee would be charged to those who could afford it).³⁷

But the mood was nonetheless far from positive. Old-age experts complained that they really could not start anything new, despite the ever-more pressing needs of the aging society, and the bureaucrats were constantly harassed as well by petty administrative economizing. Most could think of no better tactic than cosmetic responses to administrative reform themes: in the 1984 *White Paper*, of the thirty-two pages on social welfare, eleven were devoted to volunteer activities, local governments taking on new functions, and cost-sharing measures.³⁸

Worse still, the perception was growing, as a Welfare Ministry division chief told me in 1983, that “budgeting is definitely getting tougher, and we can’t figure out how to handle it next year. The Budget Bureau examiners have been calling in veteran division chiefs to talk over what can be done. Right now we are looking at subsidy rates, but the opposition from local governments would be awfully strong.” In fact, action was finally taken on subsidies, leading to the biggest shake-up in social welfare administration since the Occupation. To my surprise, when I next visited in the spring of 1986, I was told on the one hand that the Ministry had been forced into some tough cutbacks, but on the other that big things were under way; the mood in old-age welfare circles seemed quite optimistic. Partly that had to do with a new initiative in long-term care, which will be taken up in Chapter Nine, but it was also about a new relationship with prefectures and cities.

Reform in Social Welfare

Although small in financial terms compared with money-dispensing health insurance and pension programs, welfare programs such as long-term care (in institutions or delivered to homes) and other provision of goods and services are central elements of social policy, and more and more crucial as

³⁶ The Welfare of the Aged budget grew from ¥527 billion to ¥984 billion (\$5.5 billion) from 1981 to 1985. *Kōsei Hakusho*, 1985, p. 160. The only item in this area to be cut back substantively—as opposed to accounting devices—was maintenance and reconstruction of institutions, including old-age facilities.

³⁷ *Ibid.*, p. 228. By 1985 this program had grown by another 30 percent, to 21,613 authorized helpers, and it reached 35,905 in 1990: *Kōsei Hakusho*, 1991, p. 60.

³⁸ *Kōsei Hakusho*, 1984, pp. 64–74. Volunteers had gotten less than a page and these other topics had also received scant attention in the 1979 edition, although it had devoted over 100 pages to social welfare—note that, unfortunately for scholars, the annual *White Paper* became one victim of the strict budgetary diet, losing half its weight in the 1980s.

the population ages. Most government programs in Japan, including nearly all welfare services, are actually administered by localities, financed partly by national subsidies at various rates and partly from funds under their own control. Rinchō, in keeping with every administrative reform effort of the postwar period, had targeted such subsidies for cutbacks, particularly those for which the national government share was unusually high. Many activities in the social welfare area fell into this category: for example, 80 percent of public assistance and of the operating costs of nursing homes and other institutions were paid from the national treasury. Other items, including Home Helpers and other smaller programs for in-home services, received just one-third national support, with the remaining two-thirds split between the prefecture and the municipality. (Still others—such as bath service—are left completely to local discretion and funds.)

Cutting subsidies. In 1984, during negotiations over the 1985 budget, the Welfare Ministry was forced to cut its 80 percent subsidy rate to 70 percent in order to get its request under the “minus ceiling.” The savings of ¥255 billion were about one-fifth of the cutbacks it had to find that year.³⁹ This was essentially an ad hoc decision, but it started the ball rolling. Welfare and other ministries knew that more savings would be needed in the following year, and thus were receptive to urgings that they take a still harder look at subsidies.⁴⁰ A Cabinet committee was established for this purpose in March 1985, and more importantly for substantive negotiations, a Subsidies Problem Discussion Group (Hojokin Mondai Kentōkai) also was organized.⁴¹

Until September 1985, this group had eleven members: four (including the chairman) representing the Ministry of Finance—one former vice minister and three professors who served on ministry advisory committees; four representing local government—a former vice minister of the Ministry of Home Affairs plus a prefectural governor, a city mayor, and a town mayor (in effect, agents for their associations); and three representing the Ministry of Health and Welfare—a former high-ranking official and two professors closely tied to the Ministry. Its discussions centered on reallo-

³⁹ Such new cutbacks were needed because savings from the previous year's reforms in health care had mostly been exhausted (they saved ¥620 billion in the 1984 budget, but just ¥300 billion for 1985). Figures from Kumon, “Rinchō ‘Gyōkaku.’” Note that Construction and other ministries similarly cut high-rate subsidies in 1985.

⁴⁰ Rinchō itself had gone out of business in 1983, but its role had been taken over by a successor Administrative Reform Promotion Committee, also chaired by Dōko Toshio, which continued to offer advice until 1986.

⁴¹ See *Yomiuri Shinbun*, February 24, 1985 for the early planning. A good overview is Fujimura Masayuki, “Gendai Nihon no Shakai Hoshō Seisaku no Kōsei to Dōtai,” *Jinbun Gakuhō* (Tokyo Tōitsu Daigaku) 202 (March 1988): 1–45.

cating various functions in the welfare field between the local and national levels. From October, at the Finance Ministry's suggestion, the group was joined by former vice ministers from the Education, Construction, and Agriculture ministries, which also had high local-government subsidies in their budgets. The Discussion Group was supposed to report to the Cabinet committee on December 13, 1985, in order to have its agreements implemented for the 1986 budget, but it was still arguing; after nearly continuous meetings at the last stage it managed to settle on all but a few items and report on December 20.

The reforms were substantial. The key policy changes in the old-age area were a reduction in the national subsidy for institutions, including nursing homes, from the 1985 rate of 70 percent down to 50 percent, and a *hike* in the subsidy for community services like day care and respite care from 33 percent to 50 percent. The latter was not very significant in budgetary terms, but the stronger central government role was regarded as important by the Welfare Ministry officials as a way to encourage much more rapid development of these high-priority programs. They would have raised the Home Helper rate from 33 percent to 50 percent as well, had funds been available; when the time of austerity passed, this reform was carried out in 1989.⁴²

Reallocating functions. Taking over an additional 30 percent of the costs of institutional care (compared with the pre-1985 system) was a heavy new expense for Japan's local governments, and as noted earlier many observers had not expected that they would accept it. The bargain they demanded, and finally won despite resistance from the Welfare Ministry, was considerably more authority (*kengen*) over the administration of social welfare programs, without central government bureaucrats issuing so many regulations or generally breathing down their necks.⁴³ To many experts in the field, who had long felt that nursing home care and other social programs should be much more responsive to local needs and desires, seeing local governments gain this authority—indeed, that they even wanted it—appeared to be a real breakthrough.

⁴² *Kokumin no Fukushi no Dōkō*, 1989, p. 169. The savings in the 1986 budget were ¥517 billion, over one-third of the Welfare Ministry's total savings that year: Kumon, "Rinchō 'Gyōkaku.'"

⁴³ Technically, this function was switched from *kikan i'nin*, a national program administered by localities, to *dantai i'nin*, a local program with national assistance. Steven R. Reed notes that this distinction often does not matter much in whether a local government will view a program as its own, and indeed Japanese experts were not completely confident that localities with limited resources would get behind nursing homes. Still, consciously moving from one category to the other at the instigation of the local side was at least promising. *Japanese Prefectures and Policymaking* (Pittsburgh, Penn.: University of Pittsburgh Press, 1987).

What about the politics, the energy side of this reform effort? Nursing home proprietors, represented by the National Social Welfare Council, did not like it because they would now have to depend on local governments for their support. They are not a very powerful group, however, and were quite embedded in the policy network, so could not easily go into open opposition; any such tendencies were diffused by consulting with them frequently during the process. Local governments and their associations are very powerful, which is why they were directly represented in the Study Group, and thus were able to strike a satisfactory bargain. If they were to oppose the change, they would surely be able to mobilize enough resistance within the LDP to kill it.⁴⁴ As it was, LDP Dietmen were very little involved in this process, although apparently the Welfare-Labor *zoku* leaders were kept informed. With regard to the opposition parties, there was strong opposition from the communists as expected—partly because of their close ties with the unions in social welfare institutions—but the others were relatively unconcerned.

As it happened, the more delicate politics occurred inside the Welfare Ministry. Because the financial reforms required changes in basic legislation, the agreements reached had to be passed along to the three statutory advisory committees at the Welfare Ministry's Social Affairs Bureau. This fact led to still more profound reforms. That is, to avoid trouble, the Discussion Group's Welfare Ministry representatives had been careful to coordinate with these councils all along, by means of a joint planning committee made up of leading members—academics, former bureaucrats, practitioners, and others. This body continued even after concurrence in the 1986 budget changes had been secured, led by an inner group of five hardworking experts who met frequently. From early 1986 through 1988, in various groupings, these leaders pushed the social welfare policy community toward new ideas for reform in public assistance, institutional care, and other social welfare programs.

The process was amorphous but not directionless. One target was a revision of the Welfare of the Aged Law scheduled for 1990, in which the centerpiece would be to concentrate responsibility for old-age care at the city-town-village level, as close as possible to actual demand. There would also be movement toward integration of institutional and in-home care, and of welfare and medical services. Each locality was to draw up a long-term comprehensive plan, with prefectures assisting, and then apply for aid provided on a "menu" basis by the national government (a structure said

⁴⁴ It was understood that the local government associations would offer pro forma opposition during Diet deliberations, because of the increased financial burden, but in effect they had already signed on.

to have been based on Title XX of the Older Americans Act).⁴⁵ Some doubts were raised about the will or capacity of localities to undertake these new responsibilities, and indeed in the 1990 budget process many local governments were resisting expansions of home-care services because they were so much harder to manage than simple nursing home beds.⁴⁶ But whatever the problems of implementation, this set of solutions represents a logical culmination not only of administrative reform, but of the approaches to old-age welfare first enunciated by the policy community in the 1970 Central Social Welfare Council's "Comprehensive Measures" report.⁴⁷

In fact, a participant in both these policy formulation endeavors told me that his impressions of the late-1960s and late-1980s processes had been quite similar, particularly in the amount of independent thought and the genuine dialogue between experts and bureaucrats. Sometimes the officials would say no to some suggestion from the outsiders (for example, to shift nursing home admissions from bureaucratic decision making to individual contracts between the home and patients), but just as often the experts would be prodded by a bureaucrat with ideas of his own—bright young division chiefs got a real chance to shine. In any case, this process was quite different from the usual consensus building for some specific proposal, in that the participants had begun with only a loose assemblage of poorly defined problems and vague ideas about good policy, and had to figure out their own priorities and preferences.

Successful reform. In combination with the budget increases of the late 1980s described hereafter, and some concurrent reforms outside the old-age field, these changes amounted to the most substantial reorganization of Japan's hidebound social welfare system since the Occupation, one badly needed, almost everyone in the field agreed, to prepare for the challenge of ever-growing numbers of old people. The process worked because a deal that benefited the three main protagonists was possible. Local governments got the new authority they wanted. The Ministry of Finance got significant savings in the general account. Welfare Ministry officials and their associated policy community got the movement toward institutional reforms that they considered crucial. The actual negotiations were handled quietly and with restricted participation—it would seem to be a private deal worked out by those most involved. The key, however, is that the

⁴⁵ Interviews in 1990; *Asahi Shinbun*, October 16 and 23 (editorial), 1989; *Zusetsu Kōrei-sha Hakusho*, 1990, pp. 15–18. Officially, these ideas were put forward in March 1989 as a plan called "Kongo no Shakai Fukushima no arikata ni tsuite," by the Fukushi Kankei San-Shingikai Gōdō Kikaku Bunkakai.

⁴⁶ *Asahi Shinbun*, December 29, 1989.

⁴⁷ See chap. 4.

three protagonists would never have gotten together without the impetus pushed into the social welfare specialized arena by the administrative-reform campaign in the general arena.

This case, in fact, was exactly the way administrative reform should work. All three of the campaign's impacts previously noted were important: policy themes, budget ceilings, and the new mood which prepared people inside and outside the government for change. That is, Rinchō established two principles, reducing high-rate subsidies and reallocating functions between the national and local levels, as well as expressing a more general view that social policy should be cut back. Tough across-the-board ceilings on budgets were imposed at the ministry level.⁴⁸ In this environment, the Welfare Ministry got together with the Ministry of Finance to work out reductions in its General Account budget, and in doing so to respond to administrative reform ideas. Experts from the policy community were brought in to provide solutions. Tough deadline pressure brought agreement on the key financial issues, and the momentum for innovation then produced several additional solutions, many worthwhile in their own terms even beyond cost savings.

For that matter, it should be pointed out that these enacted or contemplated reforms would not bring substantial savings in *total* public spending. Most were transfers of financial burdens from the national General Account to local governments (or in related reforms, to social insurance funds). This outcome was probably inevitable given that the reforms were devised within the subarena, mainly by specialized officials and closely connected academics. It was almost a prerequisite for their participation that current service levels at least be maintained. However, this fact was not a big disappointment for reform leaders because they too knew that the aging of the population would require more effort in social welfare. Unlike agriculture and some other policy areas, the problems here were seen as overlaps, inefficiency, inappropriate targeting, and administrative irrationality, not as spending money for useless or outmoded purposes. Those conservative businessmen and politicians who dreamed of a Japanese-style welfare society and big cuts in social programs were far from the process by this time.

Although I lack sufficient information on other policy areas or ministries to draw broader conclusions, it is quite possible that the Welfare Ministry

⁴⁸ The interesting point about the ceilings is that they really did not take hold, in the sense of pushing the officials into systemic reform, until three or four years after they were first imposed. Bureaucracies have many ways to evade such strictures, but these do run out eventually. Also, the Japanese strategy (unlike the American approach) imposed the ceilings at the ministry level rather than on either individual budget items or the budget as a whole, which probably encourages more creative responses (in both the good and bad sense) from bureaucrats.

provides the most positive example of the impact of administrative reform in the 1980s—at least this was the view I heard in 1986 from a knowledgeable Finance Ministry official who was very critical of the campaign in general. The movement toward a reorganization of social welfare, plus the reforms in the health care and pension areas to be detailed later, might well not have occurred (or at least not for some time) without Rinchō and the new policy mood it helped create. It is no coincidence that in all three of these cases, the outcomes were generally in line with the preferences of Welfare Ministry officials themselves—certainly reform had not been thrust upon them. The function of administrative reform was to provide the impetus to get them started and keep them moving, and to diminish the effectiveness of potential resisters.

THE AGING SOCIETY AS OPPORTUNITY

If the previous case demonstrates how administrative reform was supposed to work, other cases show the opposite. The campaign's main theme, after all, was the attack on big government, and social policy was a specific target. One would think that expansions in this area would be particularly difficult. However, the logic of policy change was not quite so straightforward.

That is, from the point of view of bureaucrats in the various ministries, and the interest groups, politicians, and experts they associated with, the administrative reform campaign represented on the one hand a malevolent force to contend with, but on the other simply another reshuffling of the national agenda—or more precisely, a shift in the conditions governing what sort of problems and what sort of solutions would be likely to reach the agenda. All responded to this new situation with defensive tactics to protect themselves from harm, but some could also come up with positive strategies. We saw that the Welfare of the Aged Division was able to increase the number of Home Helpers substantially, arguing that better home services would prevent people from going into more expensive nursing homes. Similarly, as we will see shortly, the Ministry of Labor pushed old-age employment programs purportedly to allow future restraint in pensions, and Welfare officials were able to draw on both ideas and impetus from the administrative reform campaign to their own advantage in achieving even large-scale policy changes in health care and pension policy.

But even so, starting up new programs in the 1980s should not have been easy. A major complaint from Rinchō and other conservative critics had been the overproliferation of social welfare programs; such terms as *baramaki* or *sōbanateki* were used to characterize them as scattered, unfocused, and having little purpose beyond gratifying some small constituency or bureaucratic instincts for aggrandizement. Moreover, by all accounts the

budget ceilings themselves had severely inhibited entrepreneurial behavior within ministry organizations. Still, it was not impossible to use administrative reform themes to get into new areas.

Within-Mission Program Initiation

A classic example again comes from the Welfare of the Aged Division, which picked up on the privatization idea—or “mobilizing the vitality of the private sector,” as it was often put—and managed to spin off a new organization in 1985. This was the Promotion and Guidance Office on Private Services for the Aged (or “silver services”—the title is *Shirubaa Saabisu Shinkō Shidō Shitsu*), headed by the Welfare of the Aged Division director and, at least at the start, staffed on a part-time basis by fourteen officials with other posts in the Social Affairs Bureau. Its goal was to encourage private companies to move into such areas as long-term institutional care, home health care and housekeeping services, innovative financial provisions such as reverse mortgages, provision of equipment like wheelchairs, and recreation (such as promoting gateball, a croquet game that was a fad among seniors in the mid-1980s).

In fact, the potential of the growing “silver market” had already become a big topic in Japanese business circles, and not a few companies were developing new products and services, or at least targeted marketing strategies. MITI had already become interested, particularly its Small and Medium Industry Agency.⁴⁹ The main trend impinging on the Welfare of the Aged Division’s sphere was the growth of for-profit or fee-paying (*yūryō*) homes—mainly retirement homes without health care facilities—from about 90 small establishments five years earlier to 156, a few quite large, in 1986.⁵⁰ Also, some ten small companies were said to have started up home health care services on a commercial basis. Both areas had even drawn interest in the United States: the Beverly chain of nursing homes was working out a joint venture with the giant Shimizu Construction Company, while Upjohn and other firms were looking into expanding their home care services to Japan.

The question might be asked, if the private sector was already moving in, why is a new governmental organ needed? Welfare officials answered publicly that the trend was weak and needed support, and the government could provide information and even direct assistance—for example, there

⁴⁹ It did a survey in 1985 and a follow-up think-tank study in 1987: see Chūsho Kigyō Chō Shokibō Kigyōbu Saabisugyō Shinkōshitsu, ed., *Zoku: Shirubaa Saabisu Gyō no Keiei Jittai* (Tokyo: Okurashō Insatsukyoku, 1990).

⁵⁰ Statistics in this area are shaky: in the mid-1980s only 92 fee-paying homes were registered with the government, and those that did not register (on grounds they were just housing) are hard to count.

were plans to seek new loan funds under Welfare Ministry auspices from the Fiscal Investment and Loan Plan.⁵¹ Another answer, emphasized by outside experts but no doubt shared within the Ministry, was that these private-sector initiatives were very welcome in an era of growing need and fiscal austerity, but new regulatory mechanisms would have to be developed to ensure that old people would not be exploited and the public interest served. Both answers are quite reasonable, but it is interesting that a new area of government activity had been opened up based on the theme of privatization.

Once the fervor of administrative reform was dying down, Welfare of the Aged Division officials could turn again to extending their core mission, which was now seen mainly as broadening and coordinating services to older people with some degree of special need. Three such new ideas were approved in the 1987 budget process along with Silver Service, and among existing programs, the number of day care and short-stay facilities was expanded rapidly after being flat for several years. Some new ideas, such as small-scale senior centers for localities that were losing population and local offices to coordinate in-home services, came from the experts involved in the reform process described earlier and were quickly enacted. In 1988, the Welfare Ministry recognized the importance of old-age welfare services and of their interface with health care by moving the Welfare of the Aged Division from the Social Affairs Bureau, where it had been since its creation in 1964, to the newly created Health Care and Welfare of the Elderly Department (Rōjin Hoken Fukushima Bu) in the Ministry secretariat.

Outside-Mission Program Initiation

Agencies that specialize in old-age matters might be expected to work out conscious strategies for protecting or even expanding their bailiwicks. What about the nonspecialized agencies, those that do not routinely deal with older people? It was noted in Chapter Six, and may be observed in the appendix, that most of the small, nonspecialized programs that began in the boom years survived the years of administrative reform and were still going in 1985, even though they often were not regarded as core programs in the missions of their agencies. Some of them were even expanded in the 1980s. Without a comprehensive picture of the impact of administrative reform across the government, it is difficult to know whether such success was exceptional, but these programs probably did benefit from the high priority given to the aging-society problem in this period. If everyone is

⁵¹ Both nonprofit and for-profit institutions for the elderly already depended on governmental loans for much of their construction costs; the new idea was to expand these loans beyond building residential facilities.

talking about the growing numbers of old people, it would not seem sensible to drop an inexpensive program that serves them.

Housing for the elderly. There were also some new initiatives, perhaps more than one might have expected. The appendix indicates that there was not much action at the height of the administrative reform campaign, but from 1984 to 1989, twenty-eight new nonspecialized programs (by the government's own rather soft definition) were initiated by several agencies. Ten were started by the Ministry of Construction.

Obtaining decent housing has always been recognized as an important problem for older people, but back in the 1960s, Welfare of the Aged Division officials had been frustrated in several attempts to get the Ministry of Construction to change its policies (one reason the Welfare Ministry itself established the "low-fee homes" program, and later began providing loans for families building additions to their houses for an aging parent). One long-time goal was to allow single older people into public housing (only families had been eligible), and this was finally attained in 1979. A Housing Policy Bureau official actually initiated meetings with the Welfare of the Aged Division, seeking reassurance that older people would not cause too much trouble for housing project managers, and bureau officials then drew up the necessary legislation. Unsurprisingly, this happened at a time when the Construction Ministry was having increasing difficulty finding new tenants for the 30,000 public housing units that became vacant every year, mainly because most of them were quite old and of the "2K" size, two tiny rooms and a kitchenette.⁵²

Six years later, with some self-congratulation at breaking down the walls of sectionalism, the two ministries established a joint study group to look at the housing problems of the elderly in a comprehensive fashion. Both ministries joined with the *Yomiuri* newspaper and others to hold a symposium on the aging society and housing in July 1985, aimed at "incorporating the vision of the aging society into the homes where families live, since these problems affect all generations." It was pointed out that because the elderly population was growing so rapidly, even though more were living on their own (30 percent in 1980, compared with 20 percent in 1970), the absolute number of old people living with their children had skyrocketed (5.9 million to 7.4 million in the same period), so housing policy should be directed to three-generation families. The need for aging

⁵² The new policy was somewhat influenced by opposition party suggestions in the Diet. The LDP had no interest in public housing—all its pressure fell on increasing mortgage loans, including at times extra allowances for larger houses for three-generation living. This account is based on 1980 interviews in the Welfare and Construction Ministries.

relatives (and their daughters-in-law) to have some space of their own was stressed.⁵³

This small mood-building campaign was in support of a Construction Ministry effort to increase the standard size of newly built housing, with most emphasis on a new type for a five-person three-generation family called a “4LLDKS”—four bedrooms, two living rooms, a dining-kitchen and a study—totaling 158 square meters. A cynic might note that increasing standard housing size had been a favored solution in the mission of the Ministry of Construction for many years, and the aging society was just the latest in a long series of problems to justify it (an earlier one had been the European accusation that Japanese all lived in “rabbit hutches”). Later in 1985, however, the Construction Ministry moved in a more innovative direction. It joined with the Ministry of Home Affairs to develop regional plans for old-age housing, centering on public housing projects with social service, recreational, and possibly health care facilities attached.⁵⁴ As one step in this direction, in 1987 the Ministry started a program called Silver Housing, which provided for coordination of day care and other welfare services in public housing (nineteen projects were approved by 1989).

This interest in congregate housing, as it is called in the West, represented a new solution for the Construction Ministry, which earlier could not be bothered with nonhousing services, and it responded to a real need of older people. There were of course underlying organizational motivations as well: the Ministry had taken a beating during administrative reform, with traditional LDP pressures for public works no longer enough to sustain growth, so it badly needed to shore up its mission. In fact, when general public works spending picked up later in the decade, enthusiasm about the elderly appeared to flag. Two Construction Ministry officials I interviewed in 1989 talked about how difficult it was to arrange coordination with local welfare authorities in Silver Housing, and they were vague about future plans. At the same time, it was the Welfare Ministry that was pushing ahead with the congregate-housing idea within the framework of an old program.⁵⁵ Future old-age housing policy may de-

⁵³ The data are from the census. *Yomiuri Shinbun*, July 7 and August 3, 1985. For other reports on old-age housing, see *ibid.*, May 25 and 27, and June 13, 1987.

⁵⁴ *Yomiuri Shinbun*, December 3, 1985.

⁵⁵ A new type of Low-Fee Old-Age Home (Keihi Rōjin Hōmu) called a Care House (Kea Hausu)—a house is not a home, and evidently the Construction Ministry had relaxed its earlier prohibition against using any name that sounded like housing. *Kōsei Hakusho*, 1990, pp. 238–39. Middle-income elders are eligible, and pay rents of ¥60,000–¥100,000 a month in urban areas. In early 1991 only six facilities had opened and not all their 300 spaces had been filled, but 100,000 spaces were planned for the next decade. *Asahi Shinbun*, May 15, 1991. Note also the well-publicized problem of older tenants evicted from rental housing for redevelopment and unable to find an affordable apartment. Many municipalities in Tokyo

pend on whether Construction officials will again find active policy sponsorship in this area attractive, or at least will not hinder others at the national or local level who try to take the lead.

More new ideas. Simply reading the newspapers indicates that the aging-society problem had diffused quite broadly in the Japanese government in the mid-1980s, as evidenced by some headlines from that period: "Ministry of Agriculture, Forestry and Fisheries Plan of Action for the 21st Century: Priority on Policies for the Aged" [1984]; "Science and Technology Agency Chief: Expand the Budget for Research on Aging" [1985]; "Police Agency Serious about Aging Policy: Preventing Tragedies for the Elderly" [1986]; "National Land Agency's Vision of the 21st Century: Strong Sense of Crisis about Aging" [1986].⁵⁶

The program that was most publicized in Japan and even overseas was started by the Ministry of International Trade and Industry. MITI was one of the few ministries with little policy for the elderly in the mid-1980s; it had gotten involved in housing and in the sort of privatization efforts that the Welfare Ministry had taken on, but that was a rather limited scheme for its imaginative officials. As I heard the story, a senior MITI bureaucrat posted in Portugal had invited his parents for a visit. They observed the many British and American elderly expatriates who live there for the warm climate and low prices, and said it might be nice for them when they retire. When the official got back to Tokyo, he talked with his colleagues, and in mid-1986 they came up with a plan (for some reason called Silver Columbia) to encourage Japanese companies to establish communities for Japanese pensioners abroad, about 1,000 people each. An advisory group to the Ministry set to work on such problems as how to handle language barriers and secure adequate supplies of Japanese food. It was argued that the proposal would help solve Japan's balance-of-payments surplus as well as its old-people surplus—a convenient version of *obasuteyama* indeed.⁵⁷

For better or worse, sarcastic commentary in Japan and abroad led to a change of course (*kidō shūsei*). In May 1987, the Ministry announced that vacation homes for middle-aged people would also be included, and moreover such communities would be developed in Japan as well. A study group was organized for concrete planning.⁵⁸ When it reported twelve months later, Silver Columbia had been further broadened, and connected to the "new leisure" boom—now, four life-styles (silver, sports and resorts,

and elsewhere have reacted with programs to build, purchase, or lease apartment buildings or to subsidize rents. Interviews and *Asahi Shinbun*, November 22, 1989, and April 25, 1990.

⁵⁶ All are *Yomiuri Shinbun*, respectively: January 21, 1984; July 10, 1985; July 21, 1986; July 5, 1986.

⁵⁷ The traditional legend of the mountain where grandmothers are left to die.

⁵⁸ *Yomiuri Shinbun*, May 20, 1987.

“dual-life” at home and abroad, and young people in volunteer activities) would be accommodated. Moreover, nobody would move overseas permanently, and foreign companies would participate in financing, construction, and management of the facilities. Some MITI officials apparently still liked the aging-society connection, however; the Ministry noted that only about 1,200 Japanese pensioners currently lived abroad, compared with 580,000 Germans and 350,000 English, and in 1989 it was announced that retirees would soon be departing for the first resort near Barcelona, Spain, in 1992.⁵⁹

Policy evaluation. Silver Columbia and some other small programs for the elderly might lead an outsider to wonder whether anyone ever asked what they were accomplishing. In fact, in late 1982, the Administrative Inspection Bureau (Gyōsei Kansatsu Kyoku) of the Administrative Management Agency undertook a study of several old-age programs, in the areas of employment and social participation, in-home services, and institutional care. Investigators actually visited localities in sixteen prefectures to find out what was really happening, and their report included many criticisms and suggestions. The same agency (though now reorganized into the new Management and Coordination Agency) followed up with a new report in 1986 that focused on employment centers, home services (especially for dementia cases), social-participation programs, and volunteer groups; the ministries covered included Welfare, Education, Labor, and Agriculture. This report was quite critical of how ministry competition and sectionalism diminished the effectiveness of programs at the local level. In 1987 a still more hard-hitting evaluation of old-age employment programs was published.⁶⁰

These reports were quite unusual in Japanese governance as program evaluations based on real field research by outsiders, rather than reports from the bureaucrats in charge or—still more common—simple compilations of aggregate statistics and survey data.⁶¹ It should be noted, however, that they generally provoked little more than defensive explanations and promises to do better from the criticized agencies. This flexing of muscle by the prime ministerial staff could represent an institutionalization of administrative reform at the specific program level, but so far it has not been

⁵⁹ *Asahi Shimbun*, May 11, 1988; *Nihon Keizai Shinbun*, September 3, 1989.

⁶⁰ These reports were published by the Ministry of Finance Printing Bureau as *Rōjin Fūkushi Taisaku no Genjō to Mondaiten*, *Kōreisha Taisaku no Genkyō to Mondai*, and *Kōreisha Koyō Taisaku no Genjō to Kadai*.

⁶¹ Other than checking aspects such as misspending of funds, there has been remarkably little analysis of program performance in Japan, even in budgeting: see my *Contemporary Japanese Budget Politics* (Berkeley: University of California Press, 1977), p. 60.

backed up with the political will (or perhaps the capability) to dominate actual policy.

Back in the General Arena

Might the prime minister himself get involved? In the mid-1980s, stories about the aging of society were everywhere, due in part, as we will see later, to government efforts to enact reforms in employment, health care, and pension policy. If the problem were so serious, one would think, it deserved attention at the highest levels. In the second half of the 1980s, old-age policy issues reached the general agenda twice. The first time was an attempt at rational, top-down policy development that led to nothing. The second time was a blatantly political maneuver that promises significant improvement in Japanese policy for the elderly.

Comprehensive planning. In April 1985, the late stages of the administrative reform campaign, Socialist Dietwoman Kubota Manae asked Prime Minister Nakasone in the Upper House Budget Committee what exactly the government planned to do about the challenge of the aging society. Nakasone promised that he would develop an overall plan, and Finance Minister Takeshita added that a long-term "fiscal vision" on how to deal with the costs of pensions and medical care would be included.⁶² There were indications that the prime minister was getting serious about the aging society, perhaps considering adding it to defense, education, and administrative reform itself as keynote themes for his administration.

Others in the government were ready: the EPA, with its penchant for looking into the future and coming up with broad conceptions, was again worrying that unless Japan developed an early and comprehensive response to the problem of population aging, economic growth would falter and the nation would decline. The agency had asked its National Life Deliberation Council to report on the prospects for old people in the future with respect to four "systems": income support (employment and pensions), health and welfare, education and social participation, and housing and living environment. Responding to a suggestion from Nakasone that terms like "old person" and "old age" were too depressing, it took the more positive tack of describing Japan's future as the "longevity society."⁶³

The prime minister appointed a new Cabinet committee (all ministries besides Foreign Affairs were represented), and asked the EPA to serve jointly with the Office on Policy for the Aging as its staff to develop an

⁶² *Yomiuri Shinbun*, April 6, 1985.

⁶³ *Chōju Shakai*. Ibid., June 17, 1985. This Council, the Kokumin Seikatsu Shingikai, is sometimes called the "Economic Welfare Council." Its function is to consider citizens' "satisfaction with life" as well as consumer-related affairs.

outline of governmental plans. The Cabinet committee met on August 15, 1985 (it was not to meet again till the report was finished), and the Office brought in eight officials on loan from various ministries and established a new section.⁶⁴ Welfare Ministry officials felt a bit uncomfortable, thinking as they had when the Office was established in the early 1970s that they could handle such matters themselves, so they launched their own project team as well as cooperating with the EPA.

The EPA National Life Deliberation Commission's report, issued in May 1986, was called "Plan for the Longevity Society: Toward Construction of an Economic-Social System for the Era of 80-year Life Spans." The tone was optimistic: Japan would be successful if it could maintain employment and savings rates at high levels, and if appropriate systems were installed in the next ten years; this would require an appropriate division of labor between the national and local levels, mobilization of the private sector, and a national consensus on how costs and benefits would be distributed.⁶⁵

Next was the Cabinet, which passed its "Outline of Policies for the Long-life Society" on June 6. This called for building a "rich society with vitality and magnanimity based on social solidarity."⁶⁶ The problem section was mostly drawn directly from the EPA report, and the solutions section on specific policies was compiled by stapler, simply listing what the individual ministries were already doing or thinking about—extending the retirement age to 60, developing more educational programs for the elderly, drawing on retirees' talents in foreign assistance programs, improving access to public housing, stimulating private-sector participation in social services, attracting more volunteers, and so on. Notably absent from the Outline was the fiscal projection promised a year back by Finance Minister Takeshita, probably because obtaining agreement on anything that controversial would be impossible in this sort of lowest-common-denominator process. Reacting to criticism that the Outline was *barabara*, just a collection of scattered programs with no real policy, the Office on Policy for the

⁶⁴ It was actually given a room of its own, quite an event in the Japanese bureaucracy. The Office (Rōjin Taisaku Shitsu) was now in the new Management and Coordination Agency (Sōmuchō) created during administrative reform by amalgamating its old home, the Prime Minister's Office, with the Administrative Management Agency. The Cabinet committee was called Chōju Shakai Taisaku Kankai Kakuryō Kaigi. This account is based on interviews with officials of the Office and the Welfare Ministry's Welfare of the Aged Division.

⁶⁵ *Yomiuri Shinbun*, May 4, 1986. The Welfare Ministry's project team had just earlier issued its similarly broad planning report, "Koreisha Taisaku Kikaku Suishin Honbu Hōkoku." See Yoshimura, "Dōtai," pp. 35–38.

⁶⁶ *Katsuryoku to, shakai rentai ni rikkyaku shita hōyōryoku aru yūtakana shakai*—a difficult phrase to translate. The document was called Chōju Shakai Taisaku Taikō. For the text, more details, and a useful follow-up report, see Sōmuchō Chōkan Kanbō Rōjin Taisaku Shitsu, ed., *Chōju Shakai Taisaku no Dōkō to Tenbō* (Tokyo: Okurashō Insatsukyoku, 1989).

Aging pointed to "the great significance of bringing together these recommendations from various advisory committees systematically as a government promise approved by the Cabinet."⁶⁷

In reality, of course, that had no significance: a Cabinet promise is worthless unless it signifies a real intention to do something, which was lacking here. One reason was that no one knew what to do. Only a few romantics truly thought the problem of population aging could be solved by society if the government would just get out of the way, and certainly calling for tough restraints was not very appealing with an election coming up (a double election for both houses was scheduled in June). On the other hand, in 1986 no one was about to propose gigantic new spending on the old-people problem either: the problem on the table was still the burdens of the aging society. Prime Minister Nakasone himself had perhaps come to realize that nothing he could say was likely to make much of an impression on the history books, public opinion, or actual policy. The issue lost its tenuous foothold on the general policy agenda and dropped back to the subarena level: as a Welfare Ministry official told me in an interview, "there hasn't been much money available, so all anyone can come up with is policy ideas," and relatively small ideas at that.

Tax-hike politics. By the end of the decade, the pendulum had swung: the problems of today's old people and the solution of spending more money had made its way back to the national policy agenda for the first time since the early 1970s. This time it was less pushed up from below by specialized policy sponsors or social pressure centered on the old-people problem itself, and more pulled up by heavyweight actors circling around a different issue, the emotional fight about new taxes.

The story can be told briefly: it starts back in the 1970s, when the Ministry of Finance had become convinced that a new indirect tax was crucial for Japan's long-term fiscal health. In 1979 Prime Minister Ōhira had come to grief by trying to enact a value-added tax. After the rigors of administrative reform, which demonstrated the limits to expenditure cutting, Finance officials tried again with taxes. They convinced Prime Minister Nakasone to propose a consumption tax, despite his promise before the 1986 election that no new large-scale tax would be introduced. His attempt was defeated by the intense reaction from public opinion, but his successor, Takeshita Noboru, did push through a modified version in December 1988; the new consumption tax then became the top issue for the opposition parties in the July 1989 Upper House election, which the LDP lost, and the February 1990 Lower House election.⁶⁸

⁶⁷ *Yomiuri Shinbun*, June 7, 1986, analysis and editorial. The draft Outline was reported in more detail in *ibid.*, May 8, 1986.

⁶⁸ Two political science dissertations tell the story of tax reform in the 1980s: Kenji Hayao,

What is the connection with old people? The consumption tax was a solution seeking a good problem. Actually the Finance Ministry had several problems it hoped to solve by moving toward more indirect taxes, including the extreme fluctuations in personal or corporate income tax revenues, the presumed greater political difficulty of increasing direct taxes, and the fairness problem created by widespread income tax evasion among farmers and small business. All these issues would cause various troubles for the Ministry or the LDP if proclaimed very loudly as justifications for a new tax. Far more palatable was the aging-society problem—again and again one heard about how the increasing burdens of more and more old people could not be managed with the existing fiscal structure.

The opposition parties of course attacked the consumption tax from all possible angles. Their response to the aging-society argument, which had become the number-one slogan for the new tax, was to call it a gimmick—they said that the government had actually been trying to cut back on social policy, and there were no specifications on how all the money would be spent.⁶⁹ The LDP thus had to scramble for a way to look more sincere on this issue. One possibility was to call the new consumption tax a Welfare Tax (*fukushi mokuতেকিজেই*) and earmark its revenues for pensions, health care, and other social policies. This politically attractive idea had been around for years and had drawn support from the Welfare Ministry, but it was strongly opposed by the Finance Ministry on the traditional grounds that earmarked taxes bring “fiscal rigidification.”⁷⁰ The party decided instead to promise to spend money. By request, in October 1988, the Welfare and Labor Ministries came up with a new “Welfare Vision,” which along with lofty rhetoric included specifications of future levels of several existing programs: for example, home helpers were to be increased to 50,000 by the year 2000.⁷¹

The LDP used this document extensively in Diet debates on the consumption tax. Then, in the tortuous maneuvers of the end-game, the small Clean Government Party pursued the social policy theme in negotiations over the tax bill, and extracted a set of small concessions on pensions and

“The Japanese Prime Minister and Public Policy” (University of Michigan, 1990); and Junko Kato, “Tax Reform in Japan: The Strategy and Influence of Fiscal Bureaucrats” (Yale University, 1992).

⁶⁹ See the “Basic Conception of the Tax System” jointly released by four opposition parties: *Asahi Shinbun*, October 21, 1988.

⁷⁰ However, after the 1989 Upper House election, it was reported that several Finance officials looked favorably on a suggestion by an LDP leader that the welfare tax idea be refitted, overpessimistically seeing this as the last chance to keep the consumption tax alive. *Asahi Shinbun*, July 27, 1989.

⁷¹ “Fukushi bijon”—the formal title was “Chōjū-Fukushi Shakai o Genjitsu suru tame no Shisaku no Kihonteki Kangaekata to Mokuhyō ni tsuite.” For a summary see *Zusetsu Kōreisha Hakusho*, 1989, pp. 13–15.

care for the elderly, several of which were implemented in the 1989 budget. The tax bill was finally passed by the Diet in December, but that hardly ended the debate over the consumption tax nor, by extension, over social welfare programs for the elderly.

The Gold Plan. The consumption tax was universally called the main factor in the LDP's defeat in the June 1989 Upper House election, and it became the main focus in campaigning for the General Election scheduled for February 1990. An important event in the meantime was the appointment of Hashimoto Ryūtarō as finance minister in Prime Minister Kaifu Toshiki's first Cabinet. Hashimoto, the former welfare minister who was the son of a welfare minister, had risen to become both the clear leader of the Welfare-Labor *zoku* of LDP Dietmen, and a leading candidate for prime minister in the near future. He was perhaps equally committed to protecting the consumption tax for his new colleagues at the Finance Ministry, and to advancing social policy for his old friends at the Welfare Ministry; his strategic position, personal popularity, and growing power within the party gave him the chance to do both.

It is unsurprising in these circumstances that a more elaborate version of the "Welfare Vision" strategy was brought into play. In the fall of 1989, officials in the Welfare and Health of the Aged Department started working overtime on a new set of proposals. These were released in December as the "Gold Plan" or the "Ten-Year Strategy on Health and Welfare for the Aged" (*Kōreisha Hoken Fukushi Suishin Jūkanen Senryaku*).⁷² In televised debates during the election campaign, when opposition party members criticized the consumption tax, the LDP spokesman invariably brought up the Ten-Year Strategy to show how new revenues would be used to help the elderly. In response, eleven days before the election, the JSP came up with its own plan of "exhaustive care" for all those in need, not just the elderly, centering on an expansion of numbers and pay of home helpers. Other parties also made specific proposals.⁷³

This new attention to social welfare went beyond slogans. LDP leaders intervened in the last "revival negotiation" stages of compiling the 1990 budget to hike old-age welfare items even above the amounts requested by

⁷² It was widely circulated; see, e.g., *Kōsei Hakusho*, 1990, pp. 52, 210–11. A brief account in English by Masako Osaka appeared in *Productive Aging News* 43 (May 1990): 1–3.

⁷³ Cf. *Asahi Shinbun*, February 16, 1990. This debate was a first: pensions and to a lesser extent old-age health care and the retirement-age issue had been moderately important campaign points from time to time, but according to several veterans in this field, never before had politicians talked about nursing homes and home helpers before an election. Hugh Hecl points out that social services are usually the province of bureaucrats and professional maneuvering rather than electoral politics in all countries: "Generational Politics," in John L. Palmer, Timothy Smeeding, and Barbara Boyle Torrey, eds., *The Vulnerable* (Washington, D.C.: Urban Institute Press, 1988), pp. 381–411, at 384.

the Ministry of Welfare. The allocation for these programs was ¥360 billion, ¥120 billion more than the Finance Ministry had initially offered.⁷⁴ It appeared that in a virtuoso performance, Hashimoto had engineered the Welfare Ministry's planning, the LDP's intervention, and then the Finance Ministry's response.

The Gold Plan itself was largely a set of targets to be achieved over ten years, and went substantially beyond the 1988 Vision in several respects. Most dramatic was the promise of 100,000 home helpers by 1999, an increase from 31,405 in 1989 (the Vision said 50,000 by 2000), and 520,000 beds in nursing homes or intermediate care facilities, up from 190,833 in 1989 (500,000 promised in the Vision).⁷⁵ New programs were accommodation in congregate housing (Care Houses) for 100,000 people, and two ideas suggested by experts in the social welfare planning process described earlier, 10,000 small local centers (a nurse or two plus volunteers) to coordinate in-home care, and 400 senior centers for sparsely populated areas. Expansion from 4,274 to 50,000 short-stay beds and from 1,080 to 10,000 day-service centers were similar to the promises in the Vision. A new rehabilitation plan to prevent the elderly becoming bedridden (*netakiri rōjin zero sakusen*) and a ¥60 billion fund for establishing new home-care services were announced, and a variety of other Welfare Ministry programs were mentioned without specific targets.

The language of the preamble may have been even more significant than the promises. It began with Japan's rapidly aging society, in which nearly one in four Japanese would be 65 and over, and emphasized the "need to create a longevity-welfare society of bright vitality [*akarui katsuryoku aru chōju-fukushi shakai*] in which citizens can be assured of living out a healthy and meaningful life. Therefore, based on the goals of introducing the consumption tax, we will move forward in building up provision of public

⁷⁴ *Asahi Shinbun*, December 29, 1989. These figures include the 1989 supplementary budget compiled at about the same time. At ¥180 = \$1, the budget amounts to \$2 billion. Note that the American Social Services Block Grants program, which supports similar activities, distributed \$2.7 billion to the states in 1987 (most but not all for the elderly). Beth J. Soldo and Emily M. Agree, "America's Elderly," *Population Bulletin* 43:3 (September 1988): 32.

⁷⁵ A common criticism of the plan was to doubt whether the targets were feasible, such as whether so many home helpers could be found in Japan's labor-short economy: *Asahi Shinbun*, December 28, 1989 evening. However, as in an editorial on "have we really taken welfare seriously?" most of the comment was that the plan was still too small, noting for example that even 100,000 home helpers is only about one-fifth the number in Denmark (relative to the elderly population), or that total spending on all these community-based services was only about a quarter of the long-term hospitalization costs of bedridden elderly. *Asahi Shinbun*, December 30, 1989. Another doubt concerned the practical and political likelihood of sharply reducing the proportion of long-term care carried out by hospitals. Yoshino Akio, "Gōrudo Puran ni miru 'Rōjin Fukushi no Jidai,'" *Banbū* (February 1990): 18–19. For a progress report on the Gold Plan, see the series "Kenshō: Gōrudo Puran, Shichōson no Rōjin Fukushi," *Asahi Shinbun*, May 8–17, 1991.

services in the area of health and welfare for the elderly.” Not self-help, dependency disease, the foreignness of welfare, burdens on the younger population, or even efficiency. Encouraging private-sector facilities was included, but was just one of twenty-five numbered items. The rationale, though unmentioned in the text, was that public programs could keep people healthy and independent and thus save money in the long run, but this notion was certainly far from the ideology of either Japanese-style welfare society or Thatcher and Reagan-style administrative reform. The pendulum had swung back to the positive side.

Some welfare experts called 1990 the *real* birth-year of the welfare era (*fukushi gannen*), and certainly that is true in a narrow sense—this expansion was in social welfare programs, direct provision of services, rather than the money-disbursing mechanisms (pensions and medical costs) that had been the focus in the early 1970s. A big reason was that work on these much larger programs had already been completed; expansion of services became the next logical step toward the welfare state. As for the details, we see targeted and relatively management-intensive services, an emphasis on rehabilitation and on care in the community, integration of health and welfare, and an underlying optimistic view that government can and should directly help those in need. These had been the central tenets of the welfare of the aged policy community ever since the 1960s.

We saw in Chapters Four and Five that this policy community had always lacked the energy resources to get their solutions onto the general policy agenda, although its members had played an important part in drawing attention to their problem around 1970. This time, the specialists’ role in pushing the problem was minor; it was the Ministry of Finance that had pulled the old-people problem up into the general policy agenda. Once there, it was available for use by the opposition parties, which meant the LDP had to respond. The politicians, particularly the already sympathetic Hashimoto Ryūtarō, then turned to the specialists for ideas. It was because they had some well-nurtured solutions right on hand that the Ten-Year Strategy became at least a potential turning point in Japanese care for the elderly.

CONCLUSION

The Ten-Year Plan brings to a close (as far as this book is concerned) a story that started around 1960 when the Welfare Law for the Aged was taking shape. The sponsor back then was Seto Shintarō, a noncareer Welfare Ministry bureaucrat heading a backwater division, whose maneuvering attracted little notice outside a very narrow circle. In the late 1980s, the lead was taken by one of Japan’s most powerful politicians, who turned

a set of programs for frail old people into an important electoral strategy.⁷⁶ Welfare of the aged had come a long way. But keep in mind that service programs of this sort are a relatively small sector of social policy. The important post-1975 policy changes in pensions and health care, which take up some 90 percent of social spending, will be described (along with employment policy) in the next three chapters. For now, we may return briefly to the main theme of this chapter, the changes in the overall agenda of policy related to the elderly in this period, and the strategies of policy sponsors. We should start a bit further back.

Agenda Strategies

Chapter Four described a lengthy period in the 1960s when relatively little policy change occurred with respect to the old-people problem, but under the surface the welfare of the aged policy community, acting as a policy sponsor, nurtured its issue and tried to build a favorable national mood. Enactment occurred only when changing political conditions opened a window of opportunity for new policies large and small, as described in Chapters Five and Six. From about 1975 to 1982, similarly, we saw much talk but little action among a group of conservative reformers with respect to the aging-society problem, but then a burst of significant policy changes. In both cases, some of the solutions actually enacted had little connection with the intentions of the policy sponsors, but their efforts had certainly been significant in bringing the issue to the agenda.

Still, these two processes were different in their sequence and timing. In the earlier case, it took a long time to reach the national agenda, but once people in and out of government became aware of the old-people problem, they were quick to support whatever solutions came to the fore. In the latter case, the aging-society problem reached the agenda quickly and easily, but it took a long time to propose solutions and longer still to get them enacted. Why this difference? The most obvious factor provides much of the explanation. Spending money is popular: one can propose free medical care, or for that matter cow-lending, confident of a friendly reaction, but a threat to eliminate or cut back an existing program will always draw fire. Hesitating to be specific is natural. This basic fact of politics is particularly powerful when the issue is benefits for a deserving group like the elderly.

⁷⁶ Incidentally, while so far as I know no commentator even mentioned the Gold Plan in explaining the LDP's substantial victory in the 1990 election, it is interesting that in a pre-election poll asking what political questions (*seiji mondai*) voters would weigh most heavily in deciding how to vote, with fourteen choices and multiple responses, "pensions, health care, welfare" drew 47 percent, well ahead of highly publicized issues like prices, housing, and the Recruit scandal, and second only to the consumer tax at 61 percent. *Tomiuri Shinbun*, January 29, 1990.

But then why did it take so long for the earlier problem to be recognized? A second factor, sponsorship, is important here. Those pushing the old-people problem in the 1960s were middle-level bureaucrats in a somewhat peripheral ministry, narrow interest groups, a few scholars, and—quite separately—a small radical movement. The aging-society problem was sponsored by high officials of central bureaucratic agencies like the Finance Ministry and EPA, plus leaders of the ruling party and big businessmen. The contrast in access to the media is obvious (for that matter our very definition of the general arena agenda is the set of issues which concern these participants). On the other hand, the specialized policy community has a much easier time coming up with concrete policy proposals. That is what its members do for a living. The heavyweight actors pushing the aging-society problem were more used to generalities: in particular, the Finance Ministry is traditionally reactive rather than proactive on expenditure policy matters, the EPA favors theorizing from basic economic principles, and conservative politicians reflexively turn to ideology—in the late 1970s, their tendency to celebrate Japaneseness in all areas was especially pronounced.

A third factor is inertia. The sponsors of the old-people problem in the 1960s had to deal with indifference. Both policy makers and the general public were preoccupied with other matters, and it was hard to get their attention. However, since they were not already committed to any existing policy in this area, once alerted they could move in any direction. In contrast, by 1975 old-age policy had been a lively topic for some time, and a new interpretation would find a ready audience. But while generating discussion was easy, the programs then in place had developed momentum that was hard to reverse. In fact, the rhetoric about the aging-society problem and the Japanese-style welfare society might even have had a perverse effect. Any but the most sophisticated listeners probably mainly heard the words aging and welfare. The attempt by conservatives to reformulate the old-people problem actually kept the issue on the agenda, with a variety of results.

These three factors help account for the ambiguity that remains the dominant impression of the old-age policy agenda after 1975. In the early 1970s, everyone knew what was happening, but from then on the meaning of arguments and events became difficult to interpret, even for participants. We need another look at the most ambiguous concept of the period.

Japanese-Style Welfare Society

As historians will recognize, the evocation of traditionalistic images of harmony, community, family, and Japanese uniqueness can be traced back to elite responses to industrial and social unrest in the early years of the twen-

tieth century, up through the war.⁷⁷ Prewar Japanese social policy largely grew out of this ideological construct, and it is no surprise that conservatives would bring it up again when they felt threatened.⁷⁸ However, their efforts were undercut in two crucial respects.

First, consider the nature of the threat. The evils of big government and social dependency may be alarming, but they hardly measure up to Marxist revolutionary agitation and a rebellious working class, which had been genuinely frightening to elites in the prewar period. One difficulty for the postwar conservatives, in fact, was finding someone to attack: unlike their American counterparts, they had neither new-deal social engineers nor radical intellectuals to blame, since the welfare expansion had been carried out with the LDP in charge (an inherent embarrassment when trying to change direction in a one-party-dominant system). After 1975, hardly anyone was arguing foursquare for the welfare state. Welfare officials and other supporters of social policy found they could adopt many arguments around the aging-society problem for their own purposes, as in calling for policy measures to *strengthen* the family. A strong ideological pitch requires a credible and clearly defined enemy; the reformers had to do the best they could with amorphous threats like the “British disease.”

The second weakness was ideological confusion in the conservative arguments themselves. The Japanese-style welfare society idea had its main roots in *Nihonjinron* notions of Japanese uniqueness, but it also drew on concurrent anti-welfare-state movements in the West. The premises of these two conceptions contradict: the former is based on social solidarity, collective responsibility, and harmony; the latter on radical individualism and free-market competition. Nearly all the reconsideration of welfare documents cited earlier simply ignore this contradiction, calling for more individual responsibility and initiative on the one hand, but extolling the togetherness and acceptance of dependency of the Japanese family, com-

⁷⁷ This strategy was carried forward and influenced industrial relations policy in the early postwar period, helping to transform bitter strife into the celebrated Japanese labor-management model. See two outstanding studies: Andrew Gordon, *The Evolution of Labor Relations in Japan: Heavy Industry, 1853–1955* (Cambridge: Council on East Asian Studies, Harvard University, 1985); and Sheldon Garon, *The State and Labor in Modern Japan* (Berkeley: University of California Press, 1987); for how these ideas were combined with British poor-law conceptions, see Garon’s “Toward a History of Twentieth Century Japan,” *Monumenta Nipponica* 45:3 (Autumn 1990): 339–52.

⁷⁸ See the interesting essay by Ishida Takeshi on the Japanese conception of welfare both prewar and postwar: “Nihon ni okeru Fukushi Kannen no Tokushitsu,” in Shakai Kagaku Kenkyūjo, ed., *Hō to Fukushi*, pp. 3–58; also his *Nihon no Seiji to Kotoba—Jō: “Jiyū” to “Fukushi”* (Tokyo: Tokyo Daigaku Shuppankai, 1989), pp. 235–322, and Watanuki Jōji, “Welfare Policy, Welfare Society and Welfare State: The Case of Japan,” *The Journal of International Studies* (Sophia University) 24 (January 1990): 17–29.

pany, and community on the other. During the administrative reform era, the more individualistic strain came to dominate.

One reason, along with the impact of Thatcher, Reagan, and Milton Friedman, is that Japanese notions of social solidarity do not intrinsically exclude the state. They can easily be used to justify bureaucratic intrusions into society, or taxation of some Japanese to support others. It is notable that *all* the conservative slogans—aging-society problem, fulfilling the basis of the family, reconsideration of welfare, Japanese-style welfare society—were almost equally available to those favoring expanded social policy. One more example proves the point. The phrase *katsuryoku aru fukushi shakai*, “dynamic welfare society” or “welfare society with vitality,” is best known as a slogan for the administrative reform campaign, with the meaning that true welfare comes only when the private sector is not stultified by bureaucracy. But the original usage had been in the 1973 “Basic Economic and Social Plan,” passed at the height of the boom. Then it meant that social vitality required the government’s assuring social fairness and diminishing people’s worries about their livelihood.⁷⁹ Perhaps it was because this interpretation remained latent in the phrase that Prime Minister Nakasone, when translating the Rinchō recommendations into an official Cabinet policy statement in 1983, chose to say instead *katsuryoku aru keizai shakai*, “dynamic economic society”—a much less ambiguous ideology for an attack on the welfare state.

It is not, however, an ideology with broad appeal in Japan. By the 1986 “Outline of Policies for the Long-Life Society,” the government had returned to its more comfortable theme of social solidarity. By 1990, *katsuryoku* itself had reappeared in the preamble to the expansive Gold Plan, now meaning that government should help old people stay “vital.” Friedmanesque ideas remain quite popular among economists and many bureaucrats, and of course among Americans pressing market liberalization on Japan, but they are no longer prominent in how the government talks to the people.

Ambiguities of this sort are probably quite characteristic of postwar conservative thinking in Japan and elsewhere.⁸⁰ For present purposes we note merely that, with such shaky underpinnings, it is not surprising that the reconsideration of welfare and Japanese-style welfare society produced so

⁷⁹ Ishida, “Fukushi Kannen,” p. 53.

⁸⁰ For example: “I argued that our responsibilities to provide for needy strangers derive morally from the same source as our responsibilities to provide for members of our own families. If so, then opponents of the welfare state can hardly repudiate the former while conceding (indeed, celebrating) the latter.” Robert E. Goodwin, “Controversy: Defending the Welfare State,” *American Political Science Review* 80:3 (September 1986): 952–54; cf. his “Vulnerabilities and Responsibilities: An Ethical Defense of the Welfare State,” *ibid.* 79:3 (September 1985): 775–87.

much more rhetoric than concrete proposals. Despite the attention that these ideological trends have received in some Japanese writings, they do not play a very large part in explaining the policy reforms that actually occurred in the 1980s. For that task, a much more straightforward interpretation is adequate.

Problems Merge

That is, there is no major puzzle in understanding how the aging-society *problem* reached such a high position on the national agenda. First, population aging is extraordinarily rapid and perhaps particularly problematical in Japan. It is a country devoted to high-energy economic productivity, which (as indicated by the long-accepted practice of retirement at age 55) is strongly associated with youth. Japan is also a country governed by conservatives with a natural aversion to big government. So the combination of the objective situation and certain national characteristics—the main elements of our cognitive mode—explains a good deal.

Second, coincidentally, awareness of the aging society happened to be growing just at the time the Japanese government found itself with serious fiscal problems. Many conservatives put all the blame on overcommitment to welfare-statism in the early 1970s, but in fact all public programs, including public works, had expanded rapidly even after 1975. Big government deficits, spendthrift bureaucrats, and the specter of millions of dependent old people hovering over the nation's future all fit together very well for the administrative reformers. So for a time, the problems of big government and of the aging society were linked together, with substantial impetus behind them.

More puzzling are the solutions that emerged. True, much of the attention was devoted to the large health care and pension programs discussed in Chapters Nine and Ten, where important reforms were accomplished (though not altogether in intended directions). But in the other policy areas involving old people, other than the reform in local-national allocations of welfare programs, the effect of administrative reform may have been a slowdown in spending growth for a time, but most of the nonincremental policy changes were new or expanded spending or governmental regulations.

The main lessons here are ones we have learned in other contexts: problem-sponsors and solution-sponsors are often different actors; success in defining the problem reaching the agenda does not ensure a voice in the solutions; it is often as difficult for heavyweight actors to intervene in subarenas as it is for specialized actors to bring much clout into the general arena. The interesting point here is that even though at a philosophical level the old-people problem and the aging-society problem were nearly

opposite in their policy implications, from the point of view of most bureaucratic agencies (and no doubt of the general public as well) they were very nearly the same. Most agencies had little in their repertoires that could do anything about lightening the burdens imposed on society by the increasing number of the elderly. They therefore did what came most naturally, and thought up new service programs for the old people themselves.

Expanding Employment Policy

EFFORTS to help older people work are the most unusual aspect of Japan's policy toward the elderly. Most European countries have been trying to move aging workers out of the labor force to help solve their problems of youth unemployment. The United States has concentrated on removing legal barriers to older people retaining their jobs, as through the Age Discrimination in Employment Act, but has done relatively little to improve the ability of the elderly to work, or encourage employers to hire or keep them. Only Japan pursues a consistently positive policy of job maintenance and creation for older people, and has put employment policy near the top of the government's measures to deal with the aging society.

The Ministry of Labor has initiated quite an array of programs in this area. They included an intense exhortation (later made a requirement) that companies raise the age of mandatory retirement; a quota for older workers; a variety of subsidies to employers to retrain, keep, or hire older workers and to redesign jobs; targeted job-finding and counseling services; better benefits than those of younger workers for unemployment compensation and job-training benefits; preretirement seminars; loans for companies to establish subsidiaries to hire retired workers; and a unique system for arranging temporary part-time jobs. Many of these were started to encourage employment of workers aged 55 to 60 and later were rewritten to cover those aged 60 to 65.¹

Although all these policy changes cannot be studied in detail, we will highlight a few, and also study how both process and policy evolved over time in and around a single organization. In the early years, most Labor Ministry programs were started in the somewhat haphazard outside-mission style described in Chapter Six. Later in the 1970s, however, the Ministry increasingly brought programs for the elderly into its primary mission—so far the only organization outside the Welfare Ministry to do so. In effect, an autonomous subgovernment surrounded by a “policy community” was formed, with the capacity to make policy in an active and

¹ These programs are well described in Kazuo Takada, “Evolving Employment Policies for Older Workers in Japan,” in James H. Schulz, Takada, and Shinya Hoshino, *When Lifetime Employment Ends: Older Worker Programs in Japan* (Waltham, Mass.: Brandeis University, Heller School, Policy Center on Aging, 1989), pp. 13–39. Also see James L. Schulz, Allan Borowski, and William H. Crown, *Economics of Population Aging: The “Graying” of Australia, Japan and the United States* (New York: Auburn House, 1991), pp. 312–28.

purposeful way.² These policies were quite effective with regard to employment up to age 60, but have run into difficulty when applied to older workers.

WORKING UP TO AGE 60

The Japanese labor market has long preferred younger workers. An intrinsic element of permanent employment and seniority wages, which applied mainly to male workers hired young by fairly large corporations, was early mandatory retirement or *teinen*, for years usually at age 55.³ Even the category of middle-aged and older workers (*chūkōnenrei rōdōsha*) under 55, once defined as starting at age 35, often had difficulty in finding jobs—as early as 1960, their need for special consideration was stressed by the labor minister.⁴ It was not that older people could not find work: labor participation rates for older age groups were and are far higher in Japan than in any other advanced nation. The Japanese government nonetheless became progressively more involved in old-age employment problems, starting in the 1960s.

Early Policy Change

Because of the way high growth combined with the so-called lifetime employment system, companies began to face short supplies of high school graduates in the early 1960s, while something of a surplus was developing for the age group from 45 to 55. Labor Ministry bureaucrats saw an obvious solution in inducing companies to shift their personnel practices toward getting more out of older workers. This sort of technocratic concern for future trends led to a moderate degree of policy change. For example,

² Henry J. Pratt found such a subgovernment in the United States as well, centered on the Labor Department with a mission to “train able-bodied workers over age fifty for available jobs and to protect others already employed.” *The Gray Lobby* (Chicago: University of Chicago Press, 1976), p. 210. American policy in this area (except for civil rights) is much less developed, however, and we do not find old-age employment subgovernments in other countries. In Europe, the housing and health care areas, as well as income maintenance and social services, appear much more likely to develop relatively autonomous policy-making structures dedicated to the elderly. No cross-national studies speak directly to this point, but see Alfred J. Kahn and Sheila B. Kamerman, *Social Services in International Perspective* (U.S. Department of Health and Human Services, Social and Rehabilitation Service, Office of Planning, Research and Evaluation, 1977), pp. 3, 233–312.

³ The Japanese term is used because “retired” workers are often kept on in the same or a related organization, albeit usually at lower pay and status. A good brief account is James H. Schulz, “Retirement Practices and Policy in Japan,” in Schulz, Takada, and Hoshino, *Lifetime Employment*, pp. 1–11.

⁴ At a meeting with leaders of Nikkeiren, the Federation of Employer Association: *Yomiuri Shinbun*, August 21, 1960.

the Employment Measures Law of 1966 provided a quota of sorts and special treatment in job-retraining programs and relocation subsidies for middle-aged and older workers, mainly based on earlier similar legislation for other groups.

A union of the unemployed. A more potent motive for Ministry of Labor bureaucrats was their responsibility for a curious hangover from the Occupation Period called Unemployment Relief Projects.⁵ At its start as an American idea in 1949, this program was an attempt to cope with high unemployment by putting people to work temporarily on public works projects, managed by local governments but subsidized by the Labor Ministry. In general, Japanese labor officials are not predisposed toward thinking of government make-work projects as a good solution to the problem of unemployment.⁶ Worse still, the “day laborers” attached to the Unemployment Relief Projects were organized into a radical labor union, Zennichijirō, which soon came to monopolize the program and to assure de facto tenure as being officially unemployed for its members. Zennichijirō was affiliated with the Communist Party, and often caused considerable commotion in many urban areas and at the national level as well.⁷ The fact that this union was in effect directly subsidized by the government was annoying to Labor officials, and brought criticism of the Ministry from conservative politicians.

A major practical problem with the Unemployment Relief Projects was that they were dominated by early enrollees, who were getting older and less able to work, particularly at strenuous outdoor tasks. In 1963, purportedly as a solution to this problem, the Labor Ministry started a new program called Employment Projects for the Old-age Unemployed, which meant finding appropriate jobs for older day laborers in the private sector. This program, implemented in five prefectures and fifteen cities, appears on paper as a highly innovative idea for such an early stage of Japanese old-age policy. In fact, however, it was mainly an attack on the union, by transferring some of its members into a new jurisdiction.⁸ Anyway, it failed: in

⁵ The official translation of *Shitsugyō Taisaku Jigyō*, usually called *Shittai*.

⁶ As Ronald Dore aptly notes of *Shittai*, “its *habitués* enjoy a convivial day of chat and tea breaks punctuated by occasional road-mending or folding of paper flowers.” *Flexible Rigidities* (Stanford, Calif.: Stanford University Press, 1986), p. 120.

⁷ Its full name is Zen Nihon Jiyū Rōdō Kumiai, lit. “All Japan Free Labor Union.” It often cooperated and competed with another union called Zenkoku Minshu Rōdō Kumiai (National Democratic Labor Union), which was affiliated with the Sōhyō labor federation and the Socialist Party. Zennichijirō’s role in pushing for free medical care in Tokyo was recounted in chap. 4.

⁸ Koyama Shōsaku, *Kōreisha Jigyōdan* (Tokyo: Sekibunsha, 1980), pp. 30–31. Koyama, a Tokyo government official, notes that he found it very difficult to get information on this topic, even though he interviewed the Labor Ministry officials in charge at the time. Day

1966, these projects were folded back into the Unemployment Relief Projects (as a new category of light work in local government offices).

The next strategy was essentially a war of attrition: the Ministry decided to close the rolls to all new entrants, so that eventually the day laborers—and therefore Zennichijirō—would wither away. To portray this attack in a more positive light, the bureaucrats said they were responding to Zennichijirō's demand that something should be done about the problem of the aging unemployed (the union's preferred solution was a new system to allow retirement from unemployment, with a special pension). The Ministry claimed to be concerned not with those particular aging unemployed, but rather with the overall issue of unemployment among the elderly. The result was the Law Concerning Special Measures for Employment Promotion for Middle-Aged and Older Persons, enacted in October 1971. This reform was followed by a series of gradual cutbacks in the Unemployment Relief Projects, although the program was still hanging on in the mid-1980s.⁹ I will return to the saga of Zennichijirō later; the point to be underlined here is the Labor Ministry's ability to redefine a difficult, highly specific "political" problem into a more general "policy" problem for which it had some solutions already available.

The 1971 law. The new Employment Promotion law was really a collection of program ideas, contributed by several bureaus, that had been quickly thrown together. Its provisions included a much stronger quota regulation, expanded special treatment of older workers in job-retraining programs, a subsidy for firms extending their mandatory retirement ages, loans to businesses for increasing the number of older workers, an extra unemployment insurance benefit for the older unemployed, and of course new rules for Unemployment Relief Projects.

Typical of this policy-change process was the strengthening of the quota for older workers: the law specified that the Labor Ministry would set de-

laborers are one among several groups with almost "underground" status in Japan—others are *burakumin* (former outcastes) and would-be public assistance recipients. Such groups may have a complex relationship with government, highly conflictive in some respects but marked by "deals" between group leaders and bureaucrats, with both progressive and conservative politicians often mediating. For the *burakumin* case, see Frank Upham, *Law and Social Change in Japan* (Cambridge: Harvard University Press, 1988), chap. 3. The researcher comes to know he is approaching such an area when the names of laws and programs become euphemistic and interviewees try to change the subject.

⁹ By 1984 enrollment had dropped to about 65,000, with an average age of 66. In 1985 the Welfare Ministry announced it would finally draw the curtain by imposing mandatory retirement for the Projects, beginning at age 70 and dropping yearly to 65, by which time there would be virtually no one eligible. Zennichijirō complained that in this era of concern about jobs for the elderly, abolition of the Unemployment Relief Projects was a giant step backward. *Yomiuri Shinbun*, November 21, 1985.

sirable percentages by workplace for workers aged 55 or older in designated job categories (for example, custodians in workers' dormitories was one of the sixty categories designated). The quotas would be enforced by "administrative guidance," with no penalties for noncompliance. This idea was directly borrowed from an earlier program, a quota for employing much smaller numbers of the blind and other physically handicapped people in certain job categories thought appropriate for them. The view taken of this innovation and others within the Employment Security Bureau, according to an official active at the time, was "let's try it [*yarō*]¹⁰—if it turns out badly we can change it later." There was little thought about whether this approach made sense for workers whose only "handicap" was having reached age 55. There was also no consultation with old-age policy experts, and little coordination with other programs even within the Labor Ministry itself. For example, according to another insider, officials of the Women's and Minors' Bureau would have objected, on grounds that women compete for many of these jobs, if they had been more aware of the legislation.

Most of the other provisions of the Special Measures law were similarly drawn from existing bureau repertoires of solutions, inserted without much thought or consultation; in no sense should it be seen as a comprehensive policy toward old-age employment. Note that the old-people boom was already under way in this period: though it was not the direct stimulus for this law, no doubt the new energy being generated accounts for the readiness of the bureaus to become active so quickly. It also helped the bill get enacted with little fuss and virtually no opposition, even though several new programs were included. A Labor official recalled that the Ministry of Finance had been "quite cooperative because it saw that the old-people problem was important."¹⁰ In all respects, except for the specific measures for Unemployment Relief Projects, this was an early but rather typical example of outside-mission policy change during the old-people boom.

Policy Nurturing

The process that followed was less typical. We noted earlier that most of the outside-mission agencies had paid little attention to their new programs for the elderly once they were enacted, but the Labor Ministry intensified its interest. For example, in drawing up the second Basic Employment Measures Plan, which covered the 1972–76 period and was approved by the Cabinet in January 1973, the official Employment Deliberation Council listed older workers as number one among the problems

¹⁰ However, some of the law's components did not receive a budget appropriation until one or two years later (and so are not listed for 1971 in the appendix).

remaining from the previous plan period, and discussed them extensively throughout the report.¹¹ The new plan led to amendments of the Employment Measures Law later in 1973 that initiated more programs for older workers, including an active campaign to raise company mandatory retirement ages (*teinen*) to 60.

The stress on extending the retirement age, an idea that had been discussed among specialists at least since the mid-1960s, signified more than just starting another individual program. It was the beginning of a relatively comprehensive policy, based on a real analysis of the problem of older-age employment and sensible consideration of what solutions might actually work. According to a Labor Ministry official deeply involved in this process, until then older workers had been seen either as part of the problem of the shortage of younger workers, or else simply as a deserving social group similar to the handicapped. From 1972–73 a more nuanced view took hold among at least a few Labor Ministry bureaucrats.

The unemployment problem. This new problem-consciousness was solidified by the oil shock in late 1973 and the ensuing economic recession—Japan's first postwar experience of negative economic growth. Companies responded to slack demand and sharp losses by attempting to cut labor costs, partly through "voluntary" retirements of their middle-aged and older workers. Although the overall unemployment rate for men rose from 1.3 percent to 2.0 percent from 1973 to 1975, that for male workers aged 55 to 64 rose from 1.9 percent to 3.1 percent; more dramatically, the ratio of job openings to job-seekers in Public Employment Offices—a standard Japanese measure of labor market conditions—dropped for the relevant age groups as indicated in the accompanying table.¹²

	<i>All</i>	<i>45–49</i>	<i>50–54</i>	<i>55–59</i>	<i>60–64</i>
1972	1.84	1.71	1.33	0.40	0.25
1973	2.77	2.85	2.32	0.84	0.55
1974	1.44	1.34	1.07	0.41	0.21
1975	0.69	0.56	0.41	0.15	0.07

¹¹ By my count, the older-worker problem was directly mentioned on 22 of the 42 pages of the report, and several other pages referred to aging indirectly (e.g., the need for more medical and social welfare workers given the aging of society). I used a Ministry of Labor print of the Koyō Taisaku Kihon Keikaku, January 1973. In this Council's previous report on employment policy, in December 1970, older workers shared just a single paragraph with women and the handicapped. Reprinted in Prime Minister's Office, Employment Council Staff, ed., *Koyō Shingikai Tōshinshū* (Tokyo: August, 1977).

¹² These statistics were gathered and published by, respectively, the Prime Minister's Office Statistics Bureau, *Rōdōryoku Chōsa*, and Ministry of Labor, Employment Security Bureau, *Shokugyō Antei Gyōmu Tōkei*. See Naikaku Sōri Daijin Kanbō Rōjin Taisaku Shitsu, ed., *Kōreiisha Mondai no Genkyō* (Tokyo: Okurashō Insatsu Kyoku, 1979), pp. 82, 86.

Ministry officials thus had to cope with an overall unemployment problem that appeared severe by Japanese standards, and they perceived a still more intense demand for jobs among middle-aged and older workers.¹³

The overall problem led to Japan's pathbreaking Employment Insurance Law, passed in late 1974 as a major reorganization of the previous Unemployment Insurance Law. This bill and related legislation were largely aimed at "structural" unemployment in specific depressed industries and regions, including subsidies to employers. A secondary concern was to redress what the Labor Ministry saw as a bias in the existing legislation favoring young workers, who should be naturally more mobile, and marginal labor-force participants like part-timers and seasonal workers.¹⁴ Middle-aged and older workers were seen as needing more aid in changing jobs as the employment structure shifted. In particular, their eligibility for unemployment compensation was lengthened: workers under 30 could receive benefits for only 90 days; those aged 30–44, 180 days; 45–54, 240 days; and 55 and over, 300 days.¹⁵ Retraining programs were also improved. In addition to these conscious efforts, routine processes were producing inertial policy change, in that increased unemployment in this age group brought more demand and higher costs for the Ministry's existing programs in this area.

Developing new ideas. Such events helped bring the older-worker employment problem to a prominent spot on the agenda of the Ministry of Labor as a whole, not just the Employment Security Bureau. This point was exemplified by the Ministry's *White Paper* for 1975. It was written by the Labor Economic Affairs Division of the Labor Policy Bureau, where a career official named Tanaka Hirohide had become director in 1974 after three years as assistant director.¹⁶ Tanaka's report argued that it was time

¹³ The post-oil-shock jump in unemployment among older workers persisted: in the second half of the 1970s men 55 and over, excluding the self-employed, had an unemployment rate around 6 percent; the gap with the total male unemployment rate had widened from about 1 to 3.4 percentage points. Takafumi Tanaka, "Providing Employment Security," in a useful little book of five essays, *Japan's Rapidly Aging Population* (Tokyo: Foreign Press Center, 1982).

¹⁴ In fact, reducing benefits for day laborers was one component of the new bill, and the resulting battle with Zennichijirō brought an exceptionally complicated process and many compromises with the opposition parties in and out of the Diet. See the brief case study by Mike Mochizuki in "Managing and Influencing the Japanese Legislative Process: The Role of Parties and the National Diet" (unpublished Ph.D. dissertation, Harvard University, 1982), pp. 344–54.

¹⁵ These periods apply to workers with at least one year's employment. See the Ministry of Labor's English annual *Labor Administration in Japan*, 1980, p. 37. When the Employment Insurance Special Account later developed financial problems, these improved benefits were not always offered.

¹⁶ An unusually active official, Tanaka had published six books by 1979, on such topics as

to look ahead after dealing with the immediate post-oil-shock situation. The aging problem (*kōreika mondai*) had to be seen as a problem for the individual, for the firm, and for Japanese society. The individuals were people who wanted jobs and could handle them. For companies, a reevaluation of age-based wages and the rest of the Japanese-style personnel system would be needed. If companies tried to evade this issue, enormous burdens would be transferred to society. In any case, the social dislocations brought about by population aging would require a comprehensive response by the Japanese government, with particular attention to retirement-age and older-age employment policy as well as to pension burdens.

This new consciousness led the Ministry to embark on a program of policy-relevant gerontological research that went well beyond any such attempts in the Ministry of Health and Welfare or elsewhere. For example, in 1976, the National Institute of Vocational Research began research on job redesign and other topics concerned with older workers, mostly carried out by psychologists.¹⁷ In labor economics, the mainstream research tradition in the Ministry, there were major projects on pensionable age, the impact of pensions on work-force participation, work and economic experiences of retirees, and company personnel policies to cope with extended mandatory retirement. The studies were carried out by outside experts (three professors and a company human resources manager), but the results were written up by Tanaka (who had now become director of the Policy Division in the Ministry Secretariat) and pressed on the Ministry leadership in the form of a semiofficial discussion group report.¹⁸ Other research in and around the Ministry in the late 1970s included a study of whether more attention to professional qualifications (certificates and so forth) could make reemployment of older managers easier, and how the occupation information system could be improved to aid workers in preparing for second careers. The problems of older workers also helped lead

incomes policy, life-worth for salary-men, the "age of unemployment," and employment patterns in the United States, as well as two related to aging and employment. Tanaka was described by a friend as "smart and opinionated," which, as is not uncommon in the Japanese bureaucracy, brought him some influence over policy but put a crimp in his later career. I interviewed him on July 16 and 21, 1980.

¹⁷ Much of this research amounted to surveys of the literature from the United States and Europe on these topics, although some experimentation was carried out as well. According to an Institute researcher, this effort began when the director, a former professor named Kaneko Hiroshi, picked up on current discussions about old-age employment within the Employment Security Bureau, and told his staff that this topic had become an important priority. The specific projects were suggested by individual researchers.

¹⁸ These four Medium Term Labor Policy Discussion Group research reports and Tanaka's (unsigned) summary were later published in a book edited by its chairman, Professor Mikio Sumiya, *Nihonteki Koyō Seisaku no Tenbō: Kōreika Shakai e no Taiōsaku o Saguru* (Tokyo: Nihon Keizai Shinbunsha, 1978). Also see Tanaka's own book *Kōreika Shakai no Shōgeki: Koyō, Jinji, Chingin wa Dō Kawaru* (Tokyo: Dayamondosha, 1977), pp. 174–82.

to new studies of the service sector of the economy and of how labor standards should be applied to part-timers.¹⁹

This research was somewhat academic, but there was also some hard thought about what current programs were accomplishing. The quota program is a good example: it had become clear that requiring various proportions of specified job categories in each workplace to be filled by older workers was too complicated and therefore ineffective. In 1976, the quota was revised so that a standard 6 percent of all workers at each company should be aged 55 or older. Although there were still no penalties for non-performance (beyond a threat of noncooperation by Public Employment Offices in filling requests for younger workers), the new formula did give the Ministry of Labor a good handle for its efforts to persuade firms to retain or hire more older workers. Although during the 1970s there were no objective evaluations by outside agencies of the effectiveness of the quota and other old-age employment programs, the Ministry's own reports indicated substantial participation and steady improvement.

This period also saw several new initiatives: by 1979, the Labor Ministry was offering twenty-six separate programs in the aging field (thirty-three by 1985).²⁰ True, some were no more than ad hoc creations of previously uninterested bureaus hopping on a now attractive bandwagon. For example, the 1976 idea of special gymnasium facilities for older workers, or the "Silver Health Plan" for on-the-job preventive medicine in 1979, had this flavor of outside-mission initiation. But for the most part, they were the product of the autonomous policy-making structure that had now emerged within the Ministry. Rather than simply reacting to outside requests or taking advantage of a transitory public opinion boom, the organization could seek out real problems within its jurisdiction, initiate differentiated solutions to meet them, and on occasion even evaluate and reform its own programs when they were defective. The Labor Ministry had thus put itself in a good position to respond to the ebbs and flows of the political climate.

In particular, while other old-age programs were fighting off "reevaluation of welfare" attacks, employment policy was seen as a hope for the future. Tanaka Hirohide as an "analyst" and other Labor Ministry officials with policy responsibilities (such as Seki Hideo, who came to direct the Employment Security Bureau) had been relatively early in stressing important themes of the aging-society problem that became the keynote of the next era in Japanese policy toward the elderly. In 1979, the Fourth Basic

¹⁹ Dore, *Rigidities*, p. 125: interview with Shimada Haruo, July 8, 1980.

²⁰ See the Appendix. Seki Hideo provides a good brief review of Ministry of Labor thinking and programs at this juncture: "Employment Problems and Policies in an Ageing Society: The Japanese Experience," *International Labor Review* 119:3 (May-June 1980): 351-65. Also see Dore, *Rigidities*, pp. 121-22, 127, and Takada, "Employment."

Employment Measures Plan picked up aging as its overall slogan: "Along with achieving full employment under conditions of stable growth, make certain that we are prepared for the coming full-scale aging society."²¹

Teinen

The Labor Ministry's specialized problem about unemployment over age 55 and society's general problem of too many dependent elderly would both be best solved by workers not retiring so young. Throughout the 1970s, the Ministry tried to convince companies to raise the *teinen* to 60 through national and regional conferences, publication of success-story case studies, administrative guidance to specific industries and large firms, and a variety of financial subsidies—for example, up to ¥ 360,000 per year (\$2,000) for each worker affected (this program cost about \$38 million in 1979).²²

The bureaucrats were not alone in this effort. Labor unions were also making strong demands during collective bargaining at the company or industry level to extend the *teinen* in labor contracts, and they also pressured the government for a legal prohibition of mandatory retirement below age 60. Many experts supported this demand, particularly after it had been legitimated in 1978 by action in the United States (amendments to the Age Discrimination in Employment Act prohibited mandatory retirement before age 70). The roadblock was business. Employers had generally supported a higher *teinen* at the rhetorical level—Nikkeiren, the main employers' association, frequently made positive pronouncements—and in fact the proportion of firms with retirement at 60 was rising. Businessmen were not, however, ready to go along with a compulsory regulation. Their plea was for flexibility, because the necessary reforms in personnel practices (particularly the age-graded wage system) would take time.

Business and labor clashed in the Employment Deliberation Council during discussions of the Fourth Plan in 1979, resulting in a hung jury and no recommendation. The Council did commit the government to generalizing (*ippanka*) the age-60 policy by 1985, however, and in the following year still more new programs were initiated, such as providing government consultants to work with companies in revising their wage systems, and adding a new loan fund for constructing facilities for older workers.

In the meantime, this issue had attracted interest in the general political arena. Prime Minister Ōhira's Policy Speech in early 1979 highlighted the importance of extending *teinen*, along with other programs to promote

²¹ Rōdōshō, *Koyō Taisaku Kihon Keikaku: Dai 4-ji* (Tokyo: August, 1979).

²² Dollar figures at the ¥ 180 = \$1 rate.

old-age employment, as a top domestic policy priority.²³ Conservative leaders had long thought that maintaining the high proportion of Japanese elderly in the work force would be a good way to hold down government spending in the years ahead. This somewhat abstract concern became very practical in mid-1979, when the Welfare Ministry suddenly proposed to raise the age of eligibility for the Employee Pension from 60 to 65. As we will see in Chapter Ten, much of the resistance that killed this proposal came from labor unions and others already primed by the struggles over *teinen*, arguing that the pensionable age should not be hiked while so many were being retired at so young an age.²⁴ The Labor Ministry itself unsuccessfully opposed the pensionable age hike in negotiations with the Welfare Ministry.

All this public attention had changed the balance of political energy by the time the labor planning cycle had revolved again, bringing the question of legal enforcement of the age-60 *teinen* back to the agenda in 1984. Labor Ministry surveys now showed that compliance among Japanese firms had risen to about 60 percent, and when leading scholars on the Employment Council announced they now thought it was time to pass a law, resistance from the management side was nominal. The Labor Ministry drew up legislation requiring companies to eliminate provisions for mandatory retirement before 60, or to make concrete plans to do so, with some administrative sanctions (including eventual public identification) for firms violating the rule "without good reason." It was approved easily by both the Employment Council (October 1985) and the Diet (April 1986).²⁵

Forbidding mandatory retirement before age 60 was a new government regulation on business, one that diminished the flexibility of firms in dealing with their labor costs and so was quite onerous for some companies (several steel makers and other firms postponed implementation in the economic troubles following yen revaluation in 1985). It also encouraged bureaucratic meddling in the management of firms not in compliance. This

²³ According to a Labor Ministry official, this theme had routinely been put forward by the Ministry in the annual process of submitting suggestions for the policy speech, but the prime minister or his staff picked it without the Ministry making any special lobbying effort. The issue fit in well with Ōhira's interest in a Japanese-style welfare society.

²⁴ Incidentally, the activation of this issue area led to a slightly perverse result. The other big controversy about pensions had to do with the generally favorable treatment given civil servants compared to the general public, called the public-private differential (*kanmin kakusa*). One aspect was that there was no mandatory retirement for local and national public employees. Tough negotiations among ministries and with the unions eventually led to legislation to impose a retirement ceiling for government workers.

²⁵ It was an amendment to the 1971 "Law Concerning Special Measures for Employment Promotion for Middle-Aged and Older Persons," and changed its title to the "Law Concerning Stabilization of Older Persons' Employment." *Yomiuri Shinbun*, February 1 and April 20, 1986.

expansion of regulations and bureaucratic power reached the agenda and was enacted during the late stages of the government's administrative reform campaign, which had taken over-regulation and bureaucratic control among its chief targets. The Labor Ministry had in effect used the energy generated by administrative reform—particularly by its emphasis on the burdens of the aging society, which could be alleviated by having more old people work—to achieve a substantial expansion of its own jurisdiction.

WORKING OVER AGE 60

While the Ministry of Labor was wrapping up the *teinen* issue, it was also turning its attention to the next priority, employment from age 60 to 65. Workers became eligible for the Employee Pension at 60, but raising the pensionable age to 65 was seen as critical for financial reasons; the failure of the first attempt to do so in 1980 made it obvious that something would have to be done about employment before trying again. Moreover, projections that the population in the 60–64 age bracket would double over fifteen years indicated that the task of providing enough jobs would be substantial. In terms of rational problem-solving, there was a strong case for new policy. As a practical matter, however, this new problem has been quite difficult to handle.

More of the Same

The Labor Ministry faced the prospect of having many solutions with no problem: it was now committed to the aging-society problem, in terms of policy, programs, and organization. Ministry reports and plans had called it the number-one priority; many programs were operating, most aimed at stimulating continued or new employment for workers up to age 60; and a new Policy Toward the Aged Department (*Kōreisha Taisakubu*) had been created within the Employment Security Bureau (replacing the old Unemployment Relief Projects office). Most of the old programs could not simply be continued as is, because that would amount to offering companies special incentives for actions they were legally obligated to carry out. Although the earlier problem of employment up to age 60 had not been solved, in the sense of universal adoption of the new *teinen* or of closing the gap in unemployment rates with younger workers, the trend was positive and nearly all that the government would do in this respect had already been done.

In keeping with its need for a substantial commitment, Ministry pronouncements in the mid-1980s called for large-scale and systematic policy change to meet the problem of over-60 workers (called old-age employment, *kōnenreisha koyō*). Early news stories about the Old-Age Employ-

ment Stabilization Law spoke of “fundamental reevaluation of old-age employment” and “the first comprehensive policy on ‘old-age employment.’”²⁶ Officials were said to be contemplating a “vision” that would deal with the needs of workers in the 60–65 age group in their broadest economic and social context. When the law emerged, however, there was little in the way of vision. Other than the *teinen* provision noted earlier, it was mainly a collection of piecemeal adjustments and extensions of existing Ministry programs, just raising their applicability from under to over age 60.

Ironically, the fact that the Labor Ministry already had so many activities in the old-age employment area actually made comprehensive policy less likely. Some programs like job counseling needed no changes at all to be applied to the older age group, and in other cases old solutions could be easily adapted. The 6 percent quota for workers over 55 was simply amended to apply to workers over 60, and several of the subsidies and other stimuli for companies to undertake continued or new employment of older workers were similarly adjusted by raising the applicable age. There were a few programs that were new at least in name, but with an exception to be described shortly, little that could be called innovative. Why not? Several reasons: officials had found enough to do in tinkering with existing programs, it was hard to think of a big new idea, and—as gradually became apparent—the over-60 problem was different and harder, at least in the Japanese context.

The possible big idea would of course be a further hike in the *teinen*, to compel companies to keep their employees until age 65. This possibility had been mentioned within the policy community since the late 1970s, and was intensely discussed in various advisory committees in the mid-1980s. However, reality intruded: it was clear that many Japanese saw 60 as the age when vitality or job performance really did fall off, and even the unions’ attitude was tepid—they endorsed the principle, but were getting more concerned about long-range unemployment problems.²⁷ Employers were opposed, and their position was strengthened when the Welfare Ministry’s promise to raise the Employee Pension pensionable age to 65 was dropped in late 1989 due to the upcoming election. A Nikkeiren official said “If the age-65 pension can be postponed, there is no need to hurry with this re-

²⁶ Headlines in the *Yomiuri Shinbun*, September 24, 1984, and January 6, 1985.

²⁷ Even in the 1970s, there had been some opposition within many unions to extending the *teinen* to age 60, mainly because the retirement bonus would come later. However, young workers did not feel threatened because “permanent employment” was seen as inviolable. The 1980s were a more worrisome era for workers, and demands for reducing working hours to maintain employment levels became more attractive. This account is based on interviews with two labor experts in 1986, and *Yomiuri Shinbun*, September 24, 1984.

vision of the Old-Age Employment Stabilization Law.”²⁸ In the end, the Labor Ministry identified the age-65 *teinen* only as a long-range goal that firms should work toward. It also deemphasized the extension of the regular job in favor of transfers, reclassifications, phased retirement, and other alternative employment. And rather than legal compulsion, it would rely on its repertoire of persuasion and financial incentives to change behavior.

So far, this repertoire has not worked very well: a policy evaluation carried out by the Administrative Inspection Bureau on “The Present State and Problems in Old-Age Employment Policy” reported for example that two job-creation subsidy programs established in 1984, budgeted at about ¥3 billion (\$16 million), were applied to exactly twenty-nine workers in 1986. In general, policy had made hardly a dent in the over-60 employment problem.²⁹ When I asked Labor Ministry officials about this report in 1990, they indicated that although they saw the criticism as somewhat unbalanced, they did take it seriously and were working on improvements; however, they did not suggest any fundamental reforms in ministry programs. The March 1990 report of the Employment Council, the central advisory committee in this area, gives a similar impression that the Ministry was at something of a loss.³⁰ It started with an analysis of the problem that could easily have been written five years earlier, followed by a list of tried-and-untrue remedies that were already being offered.

One factor in both the poor record of existing programs and the officials’ difficulties in creating better ones was the diversity of older workers; unlike workers in their fifties, of whom it could be safely assumed that nearly all wanted to stay on the job at least until 60, over that age apparently some wanted simply to continue, some to switch to lighter work, some to work part-time or avocationally, and some to retire altogether. A few Japanese studies were showing that despite the much-advertised desire to work among the Japanese elderly, improved pension benefits were leading to earlier withdrawal from the regular work force, as had long been true in the West.³¹ It is not easy for public policy to accommodate such

²⁸ *Nihon Keizai Shinbun*, December 26, 1989.

²⁹ *Asahi Shinbun*, December 21, 1987, and Sōmuchō Gyōsei Kansatsu Kyoku, *Kōreisha Kōyō Taisaku no Genjō to Kadai* (Tokyo: Okurashō Insatsukyoku, 1987). This was in the series of evaluations mentioned in chap. 7.

³⁰ Reprinted in *Erudaa* 12:4 (April 1990): 48–49; and a summary in English, *Japan Labor Bulletin* (April 1, 1990): 4. The Council recommended a subsidy as high as ¥10 million for firms employing workers aged 60 and over.

³¹ Seike Atsushi is a leading researcher in this area: see, e.g., “Shotoku Hoshō to Rōdō Kyōkyū,” in Fukutake Sunao and Koyama Michio, eds., *Kōreika Shakai e no Shakaitteki Taiō* (Tokyo: University of Tokyo Press, 1985); and (with Haruo Shimada) “Work and Retirement Issues in Japan,” paper prepared for the Conference on National and International Implications of Population Aging, Oiso, Japan, February 1986. Also see a research report from

diversity, and this particular set of needs was quite difficult for the Labor Ministry.

That is, over the years, the Ministry's mission had centered on such matters as labor market supply and demand at the macro level, human resource management and labor relations in large-scale manufacturing, and problems associated with both ordinary and "structural" unemployment. As we have seen, during the 1970s its mission was broadened by incorporating new concerns about older workers. That was easily accomplished to the extent that these concerns could be addressed by extending or slightly modifying the policy solutions already in the organizational repertory, as was generally the case in dealing with the problems of employment up to age 60. With somewhat greater difficulty, those solutions could again be redirected to some of the problems of employment for the over-60 age group, notably those that involved keeping or finding regular jobs. But the existing repertory was less well suited to dealing with other employment problems for this older age group, especially those about "nonregular" jobs. Rather than develop its own solutions here, the Labor Ministry looked outside.

Silver Talent Centers

The most innovative and heavily publicized solution in the Labor Ministry's purportedly comprehensive policy for the over-60 age group was something like a part-time employment agency and something like a club. I have not encountered a similar program in any other country. A Silver Talent Center (*Shirubaa Jinzai Sentaa*) is a municipal-level association of people aged 60 and over, private but subsidized, and governed by a board of community leaders.³² It seeks out jobs that are both part-time and temporary—not in competition with "regular" workers or businesses—and allocates them among its members. Rather than an employer paying wages to an employee, the job-orderer (*hatchūsha*) pays the center, which distributes (*haibun*) a dividend (albeit still on an hourly basis) to the member. That avoids a formal employer–employee relationship, with its accompanying regulations, and welfare and service aspects of the program are stressed. Centers are also supposed to collect and distribute information about jobs, train members in new skills, and generally contribute to their communities.

the Tokyo Metropolitan Institute of Labor, *Chūkōnenreisha no Shūgyō ni oyobosu Kōteki Nenkin no Eikyō ni kansuru Chōsa*, Chūkōnen Rōdō Kenkyū No. 8 (March 1986).

³² An excellent description of this program, with a survey of managers and members, is Shinya Hoshino, "The Origins and Operation of Silver Manpower Centers," in Schulz, Takada, and Hoshino, *Lifetime Employment*, pp. 41–88. Also see Schulz, Borowski, and Crown, *Economica*, pp. 322–28.

In 1988, 370 Centers were operating with Labor Ministry subsidies; they distributed an estimated ¥56 billion (\$312 million) in quasi-wages for almost 15 million days of work to 130,000 active members among 180,000 formal enrollees.³³ The program's status was codified in the 1986 Old-Age Employment Stabilization Law, and the number of centers was to be doubled in the near future. Although the Ministry also ran some much smaller programs in this general area, such as a service to draw on the experience of retired managers as consultants to small firms, the Silver Talent Center program was its most important solution to the difficult problem of employment for the elderly. This solution was not developed within the Labor Ministry, but copied in toto from a local government. The story is a particularly interesting and well documented case of small-program initiation; it takes us back to the beginning of this chapter, the Unemployment Relief Projects.

Zennichijirō fights back. It will be recalled that the 1971 Law Concerning Special Measures for Employment Promotion for Middle-Aged and Older Persons, which had haphazardly started so many of the Labor Ministry's programs in this area, was originally an attack on the Unemployment Relief Projects. It had closed the rolls to new entrants for these projects, and Zennichijirō, the union of unemployed, reacted by turning to local governments to make up its losses. Knowing that politicians and the public would react negatively to demands phrased only as self-interest, the union took the advice of a friendly academic and called for "jobs for middle-aged and older workers"; as with the bureaucratic agencies described in Chapter Six, the old-people boom here provided a convenient problem for an old solution. This movement had some success: from 1971 to 1973, at least twenty-seven cities established new projects. These were nominally aimed at expanding old-age employment, but in reality they simply continued the old Relief Projects without the national subsidy. That meant de facto contracts with Zennichijirō, and employment—cleaning parks, low-level maintenance at city hall—only for its members.³⁴

Several of these cities were in the Tokyo metropolitan jurisdiction, and the union and its allies soon put considerable pressure on mayors and as-

³³ The average active member thus worked during 113 days (usually not a full day) and earned ¥3841 (\$21.34) a day in 1988. *Zusetsu Rōjin Hakusho*, 1990, p. 67, and Hoshino, "Centers," p. 73. In 1989 there were 425 centers; the direct national subsidy was ¥5.5 billion. Centers also collect dues of ¥600–¥2,000 annually and a 5 percent to 10 percent overhead on contracts.

³⁴ The first and best-known was the Elderly Labor Corporation (Kōreisha Rōdō Jigyōdan) in Nishinomiya City, Hyōgo Prefecture. In 1979, Zennichijirō formed a national federation of these organizations, with eighty-seven members. See Satō Susumu, ed., *Kōreika to Jichitai Fukushi Shisaku* (Tokyo: Dōbunkan, 1982), pp. 126–27.

semblies in the remaining Tokyo cities and wards to start programs, and also on the Metropolitan Assembly and Governor Minobe for prefectural-level funds to aid these municipal-level programs. The Tokyo branch of the Sōhyō union federation; the Communist, Socialist, and Clean Government Parties; and some elements of the social welfare movement mentioned earlier in connection with the campaign for free medical care in Tokyo all backed the demand, and a favorable resolution was passed by the Assembly. As a result, the Unemployment Countermeasures Department of the Metropolitan Government's Labor Bureau was directed to work up a plan in late 1973. It started negotiations with Zennichijirō, and created a new post to handle the matter, a post filled by a section-chief-level official named Koyama Shūsaku.³⁵

Tokyo's counterproposal. The plan was to get a budget request in quickly so that the Metropolitan Government could start subsidizing city- and ward-level projects in 1974. An interbureau committee had been established to talk over the details, which everyone assumed would turn out along the lines requested by Zennichijirō. But bureaucrats at the national-level Labor Ministry, as well as LDP politicians in the Tokyo Metropolitan Assembly, criticized the idea of further subsidies for Zennichijirō. Koyama too began to worry about the future problems that might result from getting involved with these troublesome workers and their militant union, and finally decided to resist.

According to his own account (written in the third person), Koyama felt he was starting a "lonely battle," which he "began by resolving that he could not just harbor doubts; he had to come up with a new fundamental conception of employment for the elderly, and with it find a way to reverse the current judgment inside and outside the Metropolitan Government."³⁶ In our terms, he would need both a new solution and a good source of political energy if he were to defeat the Zennichijirō proposal and the powerful forces behind it.

For the former, Koyama read up on old-age and employment policy, visited some existing small local programs around Tokyo, and talked to several social welfare and labor experts, including Ōkōchi Kazuo and Miura Fumio.³⁷ The strategy they devised was quite similar to that of the

³⁵ Koyama was accustomed to conflictive situations, having just represented the Metropolitan Government in Tokyo's fierce interward "garbage wars." His 360-page book on the early days of this program, *Kōreisha Jigyōdan*, provided most of the details of this account, but much of the story was told to me in 1977 and 1980 by an expert involved in this process throughout the 1970s.

³⁶ *Ibid.*, pp. 37–38.

³⁷ A set of Professor Ōkōchi's lectures on this subject are collected as *Kōreika Shakai ni Ikiru*, ed. and pub. by Zenkoku Shirubaa Jinzai Sentai Kyōkai (Tokyo, 1989).

national Labor Ministry when it had faced the same difficulties in 1971: to get a new solution, expand the problem. "I thought we should see the need [*niizu*] for old-age employment as need from the broad viewpoint of all the elderly citizens of Tokyo, and establish the basic conception to fit that entire need, thereby liberating the idea from the framework of 'measures for the unemployed.'"³⁸ That is, the solution was tailored to get away from the union's idea that, for example, cleaning Ueno Park would be designated as a task for a specific group of older people, to be paid so much for so many days of work on a permanent basis. Instead, older people themselves would form an association at the city or ward level, which would find jobs (some at public institutions, some private) and distribute them among their members. The title chosen was enigmatic, a Corporation for the Aged (*Kōreisha Jigyōdan*).

For mobilizing impetus, it was clear that the politics of the situation would require careful handling: the Metropolitan Government had now been negotiating with Zennichijirō for three years, and expectations were firm on both sides of the table. The toughest battle was simply for permission to reopen the issue. Most officials in the Labor Bureau itself saw Koyama as making unnecessary waves, but after long and passionate argument, including threats to resign, he succeeded in winning them over. Koyama then passed this word on to the union in three stormy meetings, held in a large soundproofed room in the Tokyo government building set aside for such group negotiations (*dantai kōshō*). Of course, Zennichijirō refused to go along, and the battle was pushed up from this specialized level into the Tokyo general arena.

When it came to approval by the Tokyo Metropolitan Government, Koyama had two strategic advantages. First, all that had been formally decided at high levels so far was that some activity in this area would be undertaken but the contents were unspecified. In fact, initial budget approval was obtained from the Assembly in February 1974, for ¥100 million (\$550,000) in exploratory expenses on the same vague terms. Koyama thus had some space to operate. Second, the Minobe administration had long espoused the principle of broad public participation in policy making. On grounds that the new idea was to serve all the elderly, Koyama approached the Tokyo Old People's Club Federation and got its support, and then assembled a new Preparations Council, representing scholars, business, labor, welfare, old people, municipalities and women—Zennichijirō and its immediate allies received only three of the twenty-six membership slots. This device removed planning from the confrontational group negotiation mode to a broader arena, where most participants would be quite sympathetic to the idea of serving the elderly in general rather than a spe-

³⁸ Koyama, *Kōreisha Jigyōdan*, p. 38.

cial group of older people.³⁹ Governor Minobe himself welcomed this politically attractive Preparations Council at its first meeting on June 28, 1974.

From this point the path to enactment was relatively smooth, although the association of ward mayors—several of whom were under intense pressure from Zennichijirō local branches—withheld their approval for a time. After something of a contest among cities and wards, the first Corporation for the Aged was established in Edogawa Ward in early 1975, and a metropolitan-level Foundation for Promoting Corporations for the Aged was set up later that year to administer the subsidy. Each local corporation was directed by a community board of municipal officials, Old People's Club leaders, and the like. Incidentally, the emphasis on an organization of old people themselves, with close ties to the community, is somewhat unusual in Japanese bureaucratic endeavors; one motive was surely to inhibit the possibility of a Zennichijirō takeover, but in a curious dialectical sense this characteristic also reflects the progressive origins of the program.⁴⁰

This program was quite popular in Tokyo. Another local corporation was started later in 1975, six in 1976, eleven in 1977, and so on; by 1981 all twenty-six cities and twenty-one of the twenty-three wards had corporations of their own, each partly subsidized by the Metropolitan Government. In 1979, there were 30,000 enrollees, filling 57,000 jobs (30 percent public, 70 percent private), for a total of almost a million person-days. The average pay was about ¥3,000 (\$17) for a short workday.⁴¹ The largest corporation, in Setagaya Ward, had almost 2,000 enrollees, of whom 725 were employed in 1980, earning an average of ¥300,000 (\$1,700) for the year.⁴²

Diffusion upward. In 1980, the Tokyo model of Corporations for the Aged was picked up by the Ministry of Labor as a national program. It

³⁹ Political scientists have long assumed that narrow participation is associated with consensual decision making by experts, and broadening participation is more likely to bring political conflict—a fundamental element in policy-making strategy. This pattern is the opposite: participation was deliberately broadened to dilute the politics of the decision and give an advantage to the experts. Cf. E. E. Schattschneider, *The Semi-Sovereign People* (New York: Holt, Rinehart and Winston, 1960).

⁴⁰ A Sōhyō researcher told me in 1977 that Unemployment Relief Projects people were a large proportion of the membership of some of the Tokyo corporations, and that Zennichijirō had a role in their management as well, but I was unable to get more information on this point—again, it is something of a taboo topic.

⁴¹ Koyama, *Kōreisha Jigyōdan*, pp. 212, 293, 297.

⁴² Yagai Akinobu, "Tōnai no Kōreisha Jigyōdan," in Sakata Toshio, ed., *Kōreika Shakai to Jichitai, Chiiiki* (Tokyo: Gyōsei, 1982), p. 134. In 1986 the average annual dividend in one Tokyo center was up to ¥800,000 (\$4,500), though some individuals earned much more. Hoshino, "Centers," pp. 56, 85.

renamed the projects Silver Talent Centers, and initially planned that one would be established in each city of 100,000 or more population. Tokyo's corporations and other existing programs were incorporated into the plan and provided with a national subsidy.⁴³ Unlike the free medical care case previously described, pressure from localities (or anyone else) was not a factor in this upward diffusion; rather, the Labor Ministry, turning its main attention to the problem of the over-60 age group, was actively looking for likely solutions. The Tokyo model had been successful, in terms of growing rapidly and getting a good press, and so was picked up almost whole.

As noted earlier, Labor Ministry officials expanded the Silver Talent Centers program rapidly and seemingly view it as important. They have been slow, however, to recognize the centers' limitations and difficulties. Typically only 1 or 2 percent of the over-60 population in a given area have enrolled, some two-thirds 65 and older; most immediate retirees apparently did not see the centers as relevant to their problems. One reason was that many potential members were retiring from white-collar administrative careers, whereas the jobs offered by the centers were mostly quite menial (weeding, cleaning buildings, house-sitting, guarding bicycle parking lots).⁴⁴ That and the old association with unemployment relief gave the program a poor public image which itself hindered enrollment.

There were also management problems. The centers largely operated on local initiative and there was great variety among them. In some, many enrollees were rarely given work, and tendencies for those already working to monopolize jobs as they came in and resist recruitment of new members appeared. Not infrequently, conflicts of expectations erupted between "employers" and "employees." Those in charge tended to diagnose such problems as stemming from misunderstanding: "In order to avoid 'trouble' over jobs and have the Centers expand smoothly, both the job providers and the older people will have to deepen their understanding of the ideals of the program."⁴⁵ More idealism would help, no doubt, but one suspects

⁴³ Although the Tokyo pattern had diffused to other local governments, it is hard to know how many adopted it because the titles do not reveal which are actually the Zennichijirō type. In 1981, a new national association of the Tokyo-type Corporations for the Aged had 131 members, of which 46 were outside Tokyo, but this figure probably included some started by the national government. Satō, ed., *Jichitai*, p. 128. In some areas, including Osaka and Kyoto, the union's strength has slowed development of the national program.

⁴⁴ Hoshino's survey revealed many more elders desiring office work than the jobs available: "Centers," pp. 50, 69. Despite that, Dore found one Center "quite unable to think of a way of making contact with a retired white-collar or managerial worker who could help with a survey; gardeners and helpers with house-removal they could find in plenty." *Rigidities*, p. 121.

⁴⁵ Mori Saburō, Vice-Director of the Tokyo Corporation for the Elderly Promotion Foundation, quoted in an excellent report in *Asahi Shinbun*, April 8, 1987. Hoshino differentiates

the fundamental problem lay in the ambiguity of purpose: did the program provide employment for livelihood, or social participation for life enrichment? This confounding of employment and social welfare policy, which differ in style as well as goals, has characterized the program from its start.

Earlier, in Tokyo, the reason this program had been assigned to the Labor Bureau was that it had started from the Zennichijirō demand. When its character was modified, the possibility was raised of transferring it to the Welfare Bureau (Minsei Kyoku), which was already in charge of the Welfare Ministry's free job-finding service for elders. However, Tokyo's Welfare Bureau was nervous about confrontation with so notorious a union—the Labor Bureau had much more experience.⁴⁶ The Tokyo program thus remained a labor program, but was nonetheless billed as a path-breaking “integration of labor and welfare policy.” This little bureaucratic drama was replayed at the national level, with much the same result. The Welfare Ministry's Social Affairs Bureau had initially protested when the Labor Ministry proposed to create the Silver Talent Centers as a national program, and interministerial talks were held for several months. According to Labor Ministry officials, however, the Welfare Ministry did not appear very eager to take responsibility for the program itself and so withdrew its objections.⁴⁷ “Mutual consultations” were agreed upon in principle, but they came to nothing and the Labor Ministry handled the Silver Talent Centers on its own (although many local centers are handled under welfare auspices).⁴⁸

It is perhaps unfortunate that the problems of working past age 60 and this particular solution had not been given the quality and quantity of attention that the *teinen* issue and other aspects of middle-and-old-age employment policy had earlier received. The reason is probably quite simple: figuring out how to arrange community-based temporary jobs, which might be seen as more social participation than employment, is not the sort of task Labor Ministry officials are accustomed to handling; certainly it is hard to analyze with the methodologies of labor economists. My impres-

centers on the dimensions of business vs. shared activities and collective vs. individual objectives: “Centers,” pp. 55–59.

⁴⁶ Koyama, *Kōreisha Jigyōdan*, p.44.

⁴⁷ The Welfare of the Aged Division was then preoccupied with developing day-care services and reforming admissions to nursing homes, both well within its main mission. Unlike the Mori Mikio era of the 1960s, when it aggressively moved into the employment area by picking up Tokyo's free job-placement service (note it was the Labor Ministry which was relatively indifferent then), this Division was not in an expansive mood in the late 1970s.

⁴⁸ In 1986, in the previous report to the one mentioned earlier, the Administrative Inspection Bureau was quite critical of overlaps and confusion in this and two other programs in the employment area run by the Labor and Welfare Ministries: Sōmuchō Gyōsei Kansatsu Kyoku, *Kōreisha Taisaku no Genkyō to Mondai* (Tokyo: Okurashō Insatsukyoku, 1986) and *Yomiuri Shinbun*, June 12, 1986.

sion was that officials and experts saw the program as important but not very interesting.⁴⁹ It was therefore treated more like the outside-mission small programs discussed in Chapter Six. As long as the Centers could be established and kept running, and seemed to make those immediately concerned happy, officials were likely to ignore the difficulties standing in the way of this solution having much impact on the real problems.

CONCLUSION

Having traced the evolution of the Labor Ministry's attachment to old-age employment policy, let us go back to first questions: why was the Japanese government involved in this area at all? Each of our explanatory modes helps answer the question, though not completely; the policy sponsorship model explains more.

Four Modes of Decision Making

The simplest answer to the question if posed comparatively—within policy toward the elderly, why so much more attention to labor matters in Japan than elsewhere?—is Japan's peculiar employment system, particularly the early *teinen*. The solution was to provide employment for older workers; obviously it would not be pursued without the problem of people lacking jobs. Or is it quite so obvious? After all, the private market was providing jobs on its own. Even in 1987, after a substantial decline in labor participation rates for the elderly, 72 percent of Japanese men aged 60 to 64 were in the labor force (the great majority without government assistance), compared to 54 percent of American men despite the much higher retirement ages traditional in the United States.⁵⁰ Where's the problem? On closer examination, then, the connection between the environment and governmental intervention looks not so direct or automatic (in our terms, inertial). The low *teinen* may have been a necessary cause for action, but it was not a sufficient one, and so we have reason to investigate why the government chose to make policy.

Can we understand that process of choice as essentially cognitive, as se-

⁴⁹ For example, there seemed to have been little inquiry into how such problems had been handled in the West, although in general those in the labor policy community are quite up to date on theory and best-practice abroad. No one I interviewed in the labor field recognized RSVP, the somewhat similar Retired Senior Volunteer Program in the United States, which is known to many experts and some bureaucrats in the social welfare field. In contrast, many Labor officials were knowledgeable about American and European research on job redesign or about age-discrimination legislation in the United States, topics closer to the Ministry's accustomed mission.

⁵⁰ By this time mandatory retirement had been nearly prohibited in the United States. OECD data in *Zusetsu Rōjin Hakusho*, 1990, p. 59.

lecting problems on the basis of the national interest and devising solutions that promise to work well? To a large extent yes: at the general-arena level, political leaders like Prime Minister Ōhira began talking about employment as an important element of old-age policy just when concerns about the burdens of the aging society were coming to the fore, and more specifically, when raising the age of eligibility for the Employee Pension was on the agenda. Figuring out ways to maintain or increase employment over age 60 was a logical response; if the solutions did not work so well, it was largely because the problem was difficult or was unsuited to the particular intellectual tools available at the Labor Ministry. Here analysis in the cognitive mode provides a good explanation.

But such analysis works less well for the earlier period, for explaining how and why the Ministry of Labor became so active in the 1970s. We have seen that the production and even later modification of solutions was much more rational in procedural terms than most other policy making for the elderly, but why was that particular set of problems picked? The increase in old-age unemployment after the first oil shock (from 1.9 percent to 3.1 percent) was a stimulus for action but not serious enough to explain all the policy making on its own, and in any case the Ministry was then already seriously involved, with enactment of the 1971 Law Concerning Special Measures for Employment Promotion for Middle-Aged and Older Persons.

When we look at that enactment, artifactual explanations suggest themselves. I have emphasized the response to Zennichijirō as an important motive for the Labor Ministry, and its long struggle with that radical union was more an eddy or whirlpool than the mainstream of policy in either the labor or old-age areas. It was something of a coincidence that the Ministry needed a good tactic to use against Zennichijirō just at the time the old-people boom was exploding, and the hasty tossing together of miscellaneous solutions to construct the law has a garbage-can air.⁵¹ After that point, however, the process does not look artifactual at all; the development of old-age employment policy was much less affected by extraneous energy than other old-age policy making.

Finally, what about politics? Other than the special case of Zennichijirō, only one issue in the area of old-age employment policy was at all controversial: *teinen*, in particular the question of legal prohibition. The unions wanted it prohibited and business did not; the business side prevailed until changes in the environment lessened its resistance on the age-60 *teinen*, although strong business opposition and weakened labor demands (plus

⁵¹ To make one fine distinction: the invention of Corporations for the Elderly in Tokyo was not really artifactual, because the solution was very carefully designed to deal with the problem of Zennichijirō pressure, which was connected to the actual problem. Most of the solutions in the 1971 Special Measures Law had little to do with any immediate problems.

some cognitive considerations) have meant that an age-65 *teinen* has not gotten very close to enactment so far. The unions cared little about any other old-age employment programs, and in fact outside of *teinen* we find virtually no party politics or interest group demands impinging on policy making. Certainly we cannot explain the Labor Ministry's involvement in this policy area mainly as a response to political pressures. Even with respect to the *teinen* issue, the bureaucrats were interested before the unions took it very seriously, after the oil shock.

The inertial, cognitive, artifactual, and political modes thus explain a good deal about the development of old-age employment policy, but they have not really answered our initial question. The policy-sponsorship model is more promising, given the central role played by the Ministry of Labor, which seemed to have taken charge of both process and policy to a greater extent than we have observed in other cases. Taking charge can be a matter of having enough power to intimidate other participants, or of having enough political skill to manipulate situations. It also helps to have the intellectual ability to identify good problems and devise reasonable solutions. The prerequisite, however, is knowing what one wants, and wanting it strongly: goals, motives, and often—in the case of an organizational rather than individual policy sponsor—a long-term “mission.”

Policy Sponsorship

The Labor Ministry was not simply responding to whatever environmental changes might force themselves onto its attention. It was actively looking for advantageous problems to work on. Employment policy is our clearest example of long-term policy entrepreneurship, the extreme version of the policy sponsorship model in which policy change is explained in terms of a single, leading participant acting purposively within an environment. Why did the Labor Ministry come to take on this role? The answer lies partly in the motives, autonomy, and intellectual and political skills of the Ministry itself, and partly in characteristics of its environment.

The motives came from history. Andrew Gordon and Sheldon Garon have described how reformist bureaucrats in the prewar period became concerned with the way workers were treated in factories, both from sympathy and from worry that radical labor unions would grow in strength. The Home Ministry Social Affairs Bureau (the direct ancestor of the Ministry of Labor) initiated a series of carrot-and-stick rules aimed at altering the terms of employer–employee relationships, including family allowances and various welfare services as well as provisions for job security.⁵²

⁵² See Andrew Gordon, *The Evolution of Labor Relations in Japan: Heavy Industry, 1853–1955* (Cambridge: Harvard University Council on East Asian Studies, 1985); and Sheldon Garon, *The State and Labor in Modern Japan* (Berkeley, Calif.: University of California Press, 1987).

During the Occupation period, somewhat similarly, Japanese reformist labor bureaucrats joined with liberal American occupation officials to create a new body of regulations to protect and benefit labor. In the years since the Occupation, however, this instinct had been thwarted by big business power and by an atmosphere that, if not *laissez faire*, did not favor direct state intervention into labor-management relations to protect worker interests.

We might then expect to find a predisposition among Labor officials to intervene in labor-management relations in pursuit of some public good.⁵³ What they needed in order to do so was a problem of national scope that lent itself to government regulation as a solution. The old-age employment problem fit the bill admirably.⁵⁴ Incidentally, such motives were particularly strong for the Employment Security Bureau within the Ministry of Labor. Its main responsibility was unemployment, which had once been a central national problem but by the 1960s had declined drastically in priority (although structural unemployment after the oil shock gave it another chance). The bureau was in a predicament similar to that of the Welfare Ministry's Social Affairs Bureau in the 1960s, when as described in Chapter Four its main problem of poverty had dwindled in importance; both found a new purpose in the elderly.

Labor Ministry officials also had unusual autonomy. One factor was finances: the Employment Security Bureau had effective control of the Unemployment (later Employment) Insurance Special Account, which was usually in surplus. Most subsidies and other expenditures for old-age employment came from this account rather than the General Account budget, meaning they did not receive stringent review by the Ministry of Finance.⁵⁵ In terms of politics, because of its usual position as a mediator between labor and management, the Labor Ministry maintained a delicate, arms-length relationship with both the big union federations and Nikkeiren. It also did not enjoy strong support from the LDP. This fact was certainly a minus when trying to get programs approved, but it allowed Labor bu-

⁵³ Such continuity of bureaucratic motives, style, and actual policy in the related field of industrial policy is emphasized by Chalmers Johnson, *MITI and the Japanese Economic Miracle* (Stanford, Calif.: Stanford University Press, 1982), and Richard J. Samuels, *The Business of the Japanese State* (Ithaca, N.Y.: Cornell University Press, 1986).

⁵⁴ The tone of reformist zeal around this issue is apparent in many publications produced under Ministry of Labor auspices. Two examples are Tanaka Hirohide, *Shōgai Kōyō Kakumei* (Tokyo: Dayamondo-sha, 1979); and Kōnenreisha Kōyō Kaihatsu Kyōkai, ed. and pub., *Kōreika Shakai e no Chōsen* (Tokyo, 1979).

⁵⁵ Also, according to a Ministry insider, the divisions that handle these funds, and the non-career officials with long tenure in them, accumulate great power within the Ministry. The change in name from Unemployment to Employment Insurance helped free up the use of funds in that account for more positive policies, beyond just minimizing unemployment.

reaucrats more freedom of action than those in, say, the Agriculture Ministry.⁵⁶

Motive and autonomy are important for active policy sponsorship; also needed is the capacity to decide what to do. Here we again note the academic style of the Ministry of Labor; my impression is that in no other Japanese agency save the Economic Planning Agency (which has few operational responsibilities) is systematic research and analysis so respected, or intercourse with scholars themselves so frequent. Labor officials and their academic colleagues keep a close watch on labor force trends: unemployment rates, the openings to job seeker ratio in employment offices, wages, various labor relations practices, and so forth, all as differentiated by age group and other characteristics. An emerging manpower shortage, a widening unemployment gap between older and younger workers, more union attention to the retirement issue in contract negotiations—such environmental changes are quickly mulled over by the experts in and out of formal advisory committees, and reasonable policy changes are formulated.

To some extent, this style may be shared with labor agencies in other countries, due to the historical relationship between labor unions and progressive social scientists, the large quantity of statistics naturally generated in this field, and often enough the lack of incentive to do anything besides research when conservatives are running the government. Beyond these factors, largely in order to make up (however inadequately) for its lack of political muscle, the Japanese Labor Ministry has long been known for aggressively developing a variety of program ideas, and backing them up with academic-style research.⁵⁷ These rational procedures, and the reputation they have engendered, have been helpful to the Labor Ministry in getting its proposals approved.

This observation implies another element of effective policy sponsorship. Although the Labor Ministry does not rank among the most powerful Japanese ministries, it has developed some useful political skills. Much of its old-age employment policy was uncontroversial, but the *teinen* issue did require careful handling because big business strongly resisted governmental tampering in its employment practices. Although it appears that Labor officials had taken on the extension of mandatory retirement as an important goal in advance of most labor unions, early on they confined

⁵⁶ However, see Muramatsu Michio, "Gyōsei Kanryō no Katsudō Taiyō," *Kikan Gyōsei Kanri Kenkyū* 12:4 (1978): 10–23 for a contrasting view.

⁵⁷ Cf. my *Contemporary Japanese Budget Politics* (Berkeley: University of California Press, 1977), pp. 34–37, based on interviews with Ministry officials in 1970–71. Incidentally, to illustrate this point I listed seven new and quite assorted program proposals in the Ministry's 1970 and 1971 budget requests, but did not even notice that old-age employment policy was beginning to take shape at that time—clearly it had not yet become an important part of the organizational mission.

their actions largely to moral suasion and mood-building. Later in the 1970s, they were able therefore to assume their accustomed role as middle-man between labor and management, and so could stand above and manage the process as the issue heated up. One reason why the Labor Ministry did not press for legal enforcement earlier was to prevent employers from coming out in opposition; its objective was finally achieved when the rise of the aging-society problem in the context of administrative reform generated energy that could be channeled into impetus behind the age-60 *teinen*. Thus they appeared to be siding with labor on substance while deferring to the management side on timing. This was a very Japanese sort of policy-change strategy; so perhaps was the Ministry's mixture of direct and indirect tactics in its long-term battle with Zennichijirō.

We might go a step further: political skills are best used not by winning battles but by attaining one's goals while avoiding fights or other disruptions. It is noteworthy that outside events—those not intrinsically part of the old-age policy story—did have an impact on employment policy development, but rather than disrupting the process, they were often used by the Labor Ministry to its own advantage. For example, its responses to Zennichijirō's attacks were much more effective than the Welfare Ministry's reactions to left-wing mobilization in free medical care.⁵⁸ The post-oil-shock recession did not lead to slap-dash decision making, but allowed enactment of the carefully considered Employment Insurance Law, which advanced several Ministry policy goals.⁵⁹ The Labor Ministry was also unusually well prepared for the administrative reform era, when other agencies were thrown into consternation. Much of policy sponsorship is keeping the process under control.

These four factors—motives, autonomy, analytic capacity, and political skill—help explain how the Ministry of Labor could become an effective policy sponsor; indeed, as in only a few of the other cases we have studied, the more flattering term policy entrepreneur is warranted. We have given the Ministry high marks for its ability to take on an important aspect of the old-people problem as its own, and develop, enact, and implement some imaginative and sensible solutions. This story has seemed worth some emphasis in a book that has often highlighted confusion and ineptitude among Japanese bureaucrats and other decision makers. I should nonetheless note a couple of qualifications.

First, while recognizing the Ministry's ability to define problems to its own advantage, we observe that the environment helped by providing a

⁵⁸ See chaps. 4–5. Zennichijirō was prominent in that case too, and its tactics clearly discomfited Welfare officials; the Labor bureaucrats were no doubt aided by their long experience in such battles.

⁵⁹ Most are outside our scope: see Mochizuki, "Legislative Process," for the Ministry's ability to act strategically here.

sequence of positive opportunities for action. It was almost a dialectic: Zennichijirō's attacks brought preparations that were helpful when the old-people boom occurred; ideas developed then could be implemented in the post-oil-shock recession; a self-sustaining policy structure was thus in place as the aging-society problem grew in intensity, and the Ministry was ready to argue in the administrative reform period that the financial crisis demands policies to keep older people working. Moreover, on the solutions side, it is difficult to think of a policy area other than employment as likely to contain such policies that fit both the old-people problem and the aging-society problem so neatly. In other words, accidents of timing and a relatively benign environment account for some of this success.

Second, the Ministry's analytic skills worked better in some areas than others; in particular, the problems of regular employment up to age 60 were dealt with more "scientifically" than was figuring out what to do with people above that age. The initiation of Silver Talent Centers at the national level was a cognitive process in our terms, but it did not display the searching analysis of problems and evaluation of solutions we found in other aspects of old-age-employment policy making. Rather, Labor officials relied more on the benchmarks commonly employed in the Japanese bureaucracy: Tokyo's program had grown, it had good media coverage, the officials in charge liked it, and the idea simply seemed appealing. This pattern continued, in that the weak points in actual operations of the national Silver Talent Center program were not carefully addressed.

Finally, our generally positive evaluation itself has largely been based on process rather than substantive criteria. That is mainly because there simply is not much information available on the impact of these programs. On the negative side, as well as noting fragmentary reports of difficulties with several over-60 programs, one certainly could not claim that employment policy has solved the fundamental dilemmas of the aging society. People are now retiring earlier in Japan as elsewhere, and it is very unlikely that anything in the repertory of old-age employment programs will reverse that trend.

But that might be an unattainable goal, beyond the reach of any public policy short of wiping out the welfare state. Except for a few enthusiasts during administrative reform, few Japanese were so radical. A more reasonable criterion is the availability of a variety of appropriate opportunities for older people who want to work. Japan has not completely succeeded in this respect either, but its tradition of active policy development in this area is at least promising.

Health Care Reform

THE MID-1980s brought the enactment of several policy changes aimed at curbing old-age health care expenditures, beginning with the Health Care for the Aged Law (Rōjin Hokenhō) passed in 1982. This law ended the ten-year-old “free” medical care system by introducing a small patient co-payment; it also cross-subsidized the deficit-ridden National Health Insurance program from more affluent programs, and initiated a set of health service activities aimed at keeping older people healthy. The Health Care for the Aged Law was quickly followed by revisions in the medical care fee schedule to reduce the costs of treating and caring for the elderly, the initiation of a new health insurance system for retirees, and the creation of a new long-term care institution intermediate between hospitals and nursing homes. The number and complexity of these policy changes precludes our attempting anything more than a brief overview, one that centers on the goals and strategy of the Welfare Ministry as the policy sponsor.¹

HEALTH POLICY AND POLITICS

The flurry of health policy activity in the 1980s, which followed a lengthy period of inaction, was the broadest and most sustained effort at reform we have observed. It is explainable in part as an attempt to deal with problems specific to the elderly, and in part as a new stage in a decades-long battle between the Ministry of Health and Welfare and the Japan Medical Association for control of the Japanese health care system.

Problems of Old-Age Health Care

The problems health policy makers worried about were reasonably straightforward and can be divided into three categories. All centered around free medical care, the chief symbol of alleged excesses in social wel-

¹ Unlike the other policy areas we have examined, it is difficult to grasp problems and solutions in health care for the elderly without going into more details of Japanese medical care delivery and financing than is possible here. Several English overviews are cited in chap. 1; on recent reforms see Yokoyama Kazuhiko, “‘Fukushi Gannen’ igo no Shakai Hoshō,” in Tokyo Daigaku Shakai Kagaku Kenkyūjo, ed., *Tenkanki no Fukushi Kokka* (Tokyo: Tokyo Daigaku Shuppankai, 1988), pp. 3–78, esp. 60–73; and an excellent introduction by Yoshino Akio, *Nihon no Iryō ga Wakaru Hon* (Tokyo: Nihon Iryō Kikaku, 1990).

fare. First, public attention was focused on the problem of overusage. Free medical care was one of the few social programs in Japan that often inspired backlash reactions among ordinary people, perhaps because—like food stamps in the United States—beneficiaries could be observed “taking advantage” of the program in everyday life. At the level of popular myth, the equivalent of the American welfare mother buying a shopping cart full of potato chips and expensive frozen dinners with food stamps is the Japanese old lady bringing her imaginary complaints to the doctor’s office in order to get away from her daughter-in-law at home. Journalists coined the word *saronka*, or “salon-ization,” to describe how clinic waiting rooms had become clubs for old people passing the time of day: the fact that busy salary-men might have to wait an extra fifteen minutes to get a handful of pills for their colds certainly heightened such impressions.

The advent of free medical care in 1973 had indeed led to a marked increase in usage by older people: for example, the average number of outpatient visits by people over 70 rose sharply from eight to ten per year in the first year of the program, and then more gradually to twelve by 1978.² Given that the inability of the elderly to pay for the health care they needed had been the problem that led to free medical care, this outcome is hardly shocking, and in fact by objective measures usage was not inordinately high. For example, the ratio of medical care to the incidence of illness was still much lower for the elderly than for the middle-aged.³ Nonetheless, when those 65 and over were consuming some ¥375,000 (over \$2,000) worth of medical care per year, compared with ¥150,000 (\$830) even for the middle-aged (45–64), it is inevitable that they will be seen as a special problem.⁴ As inpatient costs rose especially rapidly, attention focused on “social admissions” of old people without real medical problems for long stays in hospitals.

The second problem was the burden on the Treasury. Health care spending from all sources for the elderly had soared from ¥429 billion in 1973, the first year of free medical care, to ¥857 billion in 1975 and ¥2,127 billion (\$12 billion) in 1980.⁵ This rapid growth had a double impact on the budget: not only did the government have to pay directly for the 30 percent of medical bills not covered by health insurance, it had to make up

² *Kōsei Hakusho*, 1980, p. 169.

³ See Maeda Nobuo, “Rōjin Hoken Iryō Mondai no Tenbō,” *Rōjin Fukushi Nenpō*, 1980, pp. 52–57.

⁴ At ¥180 = \$1. Figures for 1983 from *Kōsei Tōkei Yōran*, 1985, p. 150.

⁵ *Kōsei Hakusho*, 1985, p. 270. Note that these figures represent health care costs paid by the government or through the medical insurance system, not the total health care costs of individuals—significant expenditures for, e.g., noncovered procedures, extra bed charges and private nurses-aides in hospitals, and most traditional Chinese medicine treatment are not counted.

the deficits of the health insurance system itself—deficits largely caused by the growing numbers of older people and their increased usage of medical care. Welfare Ministry estimates of these burdens on the national treasury totaled ¥218 billion in 1973, ¥394 billion in 1975, and ¥958 billion (\$5.3 billion) in 1980, with only about one-third of these amounts represented by direct payments from the free medical care program.⁶

The third problem, fiscal imbalance, appears more technical in nature but in fact was the most direct spur to reforms. Japan's health insurance system, like the pension system, is fragmented into several different programs for various groups in the population.⁷ The programs for employees were relatively well-off, but National Health Insurance (NHI; Kokumin Kenkō Hoken Seido, or Kokuho) had been chronically in deficit, with up to 60 percent of its benefits paid by the Treasury even before the advent of free medical care.⁸ Since older people left their employee health insurance programs after retirement and joined NHI, it had a very high proportion of older enrollees, and thus was especially hard hit by increased usage.⁹ An additional problem was *within* the NHI system: it has 3,400 insurance pools at the local government level, and the number of older enrollees was distributed quite unevenly among them, so that many (especially in rural areas, where the proportion of old people can be very high) were threatened with insolvency.

Recognition. These problems worsened most rapidly in the mid-1970s, and did not go unnoticed. Free Medical Care was singled out in all the early reconsideration-of-welfare critiques described in Chapter Seven, and the Welfare Ministry's own Social Security Long-Term Planning Group recommended in 1975 that the health care system for the elderly should be "seriously reconsidered," including having patients pay part of the cost (the *ichibu futan*, partial burden, called the copay or coinsurance in the United States).¹⁰ These worries lay behind the Welfare Ministry's subsequent appointment of the semi-official Old People Medical Insurance Problem Discussion Group (Rōjin Hoken Iryō Mondai Kondankai) in February 1975. In its report of October 1977, the discussion group highlighted the prob-

⁶ Internal Welfare Ministry documents.

⁷ See chap. 1.

⁸ Jinushi Shigeyoshi, "Kōreika Shakai no Iryō Hoshō," in Tokyo Daigaku Shakai Kagaku Kenkyūjo, ed., *Fukushi Kokka* (Vol. 5, *Nihon no Keizai to Fukushi*; Tokyo: Tokyo Daigaku Shuppankai, 1985), pp. 289–352, at p. 334. This article includes a detailed analysis of the imbalance problem.

⁹ In 1980, 8.9 percent of NHI enrollees were eligible for free medical care, and they consumed 30.5 percent of the benefits, compared with 2.4 percent and 3.0 percent consuming 11.6 percent and 11.9 percent of the benefits in the other two large programs. *Ibid.*, p. 336.

¹⁰ Miura Fumio, ed., *Kore Kara no Shakai Fukushi Shisaku* (Tokyo: Zenkoku Shakai Fukushi Kyōgikai, 1976), p. 51.

lem of fiscal imbalance, and proposed several alternatives for financing the enormous future costs of health care for the aged. It also criticized the overemphasis on health insurance and recommended more health services, which I will discuss later. This report was praised by Professor Saguchi Takashi as a comprehensive analysis of the problems with some worthy proposals for solutions, but as he dryly added, "One would think that after receiving this report the Welfare Ministry would adopt several necessary measures, but in fact it was ignored for quite some time."¹¹

But no action. There had been some efforts at cutting back. The Finance Ministry's Budget Bureau repeatedly took the occasion of the annual budget process to try to put a rein on free medical care. In its 1975 and 1976 early budget drafts, it included a provision that a patient copay be introduced. This proposal was dropped in later negotiations, however, because so obvious a burden on older people was seen as dangerous by LDP Dietmen. The Finance Ministry draft of the 1977 budget included a more subtle proposal: income limitations would be lowered to exclude relatively well-off older people from free medical care (97 percent of those over 70 were then eligible). This proposal became controversial in the Diet, and it too was reversed on appeal during the negotiations between the Welfare and Finance Ministers, with top LDP leaders present. The roadblock here was clearly not Welfare Ministry bureaucrats, it was the politicians.

This resistance from the majority party was not at all a matter of ideological attachment to free medical care. In 1977, I interviewed three LDP welfare *zoku* leaders. As noted in Chapter Five, all had been active at the time free medical care was enacted in 1972, when party decisions had been crucial in adopting the Tokyo formula rather than a cheaper alternative. Four years later, however, not one had a kind word for the program; all revealed that they personally had harbored grave doubts from the first, but had been overwhelmed by what one called the atmosphere (*fun'iki*) of the time. As for 1977, it was simply that "with an election approaching, it was impossible to go backwards in social welfare programs" (this was the Summer 1977 Upper House election—note there is always an election approaching in Japan).

After this 1977 defeat, the Budget Bureau abandoned its attempts to

¹¹ Saguchi Takashi, "Nihon no Iryō Hoken to Iryō Seido," in *Fukushi Kokka* Vol. 5, pp. 239–87, at 276. For the text of the report, see Zenkoku Shakai Fukushi Kyōgikai, ed., *Kōrei-ka Shakai to Rōjin Fukushi Shisaku* (Tokyo: Zenkoku Shakai Fukushi Kyōgikai, 1983), pp. 55–62 (henceforth cited as *Aging Society*). Note that the Ministry was not totally inactive: in 1978, the Welfare Minister suggested his personal "Ozawa plan" calling for a new, separate system for financing old-age health costs, followed a year later by the "Hashimoto plan" of a former minister calling for fiscal adjustment and health services. For a comparison, see Maeda, "Rōjin Hoken," p. 56.

force cuts in the proposed budget for old-age health care, because the key decisions had to be made in the arena of budget negotiations where LDP Dietmen always participate. Instead, it tried to pressure the Welfare Ministry into coming up with reform plans of its own, hoping that an advance agreement between the two ministries could then be presented to the LDP as a *fait accompli*. Many Welfare officials were inclined to be cooperative, but as in many previous cases it proved to be difficult for the Ministry to get itself together, and nothing happened. The only actual policy change of any importance was a steady growth in health insurance contribution rates to cover some of the new costs—essentially an inertial process.

The Struggle for Control of Health Care

A major reason why Welfare Ministry officials had a hard time making proposals on their own was the fact that any substantial reform would not be considered simply as old-age policy, but as health insurance policy. The health insurance subarena is the best example in Japan of the elementary point that subgovernments are not always harmonious “iron triangles” of specialized actors working together against the rest of the world. It has been so conflict-ridden for so long that the battle lines had become institutionalized. One important cleavage is between the interests of local governments and others connected with NHI on the one hand and employee health insurance institutions on the other, the latter often backed by the unlikely bedfellows of Nikkeiren, the Federation of Japanese Employer Associations, and the big labor unions. The opposition parties were also active: the two socialist parties usually devoted themselves to backing the interests of their union constituents, but often enough also joined the Communist and Clean Government Parties in championing “the public” (e.g., by calling for high benefits and low contributions).

Doctors. The dominant cleavage, however, is between the Japan Medical Association (JMA) and the Ministry of Health and Welfare. Battles between physicians and governments are common everywhere, but they appear to be unusually intense in Japan.¹² The JMA is always mentioned as

¹² For an account of earlier conflicts, see William E. Steslicke, *Doctors in Politics: The Political Life of the Japan Medical Association* (New York: Praeger, 1973). More recent accounts include Masuyama Mikitaka, *Seisaku Komyunitai to Seisaku Paradaimu—Iryō no Kakaku Keisei ni okeru Seisaku Tenkan* (unpublished M.A. Thesis, Keio University, 1991) on holding down medical fees in the early 1980s; Katō Junko, *Nihon no Seisaku Kettei Katei* (unpublished M.A. Thesis, Tokyo University, 1986), Vol. 2, on the 1985 reforms; Takahashi Hideyuki, “Atsuryoku Dantai: Nihon Ishikai no Seiji Kōdō to Ishi Kettei,” in Nakano Minoru, ed., *Nihongata no Seisaku Kettei no Hen'yō* (Tokyo: Tōyō Keizai Shinposha, 1986), pp. 237–66, on decision making; and Iwai Tomoaki, “*Seiji Shikin*” *no Kenkyū* (Tokyo: Nihon Keizai Shinbunsha, 1990), pp. 167–195, on political contributions by the JMA.

one of the most formidable pressure groups in Japan, powerful in at least three ways. First is its functional importance: it won a big fight in 1971 with a mass withdrawal of doctors from the health insurance system. Second, it is influential within the LDP, based on campaign contributions, local organizational strength, and the ability to send its own representatives to the Diet (particularly in the Upper House under the earlier national constituency electoral system, which advantaged nationwide interest groups). Third, organizational cohesion and sheer personality have been major factors; in particular, Takemi Tarō, the JMA's pugnacious chairman from 1957 until 1982, personified the idea of pressure group for the media and the Japanese public.

The most frequent disputes between the JMA and the government were over money, the rates at which doctors and institutions are reimbursed for specific treatments, hospital stays, and medications (which are sold by doctors in Japan), and over details of the administration of the health insurance system. Underlying these flare-ups was a prolonged struggle for control of health care, between what Takemi Tarō liked to call totalitarian administration, and those seen by Welfare Ministry officials as greedy medical entrepreneurs. Health care policy at a given point in time represents an equilibrium—or perhaps standoff is the better word—between these two contending forces.¹³ Neither has the power to achieve a decisive victory, and any proposal for change is immediately seen as an attempt to alter the equilibrium. Health insurance was thus a political minefield, one in which proposals of all sorts had been blown up over the years—threats, bitter confrontations, heavy amendments, killed legislation, and even resignations of Diet officers had become normal elements of the decision-making process in this policy area.

Given this environment, first, it was natural that Welfare Ministry officials would be fearful of attempting any changes—one reason for their lack of cooperation with the Finance Ministry in the late 1970s, and their lack of action on the Discussion Group proposals. Second, when they *did* decide to take action, they did so with a carefully considered strategy aimed not only at dealing with the problems of the moment, but at advancing

¹³ In this respect, the health care policy area lies somewhere between the long-term battles mixed with cooperation between government and industry in the energy field recounted by Richard Samuels, in *The Business of the Japanese State* (Ithaca, N.Y.: Cornell University Press, 1987), and the still more conflictive relationship between the Ministry of Education and the Japan Teachers Union. For the latter, see Thomas P. Rohlen, "Conflict in Institutional Environments: Politics in Education," in Ellis S. Krauss, Thomas P. Rohlen, and Patricia G. Steinhoff, eds., *Conflict in Japan* (Honolulu: University of Hawaii Press, 1984), pp. 136–73. It should be noted that the JMA had a much closer relationship with the Welfare Ministry on matters other than health insurance.

their more fundamental goal of increasing the Ministry's influence over health care.

THE HEALTH CARE FOR THE AGED LAW

The catalyst for Ministry action is not hard to find. In the 1980 budget process, which wound up in late 1979, the Finance Ministry had for the first time lowered the ceiling on ministerial budget requests, to 10 percent above the current year's budget. Welfare Ministry officials were quite aware of the gigantic budget deficits and of the failure of Prime Minister Ôhira's proposal for a new tax in 1979; it was obvious that pressure to cut government expenditures could only increase. The expensive and conspicuous free medical care program would certainly be a number-one target, and in any case business as usual would become less and less possible. In particular, the Ministry would not be able to maintain its ever-increasing subsidy to the patchwork and heavily unbalanced health insurance system. The tightening fiscal constraint thus provided an immediate motive for the bureaucrats to do something about health care for the elderly.

It also provided something of an opportunity for officials who had long been unhappy with free medical care and more generally with fee-for-service based health insurance. The power of the JMA and the substantial inertia built up over the years had made it impossible to achieve major reforms provided the issue was essentially fought out within subarena boundaries—the Welfare Ministry, even when allied with the Ministry of Finance, was simply unable to mobilize enough impetus. Now, it seemed possible to broaden the issue by attaching it to the problem that was coming to dominate the national agenda, that of governmental spending. In the general arena, heavyweight participants might be drawn to Welfare Ministry arguments, supporters of the existing system might be thrown on the defensive and their power attenuated, and the energies generated around a high-visibility national problem might be channeled to good use.

Mobilization

To take advantage of this opportunity, the Ministry of Health and Welfare needed a concrete proposal quickly. In March 1980, while the budget was being debated in the Diet, it signaled its intention to move by asking for a report on health care for the elderly from the Social Security Systems Deliberation Council.¹⁴ It is interesting that the rather general materials that

¹⁴ Because of its broader jurisdiction and more independent position, the Systems Council confers more legitimacy on topics it discusses than do advisory committees attached to the Welfare Ministry itself, particularly such ad hoc committees as the Old People Medical Insurance Problem Discussion Group.

the Welfare officials provided to the Council were almost identical to those analyzed in its own Discussion Group four or five years earlier.¹⁵ Up until this time they had carried out very little “issue nurturing,” and so had no specific proposal to offer. Ministry officials perhaps became impatient with the deliberations of the Council and within a month or two, without waiting for its report (which came in December and was as general as usual), they set out to make policy for themselves. In June 1980, the Ministry created a new bureaucratic mechanism by converting an existing “preparations office” on old-age health care into a “headquarters.” This move requires some explanation.¹⁶

The machinery. After the 1977 budget negotiations, when Welfare officials had first promised the Ministry of Finance to come up with a plan to cut free medical care costs, the most they had done to carry out the pledge had been to set up a preparations office (*junbishitsu*). The office was staffed on a part-time basis with officials from the Social Affairs Bureau, which had jurisdiction for the free medical care program, but because the interests of other bureaus were also involved, it was administratively placed within the Ministry secretariat. Organization charts do not usually count for much in Japanese ministries, however, and the other bureaus simply treated the office as a Social Affairs Bureau operation and paid little attention. Certainly few cues were coming from the Ministry leadership to indicate that old-age health insurance reform was a critical priority.

The new unit was a different matter. Called the Medical Insurance for the Aged Policy Headquarters (Rōjin Hoken Iryō Taisaku Honbu), it was formally headed by the administrative vice minister, and actually run by a counsellor (*shingikan*) at the ministry staff level, a former chief of the Welfare of the Aged Division, assisted by a division chief (*kachō*) level official on loan from the Health Insurance Bureau. The staff included eight or nine officials at the assistant division chief (*kachō hosa*) or chief clerk (*kakarichō*) level from all the bureaus concerned and the Ministry secretariat. A key point is that these officials worked full time, in the same room, with strong urgings from Ministry leaders to produce a workable draft in a short period of time—the conditions Japanese call *kanzume* (literally, “canned,” suggesting being bottled up under great heat and pressure).¹⁷ In just three

¹⁵ Saguchi, “Iryō Hoken,” p. 276.

¹⁶ Information on these organizational matters is drawn from interviews in the Ministry of Health and Welfare in 1980 and 1982.

¹⁷ It helped as well that the counsellor in charge was hoping to be promoted to bureau chief. Such factors are often critical in achieving agreement on a new proposal within or between Japanese organizations: see my “Policy Conflict and its Resolution within the Governmental System,” in Krauss, Rohlen, and Steinhoff, eds., *Conflict in Japan* pp. 294–334, esp. 313–15.

months, the Headquarters drew up a first draft of the Health Care for the Aged Law.

Continuing to move with great haste, ministry leaders secured agreement by the several bureaus concerned, consulted with Welfare-Labor *Zoku* leaders and the Social Affairs Division of the Policy Affairs Research Council, and then negotiated funding levels and other critical details with the Ministry of Finance during the regular budget process. Only then did they pass the proposal up to the appropriate advisory committees, who gave their formal approval in March 1981. It passed the Cabinet and was sent on to the Diet in May—less than a year after the establishment of the Headquarters, which was when concrete planning really began.

This was a more rapid process than we have hitherto observed for any large policy-change proposal. It will be recalled from earlier chapters that specialized officials with a proposal that needed action in the general arena—the Pension Bureau seeking benefit hikes, or welfare of the aged officials pushing for major expansions—would often follow a strategy of holding conferences, publicizing research findings, and otherwise trying to generate impetus within their own subarena that would help command attention to their solutions among heavyweight participants. That pattern did not hold in this case for two reasons. First, not much energy was not needed to reach the agenda because, particularly in the emerging atmosphere of administrative reform, heavyweight participants were already quite conscious of the problem and were eager to hear solutions. Second, the more usual strategy requires a subarena which is basically supportive of the officials' objectives. Health insurance was the opposite: too much early discussion might well kill rather than advance the proposal. The importance of speed and reticence at this pre-agenda stage can be appreciated by examining the solutions the Ministry devised.

Solutions

The Health Care for the Aged Bill had three explicit components, plus an implicit component that was potentially explosive. Their origins, significance, and pattern of support and resistance are worth a look.

Copayments. The simplest solution was the termination of free medical care by imposing a patient copayment. The idea was quite obvious, since copayments were required for most patients in Japanese health insurance, and their introduction into the program for the elderly had long been demanded by the Ministry of Finance. This clear step backward in the development of the Japanese welfare state was predictably opposed by the opposition parties, labor unions, and progressive retiree groups, but the resistance failed to generate much steam. The largest group of the elderly,

the National Federation of Old People's Clubs, actually endorsed the bill after discussions with Welfare Ministry officials who promised to work toward getting extra hospital costs (bed charges, nurses' aides) included within health insurance.¹⁸ The mass media and general public were perhaps too taken with the idea of administrative reform in early 1981 to pay much attention. If the provision had seemed to bring any real hardship, the outcry might well have been greater, but in fact the Welfare Ministry had kept the amount of the copayment extremely small, ¥500 for the first outpatient visit each month, ¥300 a day when in the hospital. On the positive side, this symbolic cutback was important to the Ministry of Finance and to the big business interests embodied in Rinchō, and probably was necessary if the bill were to be considered part of the ideological anti-big-government campaign.

Fiscal adjustment. The second component was by far the most important in terms of meeting immediate problems, and of putting old-age health care on a sounder financial basis for the long term. It created a new payment system (formally, Rōjin Iryōhi Shikyū Seido, but often called Rōjin Hoken Seido) which in effect provided for cross-subsidization of National Health Insurance by the employment-related programs, because insurance carriers contributed in inverse ratio to the proportion of the elderly in their membership; 30 percent was added from government funds. The result was to reduce the deficits hitherto subsidized by the national government and restore a degree of fiscal balance to the overall system. This move was a real transfer of burdens, and obviously ran directly against the interests of insurance carriers in the employee system and both the workers and corporations they covered—all powerful political actors. However, it was a well-known fact that many of the employee systems were quite well off, and the argument that they should bear some responsibility for their members after retirement was difficult to oppose outright. On the other hand, local governments—the insurance carriers for NHI, and therefore quite worried about its fiscal health—were effective allies. The political leadership as well as the Finance Ministry took the issue quite seriously because the fiscal stakes were significant, both for immediate budget-cutting efforts and for the success of administrative reform over the next several years. Finally, despite its implications for future health insurance contribution rates, this issue appeared to the general public simply as a reshuffling of financial resources and did not draw much attention.

Health services. The third component, which requires more explanation, was to create a relatively elaborate set of health services (usually called

¹⁸ Interview in 1982 with a Welfare Ministry official. The promise has not been fulfilled.

boken jiggyō). These would be administered by local governments with a national subsidy, and would include rehabilitation, health education, preventive medicine, home health care such as visiting nurses, and regular examinations not only for the aged, but for all adults age 40 and over. If fully funded, this program would be quite expensive, raising the question of how a new spending program got into a bill designed to hold down health care costs.

The origins of the solution tell the story: this program is precisely the services strategy for dealing with old-age health problems that had been nurtured within the old-age policy community back in the late 1960s (and more generally, as applied to the entire population, among public health specialists inside and outside the Welfare Ministry from even earlier). It will be recalled that this approach had been considered and rejected within the Ministry in the political hubbub surrounding free medical care in 1972. At that time, proponents failed to link the health services solution with the old-people problem: their argument that targeted services with an emphasis on health maintenance would better meet the needs of the elderly than simply improving their access to the existing cure-oriented fee-for-service system lost out to the politically more attractive alternative of just sending money. But Welfare officials had not forgotten. The occasional small programs initiated by the Health of the Aged Division of the Social Affairs Bureau in the 1970s were all of this type (see the appendix), and both the 1975 Social Security Long-Term Planning Discussion Group and the 1977 Old People Medical Insurance Problem Discussion Group reports mentioned earlier had stressed the overemphasis on medical insurance and the need for many more services targeted on specific old-age health problems. In effect, the health services solution had already been nurtured for more than a decade, awaiting a chance for enactment.

This chance was provided by the rise of the public spending problem, linked with the aging-society problem, on the national agenda. The proposition that old people are less of a burden on society when they are healthy seemed to make sense, especially when health insurance costs, dominated by the increasing share going to the elderly, were rising so rapidly. The Ministry of Finance approved several small program proposals in this area in the late 1970s, and did not oppose the new, more comprehensive program included in the Health Care for the Aged Law, precisely because it accepted Welfare officials' arguments that in the long run, medical care costs could be held down only through health education and preventive medicine.

In fact, stated at that level of generalization, practically everyone now agreed with this proposition. The question was who would be in charge. The Welfare Ministry idea was based on a public health approach, with services provided by Public Health Centers, nurses, rehabilitation special-

ists, and government-employed physicians. This conception clearly threatened the JMA, dominated by private-practice physicians. It would not be true to say that the JMA wanted people to get sick—indeed, many of Takemi Taro's more eloquent pronouncements had been devoted to the need for more preventive medicine. But the doctors thought that they, not bureaucrats, should provide preventive as well as acute care, and should be paid on a fee-for-service basis.

The health services area was thus one battleground in the long war between the Welfare Ministry and the JMA for control of Japanese health care. Already skirmishes had broken out between several city governments and local JMA chapters over visiting nurse services for bedfast older people, which the physicians saw as interfering with their patients. The Health Care for the Aged Law threatened to expand and institutionalize this approach on a national basis. A particular threat was a provision in the draft bill to build new health centers for the elderly around the country.

The health services component of the new law was supported by most participants during the enactment process. The proposal that emerged from Finance Ministry-Welfare Ministry negotiations was kept sufficiently inexpensive in initial-year financing to avoid opposition on budgetary grounds. From a politician's point of view, there was considerable merit in balancing off a cutback (the end of free medical care) with a new program that offered hope for a more fundamental solution to the problem, and not incidentally spread some money around the country. The chief resistance accordingly came from the JMA, but this fight was actually a secondary one for the doctors; their interests were much less threatened by a few service programs themselves than by some unstated implications of both this and the fiscal-adjustment components of the new law.

Radical reform? The aspect of the Health Care for the Aged Law that was potentially the most significant does not appear in its text, and indeed was not obvious even to insiders at the start of the enactment process. The fiscal-adjustment procedure in effect created a new system for financing health care for those 70 years old and over. Earlier, their medical bills were simply covered by National Health Insurance (70 percent) and public funds (30 percent), which required no special institutional mechanism. Now, subsidies from all insurance programs would be pooled to cover the 70 percent insurance portion. The fact that old people's medical bills would be covered in this special fashion meant that these payments could now be governed by different regulations about remuneration and treatment than apply to younger patients.

No such regulations were included in the draft law, but one clause stated that treatment policy (*shinryō hōshin*) and fees would be established by a newly created Health Care for the Aged Deliberation Council—an advi-

sory committee which, along with administration of the law itself, would be within the scope of the Public Health Bureau. What that might mean for the future was apparent in the health services component of the draft bill: the stress on public health personnel; the health centers for the elderly idea, which might develop into full-scale public geriatric clinics; and the general expansiveness implied by the extension of eligibility for some of these services to everyone over age 40. Perhaps even more threatening was that a way would be opened to move from fee-for-service reimbursement to some form of per-person reimbursement. A doctor would not have to be paranoid to see the Health Care for the Aged Law as an opening wedge for a radical transformation of the entire health care system—precisely the transformation long dreamed about by many Welfare Ministry officials.

The Enactment Process

The bill was introduced to the Lower House in May 1981, but was delayed because of other business until October 1981—the extra Diet session called to consider administrative-reform legislation—when the Social and Labor Committee began deliberations. It was reported to the floor of the Lower House in November and quickly passed. The Welfare Ministry's strategy of moving its proposal forward and quickly and quietly, partly in hopes that the more far-reaching implications would not be discerned by opponents, was apparently working.

Conflict. Shortly after the bill was introduced into the Upper House in April 1982, however, the activation of two issues brought controversy and confusion that slowed the process down. The first was fiscal adjustment. Nikkeiren and other big-business groups realized only belatedly that subsidization of old-age medical care would mean substantially higher costs for the Health Insurance Societies in large firms. Their protests led to a complicated formula to limit the amount of cross-subsidization to NHI from the other insurance carriers, and an agreement that after three years a full-scale review of health-care financing would be carried out (in the event, this review brought more cross-subsidization).

The second issue was the implicit fourth component of radical reform. In early 1982, word leaked out that Welfare officials were secretly discussing the introduction of a per-capita payment system, under which a physician or clinic would receive a monthly fee for each patient registered rather than charging on a fee-for-service basis. This idea was of course anathema to the doctors, and during the Upper House committee proceedings they forced a promise from Welfare officials that no such plan would be implemented. JMA pressure also eliminated the idea of health

centers for the elderly, and forced a switch in the venue in which remuneration and treatment regulations would be written.¹⁹

These compromises over fiscal adjustment and radical reform were worked out through intense bargaining between the Welfare Ministry and the groups concerned, managed by the four "Welfare bosses" of the LDP's Welfare-Labor *zoku*. Most active was Hashimoto Ryūtarō, who said he had never worked so hard as in these almost nightly meetings.²⁰ No doubt the overlap of two contentious issues had complicated the legislative process, as had the Welfare Ministry's strategy of avoiding the tough issues prior to Diet submission.

The quiet strategy. It should be kept in mind, however, that health care legislation had often been controversial, and that this bill was passed by August 1982, less than a year after deliberations started—not inordinately long by Japanese standards.²¹ That is, despite these fights, and even though the Health Care for the Aged Law was seen by many as a major step backward on the road to the welfare state, the legislative debate itself was less a matter of confrontation than of fiddling with specific provisions. The op-

¹⁹ Away from the new Health of the Aged Deliberation Council to the Central Social Insurance Medical Council (Chūō Shakai Hoken Iryō Kyōgikai, or Chūkiyō). The latter is the body responsible for setting all health insurance fee schedules, and the JMA representatives in its membership were quite influential. Note that neither the JMA nor the Welfare Ministry talked publicly about its real concerns, essentially for strategic reasons. The doctors did not want to bring the status quo into open question at a time when administrative reform was so much in the air; Ministry officials knew that revealing specific plans for reform of the fee structure or the payment system would immediately provoke a violent reaction from doctors, so they denied they had any.

²⁰ Nihon Keizai Shinbunsha, ed. and pub., *Jimintō Seichōkai* (Tokyo, 1983), pp. 91–94. Yukio Noguchi sees the fiscal-adjustment case as demonstrating the new power of LDP politicians in coordinating policy: "Budget Policymaking in Japan," in Samuel Kernell, ed., *Parallel Politics: Economic Policymaking in Japan and the United States* (Washington, D.C.: The Brookings Institution, 1991), pp. 119–141, at 127. However, according to an LDP staff member I interviewed in 1986, the disturbances in the Upper House were mainly due to the Welfare Ministry having worked out its plans in consultation only with the *zoku* "bosses" and not talking enough with rank-and-file members. His view was that the fight with the JMA had caused most of the trouble. Similarly, see Itagaki Hidenori, *"Zoku" no Kenkyō* (Tokyo: Keizaikai, 1987), pp. 97–115.

²¹ Note that as usual in social policy, the opposition parties also protested, and were placated with traditional concessions. The amount of the copay was reduced from ¥500 to ¥400 (\$2.22) each month for outpatient visits, and the ¥300 per day hospital copayment was restricted to two months. There were also several expansive amendments, such as extending the eligibility for some health services beyond the 70-and-over group to bedfast people from age 65, and providing a somewhat larger central government subsidy to localities. See the detailed running accounts in the magazine *Shūkan Shakai Hoshō* through the entire period of Diet deliberations; also, materials on the Diet process were released by the new Health of the Aged Department of the Public Health Bureau, Ministry of Health and Welfare, in October, 1982, under the title "Rōjin Hokenhō Kankei Shiryō."

position parties and the various groups concerned appeared to accept the Welfare Ministry's view of the problem and its approach to solutions; even those who were displeased were more concerned about maximizing their interests within that framework. Three factors seem to be important in explaining this relative placidity, compared with earlier health care battles.

First, the very complexity of the bill probably aided its passage. Local-government groups were worried about the financial burdens of the health services program, but they were more concerned about bailing out NHI. If the socialist parties had played to the public with all-out opposition to the patient copayment, they would have lost the opportunity to protect their labor union constituents in the negotiations over cross-subsidization. Such considerations were especially pertinent to the JMA, and they even got tangled up in a post-Takemi leadership struggle—the group that took over had waved the banner of full-scale opposition to the bill (*hōan zenmen hantai*), but later, in order to keep its voice for preserving the fee-for-service system, switched to a principled opposition (*gensoku hantai*) stance which allowed it to participate in negotiations.²² In general, the fact that the various opponents were often at cross-purposes with regard to one or another specific provision made it difficult to construct a coherent resistance strategy.

Second, the bill came to the Diet at the time the public relations campaign around administrative reform was at its height, with the mass media drumming up big government as the root of all evil in Japanese society. Whatever the real state of public opinion might have been, this overall mood certainly inhibited any crusades in favor of the welfare state as an ideal. No one asserted that the general public was actually behind the Health Care for the Aged Law, but worries about public reactions were much less than they would have been a year or two earlier.

Third, at the elite level as well, nearly all decision makers had come to perceive the fiscal crisis as the top problem on the national agenda. Although Rinchō itself was not an active player in this issue, its reports were emphasizing the aging-society problem, and mentioned such issues as the copay and fiscal balance as high priorities. In effect, in 1981–82, no issue could be taken up in the general arena without being dominated by the need to cut expenditures. The Welfare Ministry's solutions were a plausible response to one of the largest and most conspicuous aspects of the problem. The only way to mount an effective resistance would be to come up with an equally plausible alternative solution, but none was at hand.

²² "Rōjin Hokenhōan wa Dō Natte Iruka," *Rōgo to Kurashi* (May 1982): 12–18. This article includes summaries of the positions of several groups and parties on the Health Care for the Aged Law. Also see Hashiba Masahito, "Rōjin Hokenhōan o Kangaeru—jō," *Kenkō Hoken* 36:1 (January 15, 1982): 76–83.

Bureaucratic advance. These conditions might have been accidental: the Welfare Ministry could have been pushed into doing something about free medical care at a time when resistance happened to be dropping, and then simply threw whatever ideas it had on hand into a proposal. However, the process just described appeared to be much more purposeful. Sound strategy and clever tactics seem to have been behind the Ministry's sense of timing, the way it brought its proposal to the agenda, and the contents of the draft bill itself—the individual components, and the interactions among them which made the proposal multidimensional and difficult to oppose.²³ We have not often found such well-handled strategy on the part of the Ministry of Health and Welfare—why here?

One answer is that the official who took the leading role throughout this process was Yoshimura Hitoshi, regarded as one of the two smartest and most resourceful Welfare bureaucrats of his entire generation.²⁴ Another is that the health policy subarena is a domain where confrontation is normal. The decades-long feud between the Welfare Ministry and the Japan Medical Association induced both sides to clarify their goals and develop strategies to attain them. Welfare officials in the health insurance area (Yoshimura was an exemplar) were attuned to looking for opportunities where they might have an advantage over the JMA, and they knew that a proposal carefully constructed to maximize support and minimize resistance would be crucial to success. This case accordingly looks quite different from policy changes in such fields as pensions or social welfare, where Welfare officials were contending mainly with the indifference of the political leadership or passive resistance from the Ministry of Finance. Unsurprisingly, it resembles the Labor Ministry strategies against the radical Zennichijirō union described in the last chapter, which similarly were the products of a long feud.

MOMENTUM

In any case, Welfare Ministry actions following passage of the Health Care for the Aged Law were consistent with an interpretation that officials were

²³ This strategy can be called "manipulation of dimensions," one of the common "heres-thetic" devices described by William H. Riker in *The Art of Political Manipulation* (New Haven, Conn.: Yale University Press, 1986).

²⁴ The other was Yamaguchi Shintarō in pensions (see chap. 10). Yoshimura's career was mainly in health insurance, and in his earlier years he had actually formed a study group of young Welfare Ministry officials to think up ways to defeat the JMA. Tahara Sōichirō, *Nihon no Daikaizō: Shin-Nihon no Kanryō* (Tokyo: Bungei Shunjū, 1986), pp. 292–303. From 1977 to 1979, Yoshimura served as the counselor for health insurance matters at the ministry staff level, then following a brief stint at the Social Insurance Agency he returned to ministry headquarters as the Chief of Staff in 1980, Director of the Social Insurance Bureau in 1982, and Administrative Vice Minister in 1984. He died in October 1986, shortly after retiring.

following a conscious strategy of reshaping the health care system. It created a new agency, quickly moved to bring local governments in line, forced reform in hospital administration and the payment system, and in 1984 managed to pass—against tough opposition—a major overhaul of the health insurance system which included an extension of the logic of cross-subsidization in health insurance to a new age group. The pattern of top-down, bureaucratic-dominated policy change was continued.

Ministry Organization

Administratively, the Health Care for the Aged Law moved this responsibility out of the domain of the Welfare Law for the Aged (free medical care had been an amendment to that law), allowing a rationalization of the organization chart. For a decade, this policy area had been uncomfortably shared by the Social Affairs and Social Insurance Bureaus, neither of which were very well equipped to implement the Ministry's services strategy. The leadership had thought of using the new law to create a new bureau specialized in old-age health care, but this was impossible at the time because the administrative reform campaign was pushing for streamlined administration. Instead, the Ministry upgraded the existing Health of the Aged Division to a department (*bu*) and moved it from the Social Affairs Bureau to the Bureau of Public Health.²⁵ This new administrative unit had substantially greater capacity for policy leadership.

Local Governments

The Ministry followed a two-pronged strategy in extending its plans to the local level. First, it used administrative guidance to encourage localities to give up their independent (*tandoku*) programs to subsidize old-age health care costs. Most of these programs had been started in the early 1970s, when the Tokyo free medical care idea had diffused so rapidly around the country, and were continued even after 1973 by, for example, lowering the age limit below 70 or eliminating the income ceiling for eligibility. No one in the national government liked these programs: to the LDP, they were unhappy reminders of the era of progressive local governments; to Home Affairs Ministry bureaucrats, they meant uneven benefits depending on

²⁵ Departments are created for special purposes at an intermediate level between division and bureau in Japanese ministries, though they are fairly rare. In a subsequent organizational reshuffling forced by administrative reform, the Health Care of the Aged Department came under the newly constituted Health Care Bureau (Hoken Iryō Kyoku) which combined several functions of the old Public Health and Medical Affairs Bureaus, and in 1988 it was merged with the Welfare of the Aged Division to form the Health and Welfare of the Aged Department (Rōjin Hoken Fukushi Bu) and moved up to the Ministry Secretariat.

where someone lived; to the Finance Ministry, they used resources better spent elsewhere; to Rinchō, they were symbols of profligate local administration, a favorite target. The Welfare Ministry shared all these images, and had the added incentive of taking another step in increasing its own influence over the old-age health care system.

The other prong was the services strategy. The Ministry devised a five-year plan, approved informally by the Finance Ministry, which laid out a major expansion of the six health-service programs established in the Health Care for the Aged Law, plus its earlier programs in this area.²⁶ The difficulty was that all this health maintenance, preventive medicine, rehabilitation, home care, health education, and so forth had to be carried out by local governments. The national subsidy (*hojokin*) provided only one-third of the costs. For that matter, the one-third was figured on the basis of official unit costs (*tanka*) negotiated with the Finance Ministry—in most cases, actual expenditures on salaries and other items had to be considerably higher, with the difference covered by the locality (a typical problem in Japanese public administration called “excess burden,” *chōka futan*). Still more troublesome from the local point of view was the need to hire more people. Many of the needed specialists—public health nurses, physical therapists, and so forth—were in short supply, and in any case local governments tend to be reluctant to do new hiring because of their never-ending struggles with local public employee unions. The localities also worried about fights with local JMA chapters and other troubles inherent to a major program expansion in this area, and the nagging problem of how local residents could be induced to participate.

The Welfare Ministry thus faced formidable obstacles to imposing its conception of the future health care system on those who would have to carry it out. Moreover, it lacked much leverage; continuing efforts to cut government expenditures meant that it could not obtain the funds for large-scale pilot projects and the like which might simply buy cooperation from local governments. Welfare officials did the best they could within these limitations, however. They were aided by the sympathy of the Ministry of Finance, which continued to increase the budget for health services at the planned rate (one well above the average in this austere period), and by the real interest in service programs for the elderly on the part of many local governments.²⁷ In 1985, the Health Care for the Aged Deliberation Council stressed the enormous gap that remained between intentions and implementation in health services. When official reports point with alarm

²⁶ The plan is outlined in *Zuetsu Kōreisha Hakusho*, 1987, 116–17.

²⁷ This interest is well demonstrated by the localities' later willingness to take on added burdens for nursing homes, noted in chap. 7, as well as by their own plans for independent programs. Many such plans are collected in *Aging Society*, pp. 116–236.

rather than pride at an important policy area, it is a good indication of sustained commitment to expansion.²⁸

Hospitals

A few months after passage of the Health Care for the Aged Law, the Welfare Ministry announced, with little preparation or fanfare, a set of treatment and reimbursement policy regulations that created a new type of “old-people hospital.”²⁹ Ordinary hospitals in which 70 percent of the beds were occupied by patients 65 years and older would receive this designation, which meant that they would no longer be reimbursed for medical care on a straight fee-for-service basis, but rather would have to cover most treatment costs from a lump-sum per capita payment. In exchange, their staffing requirements were reduced: only three instead of six doctors per 100 beds would be required, and instead of twenty-five registered nurses, they would need seventeen nurses plus thirteen nurses’ aides. These hospitals—in 1984, 664 out of a total of 9,403 hospitals in Japan—would in effect become long term care institutions.³⁰

This reform might be seen as a belated recognition of reality, since most long-term care in Japan takes place in hospitals. Ikegami Naoki estimated that in the early 1980s about 4 percent of the over-65 population resided in hospitals or clinics, many for extended periods, compared with 1.6 percent in nursing homes or other welfare facilities.³¹ An estimate from a different base is that out of 480,000 *bedfast* elderly, about 100,000 were in

²⁸ Rōjin Hoken Shingikai, “Rōjin Hoken Seido no Minaoshi ni kansuru Chūkan Iken,” July 18, 1985; excerpted in Zenkoku Rōjin Fukushi Mondai Kenkyūkai, ed., *Rōgo Hoshō Saishin Jōhō Shiryōshū 3: Chūkan Shisetsu, Rōjin Iryō—Chūkan Hōkoku to sono Yukue* (Tokyo: Akebi Shobō, 1985), pp. 52–53.

²⁹ *Rōjin byōin*, sometimes glossed as “geriatric hospital” but since they usually have no special provisions for treating old-age health problems the literal translation is more appropriate.

³⁰ Kōseishō Kenkō Seisaku Kyoku Sōmuka, *Chūkan Shisetsu: Kondankai Hōkoku, Zen Shiryō* (Tokyo: Chūō Hōki, 1985), pp. 54–56, 91, cited hereafter as *Facilities*. The total includes 55 smaller medical facilities not covered by regular hospital regulations, which became “nondesignated old-people hospitals” with somewhat different provisions. The 609 “designated” old-people hospitals had about 63,000 patients in 1983 (12 percent of the national total), of whom 86 percent were 65 and older. The number rose to 1,081 designated hospitals with 143,406 beds in 1990. See *Kokumin no Fukushima no Dōkō*, 1990, p. 198, and the good overview by Nobuo Maeda, “Long-Term Care for the Elderly in Japan,” in Teresa Schwab, ed., *Caring for an Aging World* (New York: McGraw-Hill, 1988), pp. 246–64.

³¹ Naoki Ikegami, “Institutionalized and the Non-Institutionalized Elderly,” *Social Science Medicine* 16 (1982): 2003. In 1987, 6.2 percent were institutionalized, about three-quarters in hospitals, according to Welfare Ministry data provided by Ikegami. Note that these levels of institutionalization approximate the United States, where about 5 percent are in nursing homes (few in hospitals for a long term). Many statistics on long-term care in Japan exclude hospitals, leading many Japanese and foreign observers into alleging a unique cultural antipathy toward putting old people into institutions.

hospitals in the mid-1980s, only slightly less than the 110,000 in presumably more appropriate nursing homes.³² Reasons for favoring hospitals include the negative image of welfare institutions, compared with generally positive feelings about medical treatment; long waiting lists for nursing home beds in urban areas; and the intense competition for patients among hospitals and clinics in overbedded Japan.³³ This pattern is not as irrational as it would be in other countries because hospitalization costs for chronic care in Japan are quite low, 30 percent to 50 percent above those in a nursing home, but hospital stays extended over months or years are still expensive.

In fact, one stated goal of the new policy was to shorten hospital stays and encourage more long-term care at home. Extra payments were provided for training in health maintenance (e.g., treating high blood pressure), helping families before and after discharge, home health care, day hospital services, and so forth. However, such positive programs were a secondary consideration. When I asked Welfare officials how this idea had materialized so quickly, they answered that they had been seeking ways to meet the ever-tougher budget request ceilings, and the rising costs of hospital care for older people seemed an appropriate target.

Fundamental reform? Beyond such immediate motives, the new payment system was a step toward the "capitation" notion that had earlier been discussed within the Welfare Ministry but was abandoned under JMA pressure. One official I interviewed surmised that if these regulations had been suggested a year earlier, reactions from doctors at this encroachment on fee-for-service medical care would have made passage of the Health Care for the Aged Law impossible. The JMA did oppose the reform within the Central Social Insurance Medical Council, but the Welfare Ministry was able to base its arguments on the rather convincing point that a hospital full of bedfast old people needed more custodial care than medical attention per se. In any case, the doctors' resistance was undermined by the fact that for many hospitals the savings in personnel costs would outweigh the drop in income—that sort of bargain which often solves disagreements over principle.

³² Welfare Ministry figures: *Mainichi Shinbun*, July 24, 1985.

³³ See Ruth Campbell, "Nursing Homes and Long-term Care in Japan," *Pacific Affairs* 57:1 (Spring 1984): 78–94; and Emiko Ohnuki-Tierney, *Illness and Culture in Contemporary Japan* (Cambridge, U.K.: Cambridge University Press, 1984). Maeda Nobuo points out that the extent of hospitalization is a function of the number of hospital beds in a prefecture (the correlation [*r*] across all prefectures is 0.88). He argues that political pressure from doctors at the local level has inhibited the building of more nursing homes. "Medical Care Costs for the Aged in Japan," Paper presented at the Thirteenth International Congress of Gerontology, New York, July 1985.

Subsequently, in the negotiations over the reimbursement schedule that were held about every two years, the Welfare Ministry moved more elements of old-age medical care into the fixed-fee system. These and associated economies were successful in slowing the expansion of overall health care costs substantially. In 1988 the growth rate was just 3.8 percent, the lowest on record and 1.4 percentage points below the Welfare Ministry's own earlier estimate.³⁴ An extreme was reached in 1990, when old-people hospitals were given a choice of leaving most medical treatments and medications on a fee-for-service basis or accepting a daily "medical management fee" to cover nearly everything, meaning that 90 percent of costs would be on a fixed-fee basis.³⁵ The hospitals could then maintain about the same revenues per patient (somewhat over ¥ 300,000, about \$1,700 a month) even if they provided purely custodial care.

The trend toward fixed-fee payments was strongly supported by the health insurance societies, hard hit by rising old-age medical costs, and by the Finance Ministry. The JMA opposed each step rhetorically but went along: in 1990, it weakly maintained that because hospitals were offered a choice, fee-for-service was not really being abandoned. The Welfare Ministry was confident that most hospitals would opt for the new fee since they could maintain revenues with much less trouble.³⁶ A cynical Ministry official defended this new policy to me even on medical grounds, saying that more patients would benefit by ending overmedication than would be harmed by undertreatment.

Retiree Health Care Financing

In the year following enactment of the Health Care for the Aged Law, the Ministry of Health and Welfare laid plans for a radical reform (*bappon kaikaku*) of the overall health insurance system. In October 1982, it set up a new intraminiistry team (Headquarters for Comprehensive Measure to Promote Normalization of National Health Expenditures), and also submitted two proposals to the Social Security Systems Deliberation Council for comment. One of these ideas was a new Retiree Health Care Program (Taishokusha Iryō Seido), although it was not thought at the time that the

³⁴ The figure is growth in national health expenditures (*kokumin iryōbi*), which in 1988 amounted to ¥ 18.7754 trillion (\$104 billion) or ¥ 152,000 (\$845) per capita at our ¥ 180 = \$1 rate. *Asahi Shinbun*, June 25, 1990.

³⁵ Physical medicine was exempted to encourage rehabilitation. *Asahi Shinbun*, February 22, 1990. Note that additional fees are usually charged to the patient or family. A Welfare Ministry survey in 1990 put the average "extra" cost at ¥ 22,500 per month, but specialists said the actual levels were much higher, ranging from ¥ 30,000 in provincial cities to over ¥ 100,000 in several metropolitan geriatric hospitals. Some local governments partially cover such fees with an allowance. *Asahi Shinbun*, April 4, 1991.

³⁶ *Asahi Shinbun*, February 2, 1990.

plan could be immediately implemented. Nonetheless, under pressure from the administrative reform campaign (Rinchō reports had called for several specific cutbacks in health care) as well as the budget-request ceilings, in early 1983 top Welfare officials wrote articles about the need for substantial changes if Japan were not to be impoverished by rising medical costs, and several reforms were included in the Ministry's budget requests for 1984 (prepared in summer 1983). According to Katō Junko, Ministry specialists saw the fiscal crisis as an opportunity to implement policies they had in mind for some time.³⁷

A large portion of the savings—¥219 billion (\$1.2 billion) of a total of ¥536 billion—was to come from the proposed Retiree Health Care Program, which was essentially an extension of the fiscal adjustment provisions of the Health Care for the Aged Law downward to the 60–69 age group. Coverage would extend from retirement, when workers normally left their employee-related health insurance programs and joined National Health Insurance, until age 70 when they would come under the old-age health care system established in 1982. About 4 million people would initially be included. Their copay would be 20 percent, not the 30 percent under NHI, so they would be better able to bear the increased medical costs that come with aging. The key provision was to transfer the subsidy for this age group, whose medical costs were substantially higher than their premiums, away from the deficit-ridden NHI (and thus the national treasury) to the employee-related health insurance carriers. The burden, on top of the costs of supporting those 70 and over under the new fiscal adjustment provisions, was estimated at about ¥360 billion (\$2 billion).³⁸ This proposal was strongly opposed by the health insurance carriers when it was announced, and both big business and labor groups complained as well.

Enactment. However, the main opposition centered on other aspects of the cost-cutting reform, including eliminating several items from health insurance coverage, setting a limitation on government subsidies to NHI, and especially a proposal to reintroduce copayments for employees (since 1961, medical care had been free for employees themselves, although their dependents had to make copayments). The reform became an issue in the December 1983 election, and several of the Welfare Ministry's proposals were modified in the course of final budget negotiations and advisory committee deliberations in January 1984. It then was intensely debated in the

³⁷ *Kettei Katei*, p. 165. Katō discusses the politics of this reform in detail; my brief treatment is mainly based on her analysis.

³⁸ It is interesting that very much the same idea had been suggested by Miura Fumio in a newspaper interview back in 1975. *Asahi Shinbun*, October 17, 1975, reprinted in Miura, ed., *Kore Kara*, pp. 91–94. A description of the system as implemented, with statistics, will be found in the annual *Hoken to Nenkin no Dōkō*, 1985, pp. 134–36.

Diet, both during budget deliberations and after the introduction of the bill itself (as an amendment to the Health Insurance Law and other legislation) in April.

As well as being subject to the expected pressures from interest groups and the opposition parties, the bill got caught up in LDP factional politics, and managing its passage through the Diet became a political touchstone for Prime Minister Nakasone. The bill nonetheless passed on August 7, 1984, less than six months after its introduction to the Diet, and its main components remained relatively intact. Although the new copayment for employees was reduced from 20 percent to 10 percent, this was purportedly on a temporary basis, and the limitations on government subsidies to health insurance were sustained. The Retiree Health Care Program was amended only to allow employee health insurance carriers to cover their members after retirement if they so chose, and have their contributions to the new system reduced accordingly—quite a minor concession. It is likely that if Retiree Health Care had been proposed by itself, its chances for success would probably have been small; as with the earlier Health Care for the Elderly Law, it benefited from the large number of problems and solutions being considered at the same time.

Katō attributes the lack of effective opposition, so different from earlier health insurance bills, to the administrative reform campaign. It not only helped undercut resistance through its general effect on the national mood, but also created incentives for the Welfare Ministry, which had to meet the budget ceilings, and for the Nakasone Cabinet. Identification of the bill as an important administrative reform measure committed the party leadership and the mainstream factions to get the bill passed. That inhibited the usual power of the JMA's allies within the LDP, forcing them to work for minor amendments rather than full-scale reversals. And here too, top Welfare officials skillfully took advantage of administrative reform to extend their influence over the Japanese health care system.

Long-Term Care

The final development in the old-age health care field in the mid-1980s was an extension of authority for the health care bureaucrats, but this time into the field of social welfare. In 1986, the Welfare Ministry announced plans for a pilot program of intermediate facilities (*chūkan shisetsu*), a new type of institution combining the functions of nursing home and hospital, that officials hoped would eventually carry the main burden of institutional care for the aging. As a significant if somewhat ambiguous innovation in the increasingly problematical area of long-term care, this reform is worth an extended look.

Problems with nursing homes. Back in the early 1960s, when the Social Affairs Bureau had decided that Japan's growing number of elderly needed more care than could be provided in existing old-age homes, it sought to create nursing homes (*kango rōjin hōmu*) on the western model, but the medical bureaus in the Ministry would not approve the name.³⁹ The new facilities thus had to be called special homes for the aged (*tokubetsu yōgō rōjin hōmu*), and again partly due to jurisdictional problems, they remained firmly within the social welfare domain with little or no medical component. Since most residents of these homes are quite old and subject to frequent ailments, the difficulty of arranging for adequate medical attention—even sometimes in emergencies—had been cited by experts as a critical problem for years.⁴⁰

For example, the 1970 report of the Central Social Welfare Council's Special Division on Welfare of the Aged, the definitive statement of problems and solutions by the old-age policy community, strongly emphasized the lack of funds for adequate medical personnel and facilities in nursing homes. Then in 1972, the same council mentioned the need to rethink the role of nursing homes as its second priority (after increasing their number). In urging that old-age institutions in general should be considered as solutions to health rather than low-income problems, it stressed the need for more medical care and rehabilitation, and mentioned the term intermediate facility (although it did not explain it, and specific proposals were lacking).⁴¹ The next report of the Special Division, in 1977, treated the issue in more detail but mainly recommended that a nursing home should arrange for a doctor to be more available, develop a working relationship with a nearby hospital, and provide more rehabilitation.⁴²

These reports were compiled under Social Affairs Bureau auspices, explaining why they tended to be vague about solutions: organizational norms inhibited treading on the jurisdiction of other bureaus without consultation. The problem was not bothersome enough to social welfare specialists to make a major issue of it, and the bureaus connected with health care simply were not interested; under these conditions, "discussions continued" for well over a decade with nothing happening. But conditions changed sharply in the 1980s—the officials in charge of institutions be-

³⁹ See chap. 4 and Kōseishō Shakai Kyoku Rōjin Fukushima, ed., *Rōjin Fukushi 10-nen no Ayumi* (Tokyo: Rōjin Fukushi Kenkyūkai, 1974), p. 10.

⁴⁰ This and other relationships between social welfare and health care are problems in many countries, and have been emphasized in the Japanese professional literature.

⁴¹ "Discussions are continuing with respect to strengthening the medical function (*iryō kinō*) within homes," was the characteristic phrase. Relevant portions of both reports are reprinted in *Aging Society*, pp. 92–97.

⁴² "Rōjin Hōmu no Arikata ni tsuite," November 21, 1977, reprinted in *Facilities*, pp. 129–36.

came more worried, and as we have already seen, health care specialists became more interested in old people. Also, the organizational reform that brought the Health Care for the Aged Department into the Public Health Bureau helped break down jurisdictional boundaries and facilitated action.

The main worry for the old-age-welfare specialists was money. Nursing homes continued to be built at the rate of 100 or more per year, and the number of beds passed 100,000 in 1982, having doubled in less than a decade.⁴³ But this rate of increase was insufficient to keep up with the growing aging population: nursing homes operated at virtually 100 percent of capacity and the Welfare Ministry estimated that at least 15,000 bedfast elderly were waiting for space.⁴⁴ Even the current rate of construction was increasingly difficult to maintain under conditions of financial stringency, since one-half the construction costs and 80 percent of the operating costs of old-age institutions were paid from the Welfare Ministry budget. Localities were also more and more resistant to bearing their share (25 percent) of the cost of constructing new nursing homes, particularly in the urban areas where the need was greatest but real estate was scarce and ever more expensive.

Another significant factor was on the supply side: Japan has more hospital beds relative to population than any other country in the world, and the number was rising.⁴⁵ Keeping these beds filled at regular health insurance rates, or even the lower rates for old-people hospitals, would be expensive, and experience indicated that doctors find ways to prevent utilization rates from dropping very much.⁴⁶ The newly assertive health bureaucrats had always disliked the vast numbers of small private hospitals that dominated Japanese health care, and would be happy to see them specialize in basic-level care.

The solution. These factors came together in 1984–85, and officials in the Health Care of the Aged Department and the Health Policy Bureau quickly engineered recommendations from advisory committees about the rather vague idea of intermediate facilities.⁴⁷ This term also referred to

⁴³ *Facilities*, p. 65.

⁴⁴ *Mainichi Shinbun*, July 24, 1985.

⁴⁵ Despite its younger population, Japan in 1984 had 101 regular hospital beds per 10,000 population, compared with 48 in the United States (1980), 69 in West Germany (1980), and 83 in France (1977). The rate of increase accelerated after 1980, when the number of doctors relative to population (which is not particularly high in Japan) also began to rise. Kōseishō Daijin Kanbō Tōkei Jōhō bu, ed., *Kōsei Tōkei Yōran* (Tokyo: Kōsei Tōkei Kyōkai, 1986), pp. 134–35, 141. Recent efforts to control the number of beds have been counterproductive in the short run, as hospitals have rushed to build before regulations took effect.

⁴⁶ In the period when the number of doctors and beds was rising rapidly, the utilization rate for ordinary hospital beds actually increased, from 81.4 percent to 83.3 percent between 1980 and 1984. *Ibid.*, p. 141.

⁴⁷ The key reports were by the Social Security Systems Deliberation Council in January

bringing nursing homes into community care or in-home services, a big topic for the old-age-welfare policy community, and this idea was mentioned by these committees. However, policy development was now in the health care domain, and discussion centered on turning hospitals into a new type of long-term-care institution. This solution seemed to solve several problems: an insufficiency of both beds and medical care in nursing homes, underutilized hospital beds, and high costs.

Compared to hospitals, savings would come by covering medical care under a capitation rather than fee-for-service system. This was a further extension of the old-people hospital reform described earlier, but at a still lower rate, and with a portion of the costs paid by the patient.⁴⁸ Compared to nursing homes, total costs would be higher, but they would be apportioned differently. This pattern could already be seen under the existing system: the average monthly cost in old-people hospitals in 1983 was ¥282,930 (\$1,600) compared with ¥195,600 (\$1,100) in an urban nursing home, but the national government paid 44 percent of the former but 75 percent of the latter, so hospital care was actually cheaper by some ¥22,000 per month from the point of view of the Welfare and Finance Ministries.⁴⁹ The plan was to build few new nursing homes, which would also save construction costs, and to meet the need for long-term care by converting existing hospitals (at the expense of their owners) into these new institutions, to be called Old-age Health Care Facilities (*Rōjin Hoken Shisetsu*).

Resistance. This proposal brought protest from many quarters. The JMA said that high-quality medical care (not to mention jobs for doctors and fee-for-service reimbursement) would be undercut, health-insurance carriers protested the new burdens on their contributors, and a variety of progressive groups deplored many aspects, explicit or implicit, of the reform—they foresaw a decline in quality of care, much higher costs for patients, a loss of neighborhood hospitals, and so forth.⁵⁰ However, many insurance carriers were attracted by the lower costs of intermediate facilities compared with hospitals, progressive groups could be ignored as

1985, and the Discussion Group on Intermediate Facilities in August; the latter group had been created by the Medical Policy Bureau in April. These and other relevant reports are collected in *Facilities*. A participant in the Systems Council process told me that the Welfare Ministry's role in writing the drafts and pushing for quick action was much greater than usual for this advisory committee.

⁴⁸ In 1990, the monthly payment from the old-age health insurance payment system (of which 30 percent came from government), was ¥226,770 plus a ¥50,000 copay, for a total of ¥276,660 (\$1,540) a month. *Asahi Shinbun*, May 17, 1991.

⁴⁹ *Ibid.*, p. 104. As the NHI deficit was increasingly absorbed by other health insurance systems, the Treasury burden would further decline.

⁵⁰ Many critical comments are helpfully collected in Zenkoku Rōjin Fukushi Mondai Kenkyūka, ed., *Rōgo Hoshō Saishin Jōhō Shiryōshū* 3.

usual, and JMA opposition was again not total (it had gone along with a favorable Social Security Systems Deliberation Council report) because many of its members faced problems of underutilized beds. Resistance from the outside was therefore not very effective.

More influential was a quiet but intense insider's campaign to defend social welfare principles, led by Welfare of the Aged Division officials, associated experts, and that old mainstay of the old-age welfare policy community, the nursing home proprietors organized in the National Social Welfare Council. Their pressure led to formal or tacit modifications in the new program even before it was launched in the 1986 budget: an emphasis on rehabilitation and on returning patients to the community, direct provision of in-home services, and more attention to care as well as treatment, including requirements for social work (as in nursing homes).⁵¹ Most important, it was agreed that nursing homes would continue to be built. Five years later, the 1989 Gold Plan described in Chapter Seven promised not only 280,000 beds in Old-Age Health Care Facilities by 1999, but also a near-doubling of nursing home beds to 240,000.

Despite the partial success of the welfare policy community, it is clear that these new institutions represented a further step in an already well-advanced medicalization of long-term care. Most of the new institutions (there were 402 with 32,000 beds in early 1991) were opened by medical corporations and were being run largely as hospitals, albeit generally with much better physical facilities than the average old-age hospital (to the disappointment of some planners, nearly all were newly built rather than conversions). Despite the emphasis on rehabilitation and on returning people to the community, most patients were entering from home rather than from hospitals, and were staying for extended periods. In short, while Old-Age Health Care Facilities were significant solutions to the problems of costs and of insufficient supply of beds, they did not represent a substantial reform of the long-term-care system.

Slowdown

The pace of innovation and reform in health care slowed after the mid-1980s. The 1986 review of the Old-Age Health Care Law increased the patient's copay only slightly, but increased the share of costs to be borne by insurers rather than the government. This move led to increased resistance from big business: in a complete reversal of its position during administrative reform, Keidanren (the Federation of Economic Associations) formally called for increased government subsidies of health insurance in

⁵¹ In most hospitals, elderly patients are kept in bed with few if any activities or diversions, comparing unfavorably to at least the better nursing homes. See Ruth Campbell, "Nursing Homes." Welfare specialists feared the bulk of intermediate facilities would be similar.

1989. The LDP's political troubles in that year halted several cost-cutting ideas, including another scheduled hike in the copay in old-age health insurance plus possible increases in hospital extra charges; the Welfare and Finance Ministries also avoided having their financial reforms undone only by approving a one-time-only subsidy to the health insurance societies.⁵² Plans to push for reform in several aspects of health care delivery were also short-circuited.

Despite these setbacks, the Welfare Ministry was in a far stronger position than a decade ago. There was far less overt conflict, with the decline of the JMA, and probably more agreement about which problems and solutions were important and worthwhile. However, there also seemed to be less missionary zeal, and fewer expectations that much action was likely. One reason was that the bureaucrats had now gotten through their agenda of reforms and lacked ideas about what to do next. In fact, young officials were still coming up with proposals, but according to some observers these tended to be a bit academic and impractical—in part perhaps due to the lack of good argument with, especially, the JMA.⁵³ More important, however, was the very success of reform: the growth rate of national medical care costs had slowed enough to be hard to portray as a crisis, so the energy needed for further large-scale policy change was not available.

CONCLUSION

These developments since passage of the Health Care for the Aged Law add support to the hypothesis advanced earlier, that health specialists within the Ministry of Health and Welfare found an opportunity in the simultaneous rise of the aging-society problem and the fiscal crisis in the early 1980s to attempt to reshape the Japanese health care system. It is not that they would visualize a British-style system with doctors essentially becoming public employees, and in any case, as the many compromises to government plans forced inside and outside the Diet indicate, the officials did not dominate the health care policy arena. They did dominate the policy agenda, however, in that no other actor made any proposals that were taken at all seriously during the period. Certainly compared to earlier years, bureaucrats had gained in power explicitly at the expense of the JMA and other interest groups, and implicitly at the expense of the Liberal Democratic Party.

How is this outcome explained by our policy-change theory? Three of the modes contribute. In cognitive terms, the problem of an expanding old-age population, and the accompanying quantitative and qualitative

⁵² *Asahi Shinbun*, December 14, 1989.

⁵³ These conclusions are based on interviews in 1989–90, in a research project on the politics of health care costs.

health care problems, were certainly getting worse. The solutions then in place were not working very well, particularly given tightening fiscal constraints—the Hecloish process of bureaucrats devising new solutions to replace them was quite important in these policy changes.⁵⁴ More bureaucratic control was a plausible solution, and arguably the best one. Politically, among the Welfare Ministry's rival participants within the policy arena, the JMA was clearly weakened by such factors as the departure of Takemi Tarō and the growing number of doctors (oversupply of workers being a classic detriment to any labor union), and the arguments by health insurance carriers were undercut by the obvious wealth of many employee programs. Important as well was an artifactual factor, the new choice opportunity presented by the administrative reform campaign.

We can see three impacts of administrative reform: one direct, one perverse, one indirect. The direct effect was the emphasis on cutting costs, and the accompanying budget-request limitations that put so much pressure on Welfare Ministry officials to come up with savings. This effort was quite successful: the growth rate of overall national health care expenditures was brought down close to the growth rate of the economy, and the national treasury's burden was actually reduced (in constant yen) from 1983 to 1987. The costs were transferred in small measure to patients, somewhat more to local governments, and chiefly to the health insurance societies.⁵⁵ Restraining medical costs to this extent was a major achievement.

But consider that administrative reform was also an attack on big government, with much of its rhetoric devoted to how private enterprise and competition would flourish once the heavy weight of bureaucracy was lifted from the backs of the people. Perversely enough, the net effect of reforms in the old-age health field was the opposite, since an important measure of control over the content of health care was moved away from individual physicians and health insurance societies, toward various bureaucracies—big hospitals, the centralized health insurance system, and especially Welfare Ministry officials themselves.⁵⁶ In three years, two public health insurance systems, two new kinds of health care institutions, and an expensive program of public health services were initiated; the thicket of

⁵⁴ Hugh Heclo, *Modern Social Politics in Britain and Sweden* (New Haven, Conn.: Yale University Press, 1974).

⁵⁵ Data drawn from the annual report *Kokumin Iryōhi*, compiled by the Kōseishō Daijin Kanbō Tōkei Jōhō Bu. Data analysis by Masuyama Mikitaka.

⁵⁶ Consider this complaint from corporate health insurance societies: "While the basic concept [of administrative reform] as originally stated was to attach importance to activate the private sector and to effect administrative reform for rebuilding finances without raising taxes, in actual fact reforms have been successively implemented to diminish the role of health insurance societies which are symbolic of private sector vitality." From the February 1988 "Proposals for Reform of Medical Care Insurance System" by the National Federation of Health Insurance Societies (Kenporen; pamphlet in English).

governmental regulation of health care became even more complicated than before; and substantial inroads were made on the fee-for-service principle which had left most medical decisions up to doctors.

It is interesting that compared to the United States and Britain, free-market ideology played a relatively small role in the reforms of health care in this period. True, privatization solutions were discussed academically by experts and, particularly, younger Welfare Ministry officials, and they were proposed as responses to new or secondary problems.⁵⁷ For example, the emerging field of home health care was often mentioned as a private enterprise "silver service," supplementary private health insurance was encouraged by the higher copays, and hospitals were allowed to compete with each other by offering better meals and charging for them (though hardly any took the opportunity). But the sections on health care in the various *Rinchō* reports could have been written by Welfare Ministry bureaucrats themselves (and in effect probably were). They included no evocations of free competition as a route to efficiency and no calls for a shift to private health insurance. While financial burdens may have been shifted toward the private sector, the locus of health-care decision making was not.

This lack of impact may not be as surprising as it seems on the surface, however, when one considers that during the same period in the United States, when free-market rhetoric was pervasive, many reforms of health care for the elderly perhaps looked pro competitive but also tended toward bureaucratization of the system (for example, encouragement of specialized HMOs, Diagnostic Related Groups reimbursement for hospital care under Medicare, government revisions of fee schedules). The explanation for both countries is purely cognitive: when patients receive services decided by doctors and paid by third parties, any halfway steps toward greater freedom for doctors would inevitably bring higher costs. Such a gigantic step backward as complete removal of public funds was not feasible, and so more regulation and bureaucratic medicine thus appeared to be the only plausible solution to the cost problem.

The indirect impact of administrative reform was its transformation of old-age health policy from a subarena issue of how medical care should be delivered into a general-arena issue of fiscal policy and the long-term aging-society problem. Of course, the most active participants in decision making were still the specialized actors who had most at stake: the bureaucrats, the JMA, the insurance carriers, specialized LDP Dietmen, and so forth. But now the LDP leadership, *Rinchō* and its big business backers, and the mass media were also at least implicit participants, and became important allies

⁵⁷ See, e.g., *Kōreika Shakai ni okeru Iryō to Hoken Seido* (Tokyo: Okinaka Memorial Institute for Medical Research, 1984), a project carried out in conjunction with the National Institute for Research Advancement, which includes interesting disagreements between physicians and economists.

for the Welfare Ministry. This was another case in which broadening the conflict actually favored the specialized bureaucrats—for example, the party leadership played an important behind-the-scenes role in holding down pressure from JMA-affiliated LDP Dietmen and getting the Health Care for the Aged Law passed.⁵⁸

But if Rinchō had been operating on its own, the reforms would have stopped at fiscal adjustment and copayments—just negative, cost-cutting policies. The host of positive policy changes that occurred in such a brief period must be ascribed to the initiative of the health bureaucrats, their skill at taking advantage of opportunities in an imaginative way, and especially the fact that they had real goals they wished to accomplish. As previously noted, these goals and skills had been sharpened over decades of frustrating conflict with the JMA, and were ready for use when a window of opportunity opened. I hesitate to use the term policy entrepreneurs for these Welfare Ministry health care bureaucrats, given that their innovations were mainly rather straightforward applications of long-held preferences, rather than creative expansions of an organizational mission. Still, they were certainly effective policy sponsors. According to a well-known journalist, the mood in the Welfare Ministry after passage of the 1984 amendments to the Health Insurance Law was dramatically more cheerful and energetic than just a few years earlier: the bureaucrats had finally begun to win battles with the doctors.⁵⁹

⁵⁸ Hashimoto Ryūtarō was a key figure here too: he in effect moved from the Welfare-Labor *zoku* to the leadership level by becoming chair of the committee on administrative reform within the Policy Affairs Research Council, and no doubt was particularly persuasive with his old colleagues.

⁵⁹ Tahara, *Daikaizō*, pp. 292–303.

Reforming the Pension System

IN THE FALL of 1981, a new novel called *Pension Collapse* was much read and talked about in governmental circles.¹ It was written in the style of the best-selling *Japan Sinks*, but here Japan in the year 2000 was engulfed not by a tidal wave but by a flood of government deficits, inflation, unemployment, loss of work ethic, intergenerational conflict, and a host of other social pathologies, all caused by a pension system run amok. The book was signed with a pen name, but everyone knew that the author of *Pension Collapse* was actually Murakami Kiyoshi, an insurance executive who had become one of Japan's most respected pension experts. In an afterword that presented facts and figures on the current pension system, Murakami argued that unless a major pension reform were carried out immediately, the bleak future he described would inevitably come to pass.

The pessimism of *Pension Collapse* was largely due to the failure in 1980 of an important proposal to restrain pension spending, due to heavy political attacks. Yet just five years later, a still larger reform was enacted with remarkably little opposition, and Murakami returned to writing generally upbeat books about the pension system.² Such extreme downs and ups invite attention.

Recall that several characteristics of the pensions policy area, some general and some specific to Japan, shape the policy-change process. First, pensions are extremely expensive, so any decision has large consequences. Second, pensions are highly technical, giving experts an advantage in both defining problems and devising solutions. Third, the big public pension programs do not *directly* benefit powerful interest groups, though they have a strong appeal to the general public; smaller programs draw more interest-group attention. Fourth, pensions are paid in the future, so that in a semifunded system like Japan's neither costs nor benefits of most policy changes are immediate.

These characteristics taken together help explain many aspects of the development of the Japanese pension system. Welfare Ministry bureaucrats have been the leading actors, but they often have not been able to dominate their policy area. In particular, they were unable to prevent or correct the

¹ Oshima Osamu, *Nenkin Hōkai* (Tokyo: Nihon Seisansei Honbu, 1981).

² For example, *Shin Nenkin Seido Q&A*, a useful overview of the 1985 reform written with a colleague, Yamazaki Yasuhiko (Tokyo: Nihon Seisansei Honbu, 1985). I interviewed Murakami in February 1986 and January 1990.

fragmentation of the pension system forced by interest group and party politics in the 1950s. On the other hand, as long as the main issue was assumed to be how quickly or how much the pension system should be allowed to expand, there was no major gap between the interests of the specialists and general-arena actors. The benefit hikes of the 1960s were easily accomplished, and during the old-people boom, the Pension Bureau was able to take advantage of newly mobilized political energy to accomplish its long held goal of bringing benefits up to western levels and maintaining them through indexing. The early 1970s were remarkable in the lack of opposition or even of much serious concern about such an important and expensive policy expansion.

The decade from 1975 to 1985 was quite different. National concern shifted from the old-people problem to the aging-society problem. The interests of the Pension Bureau became more complex now that its main goal had been achieved, and several general-arena actors developed interests of their own. Most important, the pace and extent of expansion was no longer the obvious question on the pensions agenda. In fact, there was no single obvious question. The pensions issue had reappeared in a high position on the general agenda by 1980, but as such an amorphous collection of problems that the most important solution proposed failed ignominiously. Largely as a reaction to this failure, a major reform proposal was then quickly developed and skillfully managed by the Pension Bureau; in the climate of the administrative reform campaign, it was easily enacted in 1985.

This 1985 reform was undoubtedly a major policy shift. Most have seen its main significance as a large-scale cutback in the nation's largest entitlement program. To some, the reform is therefore interpreted as a victory for the administrative reform campaign and a defeat for the bureaucrats of the Ministry of Health and Welfare.³ Others see the Welfare Ministry officials themselves as having embraced the goal of fiscal restraint and give them substantial credit for its effective implementation.⁴ I too give credit

³ This picture emerges from most general accounts of the administrative reform period, including in English James Elliott, "The 1981 Administrative Reform in Japan," *Asian Survey* 23:6 (June 1983): 765-79; Shumpei Kumon, "Japan Faces its Future: The Political-Economics of Administrative Reform," *The Journal of Japanese Studies* 10:4 (Winter 1984): 143-65; T. J. Pempel, "The Unbundling of 'Japan, Inc.': The Changing Dynamics of Japanese Policy Formation," *The Journal of Japanese Studies* 13:2 (Summer 1987): 271-306; and Michio Muramatsu, "In Search of National Identity: The Politics and Policies of the Nakasone Administration," *The Journal of Japanese Studies* 13:2 (Summer 1987): 307-42.

⁴ This view is at least implicit in official and unofficial accounts from the Welfare Ministry itself, and is shared by Lillian Liu, "Social Security Reforms in Japan," *Social Security Bulletin* 50:8 (August 1987): 29-37; and Katō Junko, *Nihon no Seisaku Kettei Katei* (unpublished M.A. Thesis, Tokyo University, 1986), Vol. 1, p. 56, cited hereafter as *Decision Making*). Also

to the bureaucrats, but as will be seen later, the 1985 reform was not a cutback, it was a consolidation. Welfare officials used the opportunity of reform to repair the blunders accumulated over three decades, to lock in generous benefits, and to achieve much of their long-cherished goal, a basic pension covering the entire population.

From this standpoint, the most interesting puzzles about the process of policy change center on the Ministry of Health and Welfare's Pension Bureau and its role as a policy sponsor. What interests was it pursuing? How did the specialists manage to control the intervention of heavyweight actors with different goals, such as the administrative reform economizers? In particular, why did the Welfare Ministry fail to achieve policy change in the 1970s but succeed rather easily in the 1980s? We will begin with a detailed analysis of fiasco—a fine example of misguided technocracy in Japan.

THE ROAD TO FAILURE IN 1980

After the oil shock, as part of the new pessimism about Japan's economic future, it occurred to many in and out of the Japanese government that paying higher and higher pensions to more and more old people would be very difficult. Early perceptions of this problem came not from pension experts, but from outsiders who saw expanding pension costs as impinging on their own interests. Three such perspectives were expressed in the reports described in Chapter Seven that had attracted much attention in 1975.

First, the Economic Planning Agency, responsible for assessing future growth, warned of the burdens that would be imposed on the productive sectors of the economy by high taxes and high pension contributions. Arguing from a "Chicago-school" theoretical perspective, it recommended that individuals or companies should be responsible for any old-age income maintenance above the barest subsistence level. Second, the life-cycle group of scholars associated with Prime Minister Miki reached a similar recommendation from a different starting point: in order to finance their ambitious program of cradle-to-grave security, public pension costs had to be controlled through a national minimum benefit for all, with additional support arranged outside the system. Third, the Ministry of Finance, concerned more narrowly with public finance per se, pointed to dangerous trends in general account expenditures and recommended that more pension costs be covered by social insurance premiums.

The solutions suggested in these reports and quite a few other reeval-

see Junko Kato, "Public Pension Reforms in the United States and Japan: A Study of Comparative Public Policy," *Comparative Political Studies* 24:1 (April 1991): 100–126.

uation of welfare writings of the time were not aimed at immediate enactment. They were too far outside current assumptions about appropriate policy, and too lacking in technical expertise about the workings of the existing system, to be seriously considered within the pensions policy-making arena. That ideas about remedies were proposed at all illustrates the general point that problems are rarely presented without solutions—by providing an alternative to the status quo, however unrealistic, they helped to focus attention on what their advocates saw as an impending economic or financial crisis. In the normal course of events, one would anticipate that the specialists would now respond with their own solutions, though not necessarily to precisely the same problem.

Three problems. That is, Welfare Ministry officials and other specialists were not opposed to taking up these economic and financial concerns. Pension Bureau bureaucrats had the job of estimating future revenue-expenditure balances. They certainly took this long-range responsibility seriously, and even as an immediate concern, they wanted the estimates to be plausible and reasonably durable, as constant revisions are embarrassing. Moreover, these officials had no interest in Japan's having the highest pension benefits in the world, and knew that there would be little support for any such ambitions within the governmental system. However, finance was not the only problem seeking their attention. Both inertial and cognitive considerations were pushing others to the fore.

When the Japanese public thought about pensions, their notion of what was wrong was still that benefits were too low. According to the regular government survey asking where people wanted government action, popular support peaked for improvement of social security and welfare in November 1976, at 46 percent (second only to high prices at 59 percent and way ahead of tax problems at 18 percent).⁵ This surge of attention might be seen as a perceptual lag insofar as overall benefit levels or replacement ratios for the model EPS pension are concerned, but it provided a useful resource for Welfare Ministry officials, since "completion" of the pension system, bringing it up to western standards, had been the main goal of specialists for a long time.

As of the mid-1970s, completion largely meant filling in several gaps remaining in the benefit structure. These included raising payments to those already old who were not eligible for regular pensions (the vast majority); a leveling-up of provisions for widows and the disabled, which still lagged behind international levels; extending the Employee Pension System to cover firms with less than five workers; and ensuring that overall benefits continued to keep pace with the growth of the economy. The Wel-

⁵ See the notes to Figure 5-1.

fare Ministry had been proposing these sorts of solutions for years, and knew it could still count on substantial support from the general public.

Fragmentation, the third problem, was the one of most concern to pension specialists. Now that benefits (at least for some) were approaching substantial amounts, the scotch tape and bailing wire that had been used to patch up Japan's variegated pension system were starting to come apart. People with similar earnings histories were entitled to very different benefits depending on how they fit into various categories. Most anomalous was the position of employees' wives: because most, but not all, had voluntarily enrolled in the National Pension System, many ordinary couples would actually be entitled to higher pensions after retirement than average employee wages, while on the other hand many divorcees would have no pensions at all. Bureaucrats have a congenital antipathy to such overlaps, inequities, and muddles, and moreover the system was getting harder and harder to manage—record keeping, determination of benefits, and other purely administrative matters were increasingly difficult.

The pensions policy community thus had to worry about three sets of problems: the future financial crisis, inadequate benefits, and the muddles of the illogical pension system. The first was of increasing concern within the governmental system whereas the second retained considerable popular interest. The third was a worry mainly for the specialized bureaucrats themselves. An ideal solution would deal with all three.

One solution. Oddly enough, an appropriate remedy was right at hand. Throughout the postwar period, Welfare Ministry officials had wanted to create a comprehensive and rational pension system, one like the models they had admired in the West. The idea that had been endorsed by virtually every advisory group and expert, in some variant at one time or another, was a basic pension (either *kihon* or *kiso nenkin*), a flat-rate benefit that would be paid to all individuals or households as a first tier, with a second tier of benefits proportional to contributions provided to specific groups. As we have seen in earlier chapters, in the 1950s this goal had been thwarted by other participants with other goals to pursue; the failure to prevent new Mutual Assistance Associations in the early 1950s and the limiting of NPS coverage only to those not enrolled in other programs in the late 1950s are two examples. Later on, notably in 1965, 1969, and 1973, pension officials had subordinated this ideal to their higher priority of raising benefit levels up to western standards—a goal essentially achieved in 1973.

It was therefore natural that the goal of comprehensive rationality and the old basic-pension solution would again emerge when pension problems reappeared on the national agenda. This scheme could plausibly be seen as dealing with the most acute aspect of the financial problem, inade-

quate support for the National Pension. Unification was also a prerequisite for getting a handle on the long-run financial problem, in that it resembled to some extent the national minimum idea of the EPA and the life-cycle group. The basic pension could also be portrayed as “completing” the system, since the entire population would be brought into a single scheme, and housewives would be given a right to their own pensions. Finally, pension administration would be substantially simplified and the most prominent overlaps and inequities eliminated.

In fact, when the Japanese pension system was massively reformed in 1985, the basic pension was the key element, and it was supported by all three of these arguments. The puzzle here is why, when all these factors should have been apparent to participants in the mid-1970s, it took ten years to accomplish. The answer chiefly has to do with the inability of the Welfare Ministry to exert decisive policy leadership.

Issue Nurturing

A journalist, looking back on pension politics up to 1980, accused Pension Bureau officials of taking a “Hamlet-like posture.”⁶ They talked about fundamental reforms, but their actions were mostly piecemeal expansions. This ambivalence was essentially due to the difficulties faced by the specialists in juggling three problems at once, and their uncertainty about whether enough political support could be generated for the obvious solution.

The ideas side. In 1975, the Welfare Ministry’s Social Security Long Term Planning Discussion Group was winding up its deliberations under guidance from Yamaguchi Shinichirō of the Ministry planning staff (he was later the architect of the 1985 pension reform).⁷ This group’s interim report back in 1973 had called for a shift “from growth to welfare,” and its final report, issued in August 1975, also mainly emphasized the various areas in which the pension system should be completed. The Discussion Group could not ignore the new concerns about finances, however, and while it stopped short of proposing a comprehensive solution, it did refer to the national minimum idea as a good starting point for discussing long-range problems (seen as “no easy task”).

The basic-pension idea itself was already being discussed within the Welfare Ministry at this time. It was suggested by Pension Bureau Director

⁶ Ashizaki Tōru, *Kōseishō Zankoku Monogatari* (Tokyo: Eeru Shuppansha, 1980), p. 146. Note this translates as “Brutal Stories from the Ministry of Health and Welfare,” one of a series of insider accounts of various ministries and other organizations written by reporters.

⁷ The report is excerpted in Miura Fumio, ed., *Kore kara no Shakai Fukushi Shisaku* (Tokyo: Zenkoku Shakai Fukushi Kyōgikai, 1976), pp. 45–52.

Soneda Ikuo, in a January 1976 magazine symposium, and as a “private plan” by Welfare Minister Tanaka Masami.⁸ However, the lack of a specific reference in the Discussion Group report, and the fact that no long-term reform was proposed at the time of the 1976 Financial Review (see Chapter Five), indicates that no consensus on future directions had yet been reached among the bureaucrats.

This attractive solution nonetheless rapidly took hold outside of the agency itself. In 1976 and 1977, recommendations for pension reform poured out from all quarters—political parties and leaders, labor unions, independent policy groups both left and right, governmental bodies, and various experts.⁹ Most mentioned the basic pension, although with different nuances. Those at the progressive end of the spectrum emphasized expansion almost exclusively—they sought balance among pension systems by leveling up to the most generous, and dealt with financial problems only by calling for more subsidies from tax revenues and increases in the employer’s share of contributions. The basic-pension idea here was chiefly aimed at assuring all citizens the right to generous benefits. At the other extreme, the most conservative position called for only a small basic pension to come from the government, with any other support left to individuals or companies. The middle-of-the-road position saw a basic pension of a barely adequate amount as the lower tier, with the existing EPS and MAA programs providing an upper tier of benefits.

These proposals from outsiders brought a quick response from the specialists. In April 1976, the Welfare Ministry appointed another “private” advisory committee, a blue-ribbon group called the Discussion Group on the Basic Conception of the Pension System. Its interim report, issued in December 1977, was a highly scholarly 328-page dissertation on pension systems at home and abroad.¹⁰ It highlighted thirteen specific problems, which could be categorized into the classifications just outlined as follows: eight dealt with overlaps, imbalances, and inequities caused by fragmentation; three were mainly concerned with gaps in coverage or inadequate benefits; only one centered on the financial problem, questioning whether future workers would be able to handle the increased burden of contribu-

⁸ See Miura Fumio, “Nenkin Seido no Shōrai Kōsō o megutte,” in Zenkoku Shakai Fuku-shi Kyōgikai, ed. and pub., *Rōjin Fukushi no Shōten* (the 1977 *Rōjin Fukushi Nenpō*), pp. 111–18; *Decision Making*, Vol. 1, p. 65. Soneda elaborated on his ideas in “Kōseihō Kaisei to Kongo no Mondaiten,” *Shūkan Shakai Hoshō* 882 (July 19, 1976): 13–17.

⁹ For citations and brief summaries, see Satō Susumu, “Nenkin Seido no Genjō to Kaikaku,” in *Kōreika Shakai to Rōjin Mondai*, a special issue of *Jurisuto* (November 20, 1978), pp. 56–65, as well as the earlier *Jurisuto* special issue on *Kōreika Shakai to Nenkin Hoken* (October 15, 1977).

¹⁰ It was published as *Nenkin Seido Kihon Kōsō Kondankai Chūkan Iken* by the Shakai Hoken Hōki Kenkyūkai in December 1979.

tions as the system matured.¹¹ The solution proposed was the two-tiered scheme of a basic pension topped by supplementary benefits from the other systems.

Unfortunately, the Basic Conception group could not agree on the details of this solution.¹² It presented two alternative versions, one a unification of the entire pension system, the other a rationalization of the existing programs that would allow some pooling of financial resources to finance the universal basic pension. Further confusion resulted when, just ten days later, the Social Security Systems Deliberation Council came up with yet another variation on the same idea, in which the first tier would be completely financed from general revenues (specifically, a 2 percent supplement to the income tax) rather than by social insurance contributions.¹³

We might recall a similar argument back in 1958, when the same Social Security Systems Deliberation Council had pushed for a permanent non-contributory, tax-based pension (though only for those over 70) and the Welfare Ministry remained attached to the principle of contributory social insurance. This rivalry had helped prevent the specialized policy community from coming up with a unified approach to the National Pension, thereby giving politicians and interest groups space to intervene and considerably muddle the pension system. A similar lack of agreement among the specialists, as represented by the two alternatives proposed by the Ministry's own Discussion Group as well as the third competing proposal from the Systems Council, now was making it more difficult to straighten out the muddle of the 1970s.

That is, after many months of deliberations, the Welfare Ministry still had apparently not nurtured the pension issue sufficiently to propose a comprehensive reform. The Basic Conception Discussion Group's final report in April 1979 made a strong argument against the Deliberation Council's tax-financing plan, and pointed out the many difficult problems that still required discussion about the basic-pension idea. It declared that the appropriate course was "to treat the fragmentation of the existing system as an assumption, revise the benefit structure of each system individually to achieve horizontal 'balance,' and furthermore, under a common standard, carry out fiscal adjustments among the systems, so that a result simi-

¹¹ Ibid., pp. 73–74. The thirteenth problem not included in this tally was on the deficiencies of corporate pensions. Fiscal matters were discussed elsewhere in the report, notably pp. 127–40, but they were not nearly as prominent as in many of the outsider reports previously mentioned.

¹² According to Murakami Kiyoshi, the biggest problem was the treatment of housewives, for which several members saw no good solution. Personal communication, January 31, 1990.

¹³ "Kainenkinka no Shin Nenkin Taikē," December 19, 1977. Reprinted in Zenkoku Shakai Fukushi Kyōgikai, ed., *Rōjin Fukushi no Shōten*, pp. 174–78.

lar to that envisioned in the basic-pension idea will be realized gradually (*zenshinteki ni*).¹⁴

In short, lacking an agreed-upon blueprint for comprehensive reform, incremental change that would move the system gradually in the right direction was a reasonable course of action. The sheer difficulty of the problems addressed, plus intellectual disagreements among the experts about ends and especially means, thus provide a sufficient explanation (in our cognitive mode) for the rather wimpy proposal produced in the pensions specialized arena. Consideration of the politics of the situation provides another, reinforcing, explanation.

The energy side. This is another case in which the differences between subarena and general arena politics are crucial. The Pension Bureau knew that any substantial reform would require approval by heavyweight actors. Unlike the early 1970s, however, the political energy being generated around the pension issue now appeared threatening—or, perhaps more to the point, unpredictable. Public, media, opposition party and rank-and-file LDP support for improved pensions continued, as signified by a politically popular cost-of-living “slide” in benefits granted in 1979 even though inflation was well below the 5 percent trigger. On the other hand, LDP leaders, economic bureaucrats, and many allies in academia and business were sounding off about reconsideration of welfare and the burdens of the aging society, with the pension system a prominent focus. None of these likely participants in any reform process were very sophisticated about pension problems, and certainly the specialists’ main concern, rationalization, would be poorly understood and not very appealing.

The ideal strategy in such a situation would be to combine rationalization with a major benefit improvement, thereby mobilizing the general public behind specialized objectives. However, as previously noted, in the 1960s and in 1973 the Welfare Ministry had put aside its interest in comprehensive reform so as not to jeopardize its higher priority of raising benefit levels—in hindsight, this strategic choice reveals a failure of imagination. The last chance had probably been 1976, when rapid inflation had thrown the pension structure enough out of kilter to necessitate moving up the five-year Financial Review by two years. Public interest was high, worries about future finances were not yet intense, and because of indexing benefits were supposed to be raised anyway—the EPS model pension went from ¥50,000 to ¥90,000 in that year. But Ministry officials and their allies were not then ready with a concrete reform proposal. When they

¹⁴ “Wagakuni Nenkin Seido no Kaikaku no Hōkō,” April 18, 1979, excerpted in Zenkoku Shakai Fukushima Kyōgikai, ed. and pub., *Kōreika Shakai to Rōjin Fukushima Shisaku* (Tokyo: 1983), pp. 48–55.

were ready, both the benefit level and the consciousness of financial problems were too high to allow this attractive strategy.

An alternative would be to link the basic pension directly to the financial problem, by including sharp cutbacks in future (not current) benefits. This strategy would draw considerable sympathy within the government and even the LDP, but given the broad if somewhat uninformed support for pensions among the general public, it would be very vulnerable to attack. Public opinion could be neutralized or brought to support reductions only by creating a sense of crisis, by talking about bankruptcy and so forth. This approach could not have been very appealing to Welfare Ministry officials, since it would amount to an attack on the system they had themselves created. In fact, although there was considerable concern within the Ministry about future pension financing, its advisory committee reports and other public pronouncements tended to play down this problem in the late 1970s.

These political considerations, combined with the intellectual disagreements within the specialized arena mentioned earlier, explain the ambivalent posture of the Welfare Ministry. By 1979, concern about all three of the basic problems had grown to the point that action appeared necessary, and the Ministry decided to move up the next scheduled Fiscal Review by a year, to 1980. But instead of proposing the basic pension, the simultaneous solution to all three problems, it took what appeared to be the safer course of suggesting only incremental changes. This strategy turned out to be a major miscalculation.

The Debate

The Welfare Ministry's three proposals for the 1980 Fiscal Review were, first, to increase benefits for Employee Pension recipients' dependents and survivors, to a level that would be more realistic and approximate western standards (a partial response to the adequacy problem); second, to eliminate the overlap of double-payments to housewives, who would now have to choose between their own NPS benefit and their husbands' EPS dependent benefit (a partial response to the fragmentation problem); and third, gradually to raise the normal age of eligibility for the Employee Pension from 60 to 65 (a partial response to the financial problem).

It was the third provision that drew most attention. On the surface, it looked reasonable. Raising the pensionable age would have an appreciable impact on the finances of the EPS, since five years worth of outlays would be eliminated—an estimated savings of more than 20 percent by the year 2000.¹⁵ By phasing the age hike in over twenty years, there would be no

¹⁵ Ministry of Health and Welfare figures, reported in "Nenkin Sūri kara mita Nenkin Shikyū Kaishi Nenrei Hikiage Ron," *Sōgō Shakai Hoshō* 18:5 (May 1980): 9–15.

effect on those currently or soon receiving benefits. The age hike appeared to be equitable, since the NPS already had a pensionable age of 65, and it was also legitimated by the majority of western examples. Perhaps most importantly, this solution had been floating around in the pension field for several years and was mentioned in many reports as one part of a more comprehensive reform. It therefore appeared to be enactable.

The process. This set of proposals first surfaced as the recommendation of the Basic Conception Discussion Group which, though respected, was an informal body; before proposing legislation, endorsement by the statutory advisory committee—in this case, the Employee Pension Division of the Social Insurance Deliberation Council—was required. Normally, approval is almost automatic, but in this case both the labor and management representatives on this Council refused to go along with recommending the pensionable age hike.¹⁶ Welfare Minister Hashimoto Ryūtarō was disappointed and said that the pensionable age was a key problem that would have to be dealt with soon, but the general feeling was that the issue was dead for the present.¹⁷ This impression was reinforced by yet another hostile report, by the Social Security Systems Deliberation Council in October. The Systems Council assumed an eventual hike to age 65, but put most emphasis on its earlier proposal for a noncontributory basic pension financed by a new tax, and also stressed the immediate need for developing employment opportunities for older workers.

In the meantime, however, Welfare Ministry officials were negotiating with the Finance Ministry about their 1980 budget requests, which necessarily included financial provisions for the 1980 Fiscal Review. The officials' main priority was now to make a start at straightening out the increasingly anomalous treatment of housewives by eliminating double-payments. It viewed the accompanying increase in dependent and survivor benefits as the sweetener that would make this restriction palatable. The Ministry of Finance was willing to go along, but pointed out that this package would worsen the already precarious financial situation of the EPS, and demanded a quid pro quo.

In the midst of all this, an election was called for October 7. Pensions and other social security issues were not prominent in the campaign, although the opposition parties routinely called for benefit improvements and the LDP platform mentioned the big widow's benefit hike.¹⁸ The election nonetheless had three impacts on the course of pension reform. First,

¹⁶ Their dissent was the top story in the *Asahi Shinbun*, September 4, 1979. Incidentally, the Discussion Group had also included top labor representatives, who had gone along with the pensionable-age hike, perhaps because of the feeling of common purpose that had grown up over the four years this body had worked so intensively on Japan's pension dilemmas.

¹⁷ Ibid.

¹⁸ For a digest of party platforms, see *Asahi Shinbun*, September 18, 1979.

the LDP “lost” in the sense of winning many less seats than predicted, and this disaster was widely ascribed to Prime Minister Ōhira’s campaign promise (albeit soon rescinded) to impose a new Value-Added Tax. Second, after the defeat Ōhira himself was vulnerable to political attack, particularly from his rival Fukuda Takeo. Third, in the cabinet reshuffle that always follows elections, Welfare Minister Hashimoto Ryūtarō—at once a powerful and savvy politician and a top leader of the Welfare-Labor *zoku*—was replaced by Noro Kyōichi, a member of the weak Miki faction, in his maiden cabinet post, and completely without experience in social policy.

The Welfare Ministry and the LDP were now committed to the widow’s benefit hike, but the Finance Ministry finally refused to accept it unless the costs to the EPS fund could be made up elsewhere. The only ready source, short of the radical reform that Welfare officials were not ready to propose, was raising the pensionable age—an idea that had after all been suggested for years, even if endorsement by the formal advisory committee had not yet been secured. Accordingly, at a December 18 press conference, Welfare Minister Noro suddenly announced that the pensionable age in the EPS would be raised by five years over a twenty-year period. This proposal was confirmed by the Cabinet as part of the budget process and became official government policy.

Only six weeks later, the proposal was withdrawn, having drawn such a negative reaction that the government was inhibited from proposing it again for at least a decade. Welfare officials and journalists called it a gross blunder by an incompetent minister.¹⁹

The resistance. The obstacle was not simply a matter of backtracking on benefits—the fact that the same legislation would also prohibit the wives of EPS members from collecting both the dependent’s allowance and her own NPS pension, a substantial loss of benefits that would be felt immediately, was barely noticed.²⁰ It was that the pensionable-age issue was ready-made for two favorite themes of the opposition parties and their affiliated labor unions: first, the gap between ordinary pensions and the benefits given to government employees via their MAA pensions, and second, Japan’s early mandatory retirement age.²¹

The first issue had long been a major irritant to private-sector unions,

¹⁹ Noro was called a *banshoku daijin*, literally a minister good only for taking his underlings out to dinner. The veteran reporter Kuno Mantarō saw this incident as one of the most maladroit political moves he could remember: *Semaru Nenkin Kaikaku* (Tokyo: Sanshin Tosho, 1983), p. 164.

²⁰ “Nenkin Shikyū Kaishi Nenrei Hikiage no Shippai,” *Sōgō Shakai Hoshō* 18:5 (May 1980): 5–8.

²¹ For a good brief analysis of both issues, see Kuno, *Semaru Nenkin Kaikaku*, pp. 169–211.

and the phrase *kanmin kakusa*, or “officials-people differential,” evoked old resentments among the general public as well. Specialists argued that government-employee pensions combined the functions of company and public pensions, so it was natural that they would be larger and begin at an earlier age. To most people, however, the higher benefits and less stringent conditions available to retiring bureaucrats seemed unfair.²² The unions demanded that the EPS should be improved to equal MAA levels (as by *lowering* the pensionable age, to 55). Well-publicized cases of high-level officials “retiring” in their 50s to top jobs in public corporations—sometimes two or three in sequence—and collecting a generous salary, retirement bonus, and pension at each juncture were not necessarily typical, but contributed to a widespread feeling that such inequities should be corrected before the benefits for ordinary people were cut.

Second, raising the private industry *teinen*, the age of mandatory retirement, had become another important demand for unions in the 1970s. Its high priority reflected the real worries of middle-aged workers about their financial prospects—worries intensified by the sharp drop in demand for middle-aged and older workers due to soft labor-market conditions in the post-oil-shock economy. Now the government proposed to add five years to the gap between mandatory retirement and pension eligibility.

These two issues had not been ignored by the government. An amendment had already been passed earlier in 1979 to raise the pensionable age for government employee MAAs over a twenty-year period from 55 to 60, making it equal to current EPS levels, and after some sharp battles with the public employees’ unions, a mandatory retirement age of 60 was being imposed on civil servants at both the national and local levels.²³ As for employment, we saw in Chapter Eight that a host of programs to encourage jobs for older workers had been a high priority of the Labor Ministry for some time. Its main effort had been the campaign to raise the mandatory retirement age, which was relatively successful in the sense that the proportion of firms with a *teinen* of at least age 60 had been nearly doubled. Still, by 1980, only some 40 percent of firms had adopted this standard. The fact that the average mandatory retirement age was still so low in Japan took much of the force out of the Welfare Ministry’s argument that pensionable ages were higher in the West, and the fact that the reform would restore the aggravating five-year differential between public and private employees meant that this emotional issue could not be put to rest.

²² Benefits were based on salary at retirement rather than average salary, the pensionable age was 55 rather than 60, government employee pensions received a larger Treasury subsidy, and benefits were not reduced when the recipient went on working. See *ibid.*, chap. 9, for a critique.

²³ Keiichi Nakajima, “Retirement Age System for Local Government Officials,” *Local Government Review in Japan* 14 (1986): 23–35.

Attractive as it might have seemed at the time, the proposal to raise the EPS pensionable age to 65 was the most vulnerable route to pension reform.

The withdrawal. It had been these two issues, after all, that caused so much trouble for the Welfare Ministry's original age-hike recommendation and led to its withdrawal. Inevitably, the idea's sudden resurrection in December brought an immediate storm of criticism in the press. Ordinary policy-making routines required that the 1980 Fiscal Reform draft legislation be approved by both the Social Insurance and Social Security Systems Deliberation Councils. Again, labor members protested strongly, and even those members of the latter council who favored raising the pensionable age were vocally offended by the Ministry's having chosen only this single provision out of the comprehensive reforms it had recommended. The opposition parties and the unions mobilized quickly. And judging from letters to the newspapers, much of the general public missed the point that the age hike would be implemented over a twenty-year period, and thought that pensions would be taken away immediately.²⁴

The overall mood could not have been worse. Unsurprisingly, LDP Dietmen also got worried, particularly Upper House members who faced an election the following June. The following is but one typical complaint: "Prime Minister Ōhira talked about a general consumption tax and we were defeated in the [October 1979] election. Raising the pensionable age would bring an even stronger reaction from the voters. If it is submitted to the Diet, it could bring on the breakup of the LDP."²⁵ Whether or not the situation was this dire cannot be known, but many thought so: on January 30, the LDP leadership called on the prime minister and asked him to withdraw the age-hike proposal. Ōhira, beset by intraparty attacks, saw pension cutbacks as an unpromising issue on which to take a stand, and declined to reaffirm his own Cabinet's policy. In the end, the Welfare Ministry was forced to drop the age hike from its pension bill, adding only the mildly face-saving (but nonbinding) resolution that the question should be settled in the next Fiscal Review five years hence. The 1980 Fiscal Review thus wound up as yet another benefit increase, without much of a start on the ever-more-needed reform of the pension system.

Although submitted bills are often allowed to die during the legislative

²⁴ Welfare Minister Noro recalled that most of those who called to his office were worried about the age being hiked to 65 right away. See his remarks in the introduction to *Kōseishō Gojūnenshi Henshū Iinkai*, ed., *Kōseishō Gojūnenshi* (Tokyo: Kōsei Mondai Kenkyūkai, 1988), Vol. 1, pp. 33–34 (cited as *Fifty-year History*). Similar public misunderstandings about timing were a major factor in the debacle of Social Security reform in the early Reagan administration.

²⁵ Ashizaki, *Kōseishō Zankoku Monogatari*, p. 149.

process in Japan, withdrawing an important proposal after Cabinet approval and before submission to the Diet was almost unprecedented. Welfare Ministry officials were shocked and humiliated. They mostly blamed Minister Noro's ineptitude, especially his suddenly reviving the age-hike proposal without consulting either Pension Bureau officials or the senior welfare specialists among LDP Dietmen. Some said he had been deliberately sandbagged in devious LDP factional politics.²⁶ The bureaucrats' complaints, which were somewhat self-serving, amount to an artifactual explanation of the failure: the needed policy change did not occur because of the appointment of an inexperienced minister, the LDP's unexpected defeat in the 1979 election, factional machinations, or other events outside the logic of pension reform itself. But in fact, Noro's draft was virtually identical to the Pension Bureau's own proposal, through the Basic Conception Discussion Group, earlier that year. Not just tactics, but basic strategy was at fault.

Interpretating the Failure

In retrospect, the age-hike proposal appears to have been doomed from the start. It was not simply the difficulty of cutting back on entitlement programs—again, the reduction in the benefits due many housewives was enacted with little opposition or comment. Rather, by thrusting the question of pensionable age onto the agenda, the Welfare officials activated the two issues around which resistance could most easily be mobilized. The public-private differential and the old-age employment problem were red flags to the labor unions, and provoked a broad public reaction as well. In a sense, the failure of the Pension Bureau did not come with the withdrawal of the age-hike proposal from the Diet, although that brought public embarrassment, but with its inability to get even its own official advisory committee to go along. When the labor and management representatives on the Employee Pension Division of the Social Insurance Deliberation Council refused to endorse the officials' major solution for the financial problem, meaningful pension reform was dead; the error by Noro (and in fairness, Ōhira as well) was simply not to recognize that fact.

If the age hike were doomed from the start, why was it proposed? It may be that the pension specialists thought that they were in a cognitive policy-making arena in which their good arguments would prevail. Or, they might have realized they were in a political process, but thought that resistance could be minimized by the tactics of phasing the reform in gradually, linking the cutback with a not insignificant improvement in benefits, and making a simultaneous good-faith effort to do something about the public-

²⁶ Ibid, pp. 150–52.

private differential and old-age unemployment. My guess, however, is that the decision to go ahead in early 1979 was less a matter of miscalculation than lack of calculation, that the specialists had been fixated for five years on the basic pension as the only real solution, and when they were unable to put that forward they turned to whatever partial solutions were most conveniently at hand.

Why was the basic pension not proposed? Again, perhaps because the specialized policy community, for once given the chance to design an ideal pension system, simply could not agree on what it should look like. Certainly it is a necessary condition for this sort of policy-change process, in which specialized actors attempt to get their own large-scale solutions enacted in the general arena, that the specialists themselves agree on what they want—otherwise, as we have seen earlier, any expert criticism or sniping from insiders becomes an easy weapon for the opposition parties or other opposed general-arena actors. On the other hand, consensus within the specialized arena would not have been a sufficient condition for enactment of so large a policy change. The Welfare Ministry must have realized that substantial additional impetus would be required, and as argued earlier, political energy was difficult to mobilize behind the basic-pension idea on its own.

In fact, public opinion was a key underlying factor. As Katō points out, even while the specialists were talking about the need for reform and restraint, the Welfare Ministry was proposing new benefits, allowing the Diet to advance the date of the annual “slide,” and even—in 1979—raising benefits when the inflation rate was below the 5 percent trigger. Such inertial support for various program improvements certainly undercut any verbal efforts to convince people that the situation was serious.²⁷ Whether they could have been convinced, and enough of a feeling of crisis generated to create an atmosphere favorable for major policy change, is quite doubtful. Support for improvement or completion of public pensions was still substantial in the late 1970s, and although the reevaluation of welfare viewpoint had by then become general at the elite level, it probably did not resonate very deeply among the general public. It is clear in any case that the Welfare Ministry’s ambivalent effort to move incrementally toward pension reform had failed. The next attempt, which succeeded, was quite different.

THE PENSION REFORM OF 1985

Welfare Ministry officials—or some of them—began the 1980s with three strong motives for achieving a substantial reform of the pension system.

²⁷ Cf. *Decision Making*, Vol. 1, p. 75.

First, their failure in 1980 had to be made up. Japanese bureaucrats are supposed to be able to manage their own domains. And surely they knew, much as they might like to blame the deviousness or lack of courage of the politicians, that the main fault was their own lack of clear leadership.

Second, the realization was growing that the financial problem was serious. Indeed, it was worse than they thought: the calculations carried out for the 1980 Fiscal Review sharply raised the official estimates of necessary future contribution rates, from about 20 percent at the peak to an enormous 35 percent.²⁸ No one thought that burdens that severe would be tolerable in Japan, so the current system could not be left untouched.

Third, there was a feeling that time was running out. For a few more years, the Japanese pension system would still be "immature," with a relatively small proportion of older people actually receiving substantial benefits. Moreover, most younger workers were probably not as yet counting on any specific level of benefits when they retired. For a time, it would be possible to carry out reforms by adjusting benefit schedules that were in the future and somewhat abstract for most people, but as a later Pension Bureau director put it, this would be the "last chance."²⁹

Pension Bureau Leadership

Welfare officials were determined to take action. At first, they could think of nothing better than stepping up their public relations efforts to make people understand the necessity for hiking the pensionable age.³⁰ A more promising strategy awaited a personnel shift.

Yamaguchi. As we have observed before, when a bureaucratic agency performs with unusual effectiveness, the credit often belongs to an individual official. The Welfare Ministry was fortunate that Yamaguchi Shinichirō was available for appointment as director of the Pension Bureau in August 1981.

Yamaguchi was one of the best-regarded officials in the Ministry. It will be recalled that he had been put in charge of the Welfare of the Aged Division when the free medical care issue was coming to a head in 1971, and had also managed the project team on old-age welfare problems. He had

²⁸ This upward revision came mainly from new demographic assumptions. Yamazaki Hiroaki, "Nihon ni okeru Rōrei Nenkin Seido no Tenkai Katei," in Tokyo Daigaku Shakai Kagaku Kenkyūjo, ed., *Fukushi Kokka* (Vol. 5, *Nihon no Keizai to Fukushi*; Tokyo: Tokyo Daigaku Shuppankai, 1985), pp. 222–29. The official source is Kōseishō Nenkin-yoku Sūrika, ed., *Nenkin to Zaisei* (Tokyo: Shakai Hoken Hōki Kenkyūkai, 1981).

²⁹ Yoshihara Kenji, in a conversation with Ibe Hideo, "Shin Nenkinhō no Seiritsu to Kongo no Tenbō," *Kikan Nenkin to Kōyō* 4:3 (September 1985): 31–37.

³⁰ *Asahi Shinbun*, October 18, 1980.

long been interested in pensions. We first encountered Yamaguchi as a junior pensions Bureau official in the mid-1960s, when he tried unsuccessfully to propose a large-scale reform. In the mid-1970s, he served in the important post of Planning Division Director in the ministerial secretariat, where he was instrumental in drawing up the exhaustive 1977 Basic Conception Discussion Group reform plan. A young official particularly remembered his speech to an entering class at that time; it was devoted to the coming crisis in the pension system, delivered with great energy and conviction. According to the same young official, when Yamaguchi became a senior advisor (*shingikan*) in 1980 he organized everyone in his office into a weekly class on pension problems. These turned into lively discussions “without regard for who was senior and who was junior”—a classic Japanese bureaucratic compliment.³¹

Yamaguchi was universally given the main credit for the 1985 pension reform, and his story was elevated into near-mythic proportions because he was dying of cancer at the time. He had already undergone surgery twice when appointed Pension Bureau director, and he asked the vice minister for a three-year appointment (rather than the usual two) so he could finish the job of reform. The final negotiations on the reform bill were conducted from his hospital bed. At his funeral in July 1984 some 2,000 mourners paid their respects, including Dietmen from all parties, top officials from all ministries, former welfare ministers, and the prime minister—an unprecedented turnout for a bureau chief. Yamaguchi's widow carried a black-bordered portrait to the April 24, 1985 Diet session when his pension bill was finally passed.

Building consensus. When he took over at the Pension Bureau, Yamaguchi knew very well that the key to success would be maintaining control of the decision-making process. That control had to start at home and broaden out in what could be seen as a series of concentric circles. That is, his first concern was with the bureau itself, which he led by the example of his own hard work and dedication. He continued his “classes,” and created several project teams within the bureau to draw up reports on various aspects of the pension system. To reach the next circle, these reports were circulated throughout the Ministry, and Yamaguchi—who knew that despite the pro forma attachment to pension reform, many Welfare officials were much more concerned with their own problems—lost no chance to proselytize other bureau chiefs and the ministry-level staff.

The third circle was the pensions policy community. In the 1970s, efforts toward pension reform had been plagued by disagreements among

³¹ These details are drawn from Tahara Sōichirō, *Nihon Daikaizō: Shin-Nihon no Kanryō* (Tokyo: Bungei Shunju, 1986), pp. 304–15.

the experts, climaxed by the Pension Bureau's inability to win approval of its age-hike proposal even from its own main formal advisory committee. This time, Yamaguchi frequently wrote articles and participated in symposia for the trade press, putting forward his view of pension problems and solutions. At the formal level, he reconvened the Employee's Pension Division of the Social Insurance Deliberation Council and held a series of thirty meetings before its report—in effect, the draft bill—was ready in July 1983. Its agenda was written and materials supplied by the Pension Bureau, and there was no open dissent.

Public support. Consensus within the policy community was a necessary but not sufficient condition for success, since the Welfare Ministry and its allies could not command sufficient energy on their own to push through a substantial reform. The Pension Bureau also reached out to the broader circle of public opinion by talking with reporters and producing a stream of materials, many written in simple style with cartoons and charts.

These techniques were hardly unique in the Japanese government, but Yamaguchi also came up with a new public relations device: a highly detailed opinion survey aimed not at a sample of the general population, but squarely at the elite. It was called the "Survey of Intellectuals [*yūshikisha*] Concerning 'Pensions in the 21st Century,'" and was administered by mail to 1,000 leaders in various categories from November to January, 1982–83.³²

This ploy had been strongly opposed by LDP social welfare leaders and within the Welfare Ministry as well. One bureaucrat explained the mainstream viewpoint this way: "What do you do if the answers to the survey are different from the ministry's ideas? It's rash and stupid. That's why there was so much opposition. That is, when you want to carry out a reform that is tough on the public, you have to make it so the problems are difficult to see, make it as confused and vague as possible, then cut a deal with the opposition parties behind the scenes and slip it through fast. That's only common sense. Deliberately revealing everything in your hand—all the problems, everything the public will hate—is the dumbest of

³² 200 were academics, and 100 each were drawn from among journalists, businessmen, labor leaders, agriculture and small business leaders, women's groups, youth groups, pension administrators, and officials, with 639 replying. The results were reported in many publications, but for details see the 118-page report by the Pension Bureau, "*21 Seiki no Nenkin*" ni kansuru *Yūshikisha Chōsa Kekka* (Tokyo: Kōseishō, n.d.). The explanatory materials were issued as Kōseishō Nenkin-yoku Kikakuka, *21 Seiki no Nenkin o Kangaeru* (n.d.). Incidentally, while to my knowledge this survey was a first, the idea may have come from Hashimoto Ryūtārō. When he was Welfare Minister in 1979, he suggested the same sort of survey of 1,000 "intellectuals" to ask about free medical care and raising the pensionable age. He said he thought about this after reading British governmental "Green Papers." *Asahi Shimbun*, August 9, 1979.

the dumb. It will make the possible impossible—that's what they all thought."³³ In fact, the survey was not so dangerous: the questions were highly detailed, but the way they were worded, the selection of answers provided, and the topics covered were designed to make embarrassing results unlikely. The accompanying 47-page explanation of pension problems prepared by the Ministry no doubt helped as well. In fact, by and large the results endorsed Pension Bureau views. The survey was a great public relations success, not only dramatizing the importance of the pension problem, but providing the mass media with a news "hook" to publicize the Welfare Ministry's chosen solutions.

In short, Yamaguchi had seen that the Pension Bureau would have to become an active sponsor if pension reform were to succeed, and he took the lead in mobilizing impetus behind his proposals. Just as important as these direct tactics was the proposal itself, in which problem formulations and solutions were carefully constructed to maximize support and minimize resistance. To appreciate how artfully the Pension Reform of 1985 was crafted, we must first examine the strategic environment that the Pension Bureau confronted.

Potential Resistance

Compared with health care and many other policy areas, the politics surrounding the big public pension systems tends not to be dominated by powerful directly connected interest groups.³⁴ Nonetheless, the labor unions and their allies in the opposition parties had played a big part in killing the age-hike proposal, and in the early 1980s some on the left were eager to press their advantage to push for further expansions of the pension system. For example, on October 29, 1981, the Sōhyō union federation called a brief strike (Tokyo buses stopped for two hours and so forth) around the issue of big expansions in pensions and social welfare. It would appear such appeals by progressives would find a ready audience, in that public support for social security remained strong. According to the annual survey previously cited, the proportion who picked improvement in this policy area as one of their top two choices for government action had dropped in early 1981, but only to 32 percent, still ahead of everything except consumer prices; even at the height of the administrative reform campaign in 1984 it remained quite high at 29.5 percent. It would seem that attempts to reduce benefits would be quite unpopular.

However, even beyond the deliberate public relations efforts of the Welfare Ministry, the resistance was undercut by several events. During 1980,

³³ Unnamed high Welfare Ministry official quoted by Tahara, *Nihon Daikaizō*, p. 310.

³⁴ This point is emphasized in *Decision Making*, Vol. 2.

it became known that the National Railroad Mutual Assistance Association (MAA) pension fund was scheduled to run out of money within five years.³⁵ Newspapers ran big headlines, including the potent term “bankruptcy”—Yamaguchi later remarked that he “felt thankful, in a way, that the consciousness of the pension crisis was raised by the Railroad MAA problem.”³⁶ Then in November 1981, new population estimates were released which demonstrated that the aging of society was proceeding even more rapidly than previously thought.³⁷ This report too was widely publicized, and reinforced worries about how older people could be supported in the future.

Administrative reform. Still more important were events outside the logic of pension reform itself, and in that sense “artifactual.” One was the LDP’s enormous victory in the double election of June 1980, which threw the left into confusion. There soon followed the administrative reform campaign. The Second Temporary Commission on Administrative Reform (Rinchō) garnered increasing public attention from its appointment in early 1981, and succeeded in forcing Japan’s overall fiscal problem to the top of the national agenda. Proposals for any sort of expansionary public policy looked less and less credible, and attempts to reduce the size of government gained legitimacy. The administrative reform campaign was therefore an important resource for the Pension Bureau, as Katō has emphasized.³⁸ But it also was a threat to the Welfare Ministry bureaucrats’ control over pension decision making.

That is, as noted earlier, the initial promoters of the problem of pension finances (and the more general reevaluation of welfare) in the mid-1970s had been actors outside the pension policy community itself—the EPA, the Ministry of Finance, various unofficial groups of economists and commentators, a few conservative politicians. However, the EPA sees itself as a rather academic staff agency, without much real clout, and the Finance Ministry traditionally plays a passive role of reacting to proposals from others rather than devising reforms on its own. The nongovernmental

³⁵ The National Railroad had a large proportion of older workers because it had absorbed returnees from overseas after the war, and later had an extended period of financial difficulty in which few new employees were hired.

³⁶ From a dialogue of Yamaguchi Shinichirō with Murakami Kiyoshi, “Nenkin Kaikaku wa Kōhei o Kihon ni,” *Shūkan Shakai Hoshō* 1209 (January 10, 1983), p. 12.

³⁷ Birth rates were lower and life expectancy for the elderly longer than had been estimated in the previous 1976 forecast, so that the projected proportion of the population aged 65 or more for 2020 was raised from 18.8 percent to 21.8 percent. For an analysis of this Population Problems Research Institute report, see *Zusetsu Rōjin Hakusho*, 1982, pp. 11–20, 38–59.

³⁸ She ranks it along with Welfare Ministry leadership as a key factor in the success of pension reform. *Decision Making*, Vol. 1, pp. 56–58.

groups interested lacked the technical capability or the national standing to come up with a plausible proposal, one that combined a complete problem formulation with a fully developed solution, that would be taken seriously both in and out of the government.

Rinchō was in a much better position: the policy mood was now more receptive, administrative reform was the focus of national attention, and the commission probably could coopt whatever expertise it needed to come up with its own detailed pension proposal. Certainly the problem was big enough to warrant concern, since pension outlays would soon become the largest spending program of the Japanese government. As for solutions, such ideas already in the air as trimming public pensions down to a national minimum and relying on corporate or individual insurance for any further support would seem to fit in well with Rinchō's emphasis on privatization.

The first report on administrative reform, issued in July 1981, targeted pension reform as a top priority, and called for cuts in the Treasury contribution, an increase of the pensionable age, and payment of administrative costs out of insurance contributions rather than the governmental budget.³⁹ These were tough proposals, though not radical ones; in any case none were enacted. The Welfare Ministry did go along with a *temporary* provision to withhold one-quarter of the Treasury contribution to the pension fund for a three-year period, with repayment promised (the period was later extended). This reform was forced by the ceiling on General Account budget requests, but it did not affect the fundamentals of pension finance.

By the time its main Third Report was issued in July 1982, Rinchō had abandoned any effort to challenge the Welfare Ministry. The big public pension systems were of course again mentioned in the Third Report, but they were given much less prominence, and this time the recommendations were virtually identical to the reform ideas already being publicized by the Pension Bureau. These recommendations occasioned no debate either in Rinchō or its First Division (one of four subcommittees), which had held hearings on pensions and wrote the first drafts. No doubt one reason for this cooperative stance was that the First Division was headed by a former Welfare Ministry vice minister, and ministry officials were closely consulted throughout the process. More fundamentally, it was clear that Rinchō had by now decided to play a supporting rather than a lead role, probably because the Pension Bureau by now had self-confidently taken charge of the process.

³⁹ *Rinchō Kinkyū Teigen: Rinji Gyōsei Chōsakai Dai-ichiji Tōshin* (Tokyo: Gyōsei Kanri Kenkyū Sentā, 1981), p. 20.

Public employee pensions. This point is underlined by glancing at a pensions issue in which Rinchō took much more initiative, the problem of the MAAs. Briefly, the only plausible response to the rapidly approaching bankruptcy of the Railroad MAA was sharing the burden with other MAAs, at first through temporary cross-subsidization measures, and ultimately by amalgamation. The facts that the financial condition of the other systems varied from plush to poor, and that privatization of the National Railroads and other public corporations (whose employees belong to MAAs) was an even higher administrative reform priority, heightened the objective need for an early and comprehensive solution. However, as might be remembered from Chapter Three, the field of pensions for real or quasi-public employees is characterized by intense group interest representation and extreme administrative fragmentation—six ministries had jurisdiction over the various MAAs.

The usual Japanese decision-making style when powerful but fragmented participants must deal with an immediate problem is tough, protracted bargaining behind the scenes. The main public activity is extraordinary attention to structures and schedules. Rinchō's Third Report in July 1982 called for a rapid pace on amalgamation to solve the National Railroad MAA problem. Within a week, two cross-ministerial government committees and appropriate party bodies were established, and the prime minister and the LDP leadership both endorsed a schedule to submit a bill unifying four MAAs to the next Diet. In the following month it was agreed that a detailed and comprehensive plan should be readied by the end of the year. In November, an LDP organ wrote up a schedule for unification of *all* public pensions (this was adopted as is by a Cabinet committee in April 1983).⁴⁰ The schedules provided the pressure, and the structures brought together the key participants; with the Ministry of Finance taking the lead, a bill to meet the immediate crisis was hammered out, sent to the Diet, and passed in 1984.

Although Rinchō did not really determine the contents of MAA reform—its recommendations were drawn from a Finance Ministry advisory committee report—the commission was important as a mechanism for focusing attention on specific problem formulations and for giving legitimacy to solutions in a fragmented decision-making situation, where no other body had a clear-cut right to take the lead. The situation of the EPS and NPS was different. The Ministry of Health and Welfare clearly had

⁴⁰ The plan saw amalgamation into three groups of national government with public corporation MAAs, of the various local government MAAs, and of the EPS, NPS, and Seamen's Pension, all by 1984. Then fiscal adjustment across all systems would be established by 1986, all MAAs would be amalgamated by 1990, and the entire pension system unified by 1995. See Murakami and Yamazaki, *Q&A*, pp. 40–43; and Kuno, *Semaru Nenkin Kaikaku*, pp. 96–108. These plans were later delayed.

jurisdiction, and there would be little need, or room, for a general-arena actor like Rinchō (or the prime minister) to intervene, provided the specialists could come up with a decent and timely proposal themselves.

Planning Strategically

In fact, the Pension Bureau had worked up most details of its proposal within a year of Yamaguchi's taking over. These were spelled out in the materials that backed up the elite survey of late 1982, although there the plan had to be referred to as a private draft because the responsible advisory committees had yet to report. Nonetheless, it was complete for all practical purposes: the respondents were purportedly given two alternatives to choose from, but these were actually just minor variations of the same plan.

A review of the contents of the reform reveals how well it was designed both to achieve the Pension Bureau's policy goals and to maximize support and minimize resistance from others.⁴¹ As had also been true of the Bureau's 1979 proposal, the reform plan addressed all three of the pension problems that had been on the agenda since the mid-1970s: first, completion to bring the system up to western levels; second, the overlaps, inequities, and administrative muddles caused by fragmentation; and third, the future financial problem. This time the answers were not as partial, although they still fell short of a final solution.

Completion. The first problem was easy: the EPS benefit schedules, after the 1973 expansion and successive increments (such as improved survivor benefits in 1980), by now generally met the standards of most advanced industrial nations. The conspicuous exception was disability, pensions for people unable to work because of a temporary or permanent handicap. This system was quite inadequate, especially for the young. Disability benefit levels and the conditions for payment were considerably improved in the new plan.

This step toward completion of the pension system fulfilled an old Welfare Ministry goal, and was good politics as well. It brought active support from a small but well-organized set of interest groups, made up of the disabled themselves and especially the parents of handicapped children. It also served to sweeten the reform package in the eyes of the general public.

⁴¹ Many books explaining the new system soon appeared; one good one is Nenkin Seido Kenkyūkai, ed., *Atarashii Nenkin Seido* (Tokyo: Zeimu Keiri Kyōkai, 1986). The best critique in English I have seen is Kiyoshi Murakami, "Pension Schemes in Japan: Appraisal of Pension Reform and Future Prospects," paper presented to the Joint Japanese/OECD Conference of High-Level Experts on Health and Pensions Policies in the Context of Demographic Evolution and Economic Constraint (Tokyo: November 25–28, 1985). Also see the excellent summary by Liu, "Social Security Reforms."

One might think that such an expansion would be difficult to get approved in the midst of fiscal austerity, but Rinchō and the Ministry of Finance were quite willing to accept it as a quid pro quo for what they saw as real reform in old-age benefits.

Rationalization. The second aspect, the attack on fragmentation and overlaps, was the specialists' old dream of the basic pension (*Kiso nenkin*). All Japanese would be compulsorily covered by this basic pension, a broadening of the National Pension, and after forty years of contributions and reaching age 65 would be entitled to a flat-rate benefit of ¥50,000 a month (1984 prices—it would be indexed), or proportionally less for shorter contribution periods above the minimum twenty-five years. This is the first tier. Members of the EPS would also receive a second-tier benefit proportional to their incomes and length of participation. The first-tier benefit would be financed by flat-rate contributions by the self-employed, a portion of the income-proportional contributions by employees (which would also cover their wives' participation); and a one-third subsidy from general revenues.⁴² The second tier would be financed completely from employer and employee contributions, with no government subsidy. Having everyone covered by a single pension program eliminated many, though hardly all, of the inequities, overlaps, and administrative muddles of the old fragmented system. In particular, all women now had a "right" to their own pension, which they would keep even if divorced, and voluntary enrollment by housewives was eliminated.

The new basic-pension idea was not seriously challenged, even though some would be disadvantaged. First, the 70 percent of employees' households in which the wives were voluntarily enrolled in the National Pension could no longer look forward to the bonus of receiving both the husband's Employee Pension (figured on a household basis) and the wife's own benefit. This point was cleverly obscured by maintaining the wife's benefit—the new ¥50,000 basic pension—at the same level as she would have received under the old system; the loss came in reducing the amount the husband would receive (in effect putting his pension on more of an individual than a household basis). Extension of the right to a pension to women probably also helped defuse any protest (even though provision for divorcees was far from adequate, since they would not share in their ex-husband's earnings-related benefit).⁴³

⁴² The Japanese pension system is gender-blind in the narrow sense that it refers to employees and dependent spouses, not husbands and housewives, but for simplicity I use the common terms (which represent the real situation closely).

⁴³ The unusual system of having employee wives' premiums covered from their husbands' premiums created tricky problems of fiscal transfers and of individual record keeping; local governments had to document the contributions before paying the basic pensions, which

Second, a new inequity was introduced between single and married employees, since they would pay the same contribution to the Employee Pension but a married employee would receive free basic pension coverage for his spouse. Single workers are not an organized group, however, and no protest occurred. It is worth noting that all pension systems have difficulty with the problem of housewives, and a similar inequity is true of American Social Security as well.

Third, this reform institutionalized a sizable gap between pension benefits for the employed and the self-employed. We have seen that from the mid-1960s until the mid-1970s an informal rule of thumb within the Welfare Ministry had set National Pension benefits (including for a time a voluntary supplement) at one-half the level of the Employee Pension worker plus dependent benefit, so that the total pension for a couple would be the same. Because of the limitations on National Pension finances, given its flat-rate contributions, this balance could not be maintained as Employee Pension benefits were raised, and was quietly abandoned in 1976. Now the differential was quite wide: for a model couple, ¥176,200 a month for retired employees from age 60 versus ¥100,000 from age 65 for the self-employed. In a strict financial sense, the new plan advantaged NPS enrollees, since their benefits would now be cross-subsidized by a portion of contributions to the EPS.⁴⁴ Still, it was the disparity in benefits that should have been much more obvious: this is precisely the sort of discrimination that had aroused the ire of farmers and small-business groups in the past.

This time there was grumbling but no campaign against the reform. No doubt the rising public indignation over various tax breaks for farmers and the self-employed had inhibited open assertiveness by these groups (indeed it can be argued that those with assets in land or a small business did not need as big a pension as did employees). Instead, it was professional groups that went to work behind the scenes, through the LDP and even opposition parties, and in the 1990 pension reform got approval for a new National Pension Fund (Kokumin Nenkin Kikin) program, essentially a voluntary tax shelter for retirement savings (like an American Individual Retirement Account). The Welfare Ministry sold the new program as completion of the pension system, since now everyone could have access to a second tier, but critics argued it was a tax windfall mainly for doctors and

could take up to two years after application. Murakami Kiyoshi, *Nenkin Seido wa Dō Naru ka* (Tokyo: Tōyō Keizai Shinpōsha, 1989), pp. 99–100.

⁴⁴ In this and other respects, the reform was uncoincidentally similar to the British pension reform of 1970—overseas experiences were still a major source of ideas. See Hugh Heclo, *Modern Social Politics in Britain and Sweden* (New Haven, Conn.: Yale University Press, 1974), pp. 279–81.

other well off self-employed.⁴⁵ Given this correction, the net effect of the reform was to institutionalize a quite low pension for the marginally employed lowest income group, those with the fewest political resources.⁴⁶

The fourth loser in 1985 would seem to be pension finances: when the more than 7 million employees' wives who were voluntarily enrolled in the National Pension stopped contributing (since their contributions would now be paid from their husband's Employee Pension contributions), revenues dropped by some ¥400 billion (\$2.2 billion) a year, since this group made up almost one-third of National Pension enrollees.⁴⁷ It seems strange that Rinchō and others who were so concerned about future revenue-expenditure imbalances would accept this permanent loss of contributions, but in fact there were no objections. From the Ministry of Finance's point of view, the most pressing financial problem—the inherently unsound NPS fund—had now been solved by broadening its base. The Ministry did complain about the level of general account subsidy required, and after negotiations with the Pension Bureau achieved some long-run savings in this narrow and somewhat artificial sense (it did not affect the government's obligations). The fiscal implications of transferring contributions out of the EPS were not extensively explored, at least in public.

In short, there was remarkably little dissent over this large-scale reorganization of the Japanese pension system. The main reason was probably that the Pension Bureau was able to make a good case that the old, fragmented system simply would not suffice if Japan were to meet the challenge of the aging society. It could argue that a unified pension system was needed even to get a handle on the financial problem, and that the ever-increasing inequities and overlaps had to be fixed before the system matured. Potential opponents had no good answer.

Finances. The third provision of the 1985 pension reform, the one with the most potential for controversy, was the cutback in future pension

⁴⁵ For example, Murakami Kiyoshi, "Konpon kara Minaosu Hitsuyō no aru Mujun Darake no Kōteki Nenkin Seido," Special Issue, *Shūkan Tōyō Keizai* (December 22, 1989): 70–77; Noguchi Yukio, "Kokumin Nenkin Kikin: Fukōhei Kakudai suru Kaikakuan," *Nihon Keizai Shinbun*, August 4, 1989; Editorial, *Asahi Shinbun*, December 4, 1989. The fact that the new regional or occupational funds would create executive jobs for Welfare Ministry retirees did not go unnoticed.

⁴⁶ In particular, people who had participated for less than forty years, or who had been poor enough to have their contributions subsidized by the government, would receive less than ¥50,000 a month. Note that those eligible for public assistance (6.4 percent of elderly households) would get ¥105,000–¥130,000 a month for a couple or ¥77,000–¥95,000 if single depending on the region: 1988 figures, *Kokumin no Fukushima no Dōkō*, 1989, pp. 69–89.

⁴⁷ *Hoken to Nenkin no Dōkō*, 1989, p. 170; since normally contributions rose every year, the real loss was about ¥450 billion per year. The dollar figure is at the ¥180 = \$1 rate.

benefits to address the problem of the coming financial crisis. The mechanism to do so was simple: the formulas were rewritten to require forty years of contributions to receive the model benefit in both systems, instead of thirty-two years under EPS and twenty-five years under NPS. These cuts were quite substantial in terms of the benefits that would have been received if the old formulas had been left in place: for the National Pension, benefits were to have risen to ¥75,000 a month after forty years of participation, and would now be ¥50,000; for the Employee Pension, the reduction for the average single participant would be from ¥197,600 to ¥126,200 per month (for a couple, from ¥212,600 to ¥176,200).⁴⁸ No wonder Katō and others have seen this reform as so impressive, particularly in the light of the difficulties other advanced nations have faced in restraining entitlement programs.

There is nonetheless another angle on this reform. We have already observed that Employee Pension benefits were raised almost inadvertently during the 1970s, with the model pension reaching over 67 percent of average earnings even though a standard of 60 percent had been proclaimed in 1973. Under the old formulas, this process would have continued, so that for the projected benefits previously noted the ratio would have gone as high as 83 percent.⁴⁹ There is little indication that increases of this magnitude were really institutionalized, built into people's expectations about the system. The implications of the formulas, and the projected high replacement ratios, had not been given much publicity until the Pension Bureau started making its case for reform, so that even in the 1980s very few Japanese citizens were basing their future plans on such high benefits. Most often, it had been the 60 percent policy that was widely publicized.⁵⁰ This fact, together with the long-time horizon of the changes, no doubt defused what could have been a very potent issue.

What, then, was the significance of the 1985 benefit cuts? First, no one currently receiving a pension saw a reduction—only future projected levels for those not yet retired were cut. Second, even those projected levels were real only in the sense that they were embodied in the current formulas. They were neither stated government policy nor, it seems likely, believed in by many Japanese citizens. Third, the criterion for determining benefits

⁴⁸ Note again that these are in 1984 prices, and in all cases would be indexed. There are various ways to figure the size of the "cuts;" these figures are drawn from a 42-page pamphlet in English, "National System of Old-Age, Disability and Survivors' Benefits in Japan" (Tokyo: Ministry of Health and Welfare, 1985).

⁴⁹ Moreover, for the many employee households in which the wife voluntarily participated in the National Pension, the total benefit for the couple would actually have exceeded average wages.

⁵⁰ For example, during the previous Fiscal Review in 1980, the Welfare Ministry had consistently talked about the 60 percent replacement ratio. Cf. *Fifty-year History*, p. 1526.

was that the levels at the time of the reform would be maintained, not only at constant prices (via indexing) but at a stable relationship to average wages (in the five-year reviews). In other words, the replacement ratio would be held constant—the same criterion as the stated policy of 1973, except now that ratio would be 68 percent instead of 60 percent!

The 1985 reform therefore is best seen as a consolidation. It transformed the benefit increases that had occurred almost unintentionally since 1973 into formal governmental policy. True, the reform did create a new constraint: the Welfare Ministry committed itself to stop allowing benefits to creep up above the level set by policy. But it is considerable overstatement to see it as a major step backward on the road to the welfare state.

This provision probably represented the outcome preferred by Yamaguchi and other Pension Bureau officials. It is interesting that they had not accepted the recommendation of two Welfare Ministry advisory committees that the EPS be returned to the 60 percent level.⁵¹ It was also a very good tactic. On the one hand, far more than in the late 1970s, it was clear that no pension reform could be considered that did not appear to make a serious attack on the financial problem. Rinchō, the Finance Ministry, and others who were so committed to big government as Japan's dominant problem would never have accepted, say, the basic-pension idea by itself. The cuts from scheduled individual benefits shown earlier were dramatic, and the reform would allow a substantial decrease in projected Employee Pension contribution rates: from 24.9 percent to 23.4 percent in 2010, and from a peak of 38.8 percent (starting in 2030) to 28.9 percent (by 2025).⁵²

On the other hand, everyone believed in the dictum that it is very difficult to cut entitlement programs in a democracy, and this belief had been strongly reinforced by the debacle of 1980. Even conservatives saw that reform had to be presented as aimed at equity and rationality rather than reductions. The Pension Bureau managed to satisfy both sides without damaging its own interests at all.

Incidentally, the transitory provisions of the reform, the steps by which the basic-pension system and the new benefit formulas would be phased in, also had a strategic side. Not only were current pension recipients in-

⁵¹ The first was the Social Security Long-Term View Discussion Group (Shakai Hoshō Chōki Tenbō Kondankai), whose report in July 1982 was heavy on crisis. Establishing this body appears to have been an early Ministry attempt to improve public relations after the 1980 failure; it also called for raising the pensionable age. Second, in 1983, the EPS subcommittee of the Social Insurance Council also recommended a 60 percent ratio, but ultimately the Pension Bureau did not adopt this strategy. See *Fifty-year History*, p. 1527, and James L. Schulz, Allan Borowski, and William H. Crown, *Economics of Population Aging: The "Graying" of Australia, Japan and the United States* (New York: Auburn House, 1991), pp. 191–92.

⁵² Official estimates from *Nenkin to Zaisei*, 1985 ed., pp. 158–63. These estimates were raised again in 1989, to a peak of 31.5 percent in 2020: *Kōsei Hakusho*, 1991, p. 162.

sulated from any harm at all—an obvious step to minimize resistance—great pains were also taken so that no category of future beneficiary would be disadvantaged relative to others over the twenty years until full implementation of the new formulas. During Diet proceedings, the danger of disrupting such an intricate arrangement was cited by the Welfare Ministry in opposing opposition amendments.

Nonprovisions. Finally, two omissions from the proposal were just as significant in strategic terms as the provisions already described. First, the age of eligibility for the Employee Pension was left at 60 for men (although the women's age was to be moved up gradually from 55 to 60, on egalitarian grounds). It was not that this reform was no longer important: after all, five years of the model pension for a couple amounts to over ¥10 million, or almost \$80,000. The Welfare Ministry had calculated that implementing the age hike, on top of the 1985 reforms, would further reduce Employee Pension contribution rates, from 23.4 percent to 19.6 percent in 2010, and from 28.9 percent to 23.9 percent at the peak.⁵³ Objectively speaking, if there was to be any hope of maintaining future burdens at a tolerable level, Japan could not go on paying such generous pensions to people in their early sixties.

But, once burned twice shy: the Pension Bureau was wary of touching on the same sensitive nerves that had brought down its 1979 proposal, old-age employment and especially the public-private differential. Yamaguchi said at the time that the differential was the toughest and most emotional issue he faced, and “the thing I am most worried about is a debate over whether anything is worth doing unless it solves this problem.”⁵⁴ The Pension Bureau's draft bill therefore did no more than proclaim that the full age hike to 65 would be implemented in the future. Rinchō, despite its earlier strong endorsement of an immediate age hike, was willing to go along.

Second, as described earlier, the process of amalgamating the various MAAs was going on at the same time, and the government was already committed to unifying the entire pension system—that is, MAA members would be brought into the first-tier basic pension, with their earnings-proportional benefit coming from MAA funds as a second tier. It might have been logical to include this plan within the 1985 pension bill, but the Pension Bureau argued successfully to keep it out to avoid having to contend with the public employee unions.

Looking at the 1985 pension reform as a whole, one cannot help but be impressed by how well the Pension Bureau was able to incorporate all its

⁵³ *Nenkin to zaisei*, 1985 ed., pp. 164–65.

⁵⁴ Yamaguchi with Murakami, “Kōhei o Kihon ni,” p. 19.

own main goals—completion of the benefit structure, restraint on future costs, straightening out overlap and inequity problems like housewives, and especially the comprehensive basic-pension system—into a package that both gained considerable support within the governmental system and avoided intense resistance outside of it. The proposal was essentially prepared before the end of 1982, and the fact that it was maintained without important modification all the way to formal enactment in 1985 demonstrates both Yamaguchi's foresight in reading his strategic environment, and—as in the health care case—more skill in political management on the part of the Welfare Ministry than we have observed prior to the 1980s.

No competition?

It also leaves some nagging doubts. Were there really no other ideas about how to solve pension problems, and no other actors wanting a piece of the action? Why were the Pension Bureau and its proposal so dominant? Some aspects of the process between 1982 and 1985—which Katō covers in much more detail—offer some answers.

The left. Unions and the opposition parties of course opposed benefit cutbacks and used them as an important element of their overall criticism of administrative reform, that the government was backtracking on social welfare. Progressive leaders argued that the criterion for pensions should not be fiscal stability, it should be to assure a comfortable life for older people. But their position was weak even at the level of ideas, because they lacked a credible solution to the financial problem at the top of the agenda. Their best argument was that the Finance Ministry should allow pension funds to earn a higher rate of interest, thus allowing higher benefits with lower hikes in contributions, but the Welfare Ministry's response that the impact on overall pension finances would be relatively trivial was hard to refute convincingly. Simple calls for heavier support out of general revenues did not get much of a response in a policy mood so oriented to fiscal retrenchment, and the old demand that employers should take on more than their 50 percent share of Employee Pension contributions was taken to be special pleading.

The left also was in a weak political position even after the LDP's electoral victory of 1980 was reversed in December 1983. The opposition parties were feuding among themselves on several issues, including administrative reform (which the Democratic Socialists and the Clean Government Party generally supported), and the views of the labor unions also varied. In early 1984, after submission of the pension bill to the Diet, the Socialist Party and the Sōhyō unions vowed total opposition to any cut in benefits, but they soon switched over to the position of the Democratic Socialists

and the Dōmei unions, and the CGP, of accepting the bill as a whole but pressing for amendments.⁵⁵ Only the communists took a stance of principled opposition, and they were too few to have much of an impact. The key here was that the socialists and Sōhyō, who would have to take the lead if any effective opposition from the left were to develop, were really much more concerned about the MAA reforms, since these directly affected their constituency of government employees. The strategy of keeping these issues out of the 1985 pension reform was thus effective in muting left-wing participation.

The right. There would seem to be more of a threat from those who might think that the Welfare Ministry could be doing a great deal more about the financial problem. After all, the reform as proposed and passed still called for a top contribution rate of nearly 30 percent of standard earnings for the Employee Pension, which after health insurance premiums were added meant that social insurance alone would be consuming well over 35 percent of people's regular wages—a distressing picture from a conservative point of view. But those in responsible positions all backed the Pension Bureau's proposal: for example, the draft sailed through the LDP's policy organs with no difficulty, and Rinchō's successor committee, in its report on 1984 budget matters, refrained from bringing up the age hike or any other contentious issue and completely endorsed the Welfare Ministry's approach.⁵⁶

The reason was not simply that no conservative ideas were available. The Finance Ministry, perhaps reflecting contemporary discussion about Social Security in the United States, urged reductions in the tax breaks for pensions to recover a portion of high benefits as general account revenues.⁵⁷ Another idea was the old notion of individuals and companies taking more responsibility for old-age income support above a minimum-level public pension. This idea was supported by business associations, including the relatively liberal Dōyūkai, as well as several economists.⁵⁸ It looked more

⁵⁵ *Decision Making*, Vol. 1, p. 103, and for some of the suggested amendments, Vol. 2, *Shiryō* 2-1 to 2-7. It is interesting to trace this process in Sōhyō policy statements (in the sporadically published English-language *Sōhyō News*): both before and after Diet consideration of the pension bill, the union took broad swipes at the government's intentions, but in between (e.g., the "Spring Struggle White Paper") made quite specific demands for marginal changes.

⁵⁶ This was the December 29, 1983 report of the Rinji Gyōsei Kaikaku Suishin Shingikai; *Decision Making*, Vol. 1, p. 101.

⁵⁷ *Yomiuri Shinbun*, May 23, 1985. The approaching expiration of these benefits in 1987 brought an unusual mobilization of older people, largely via union-connected retiree associations. *Asahi Shinbun*, July 20, 1987.

⁵⁸ As well as several articles by Noguchi and others cited earlier, see Noriyuki Takayama, "Japan," in Jean-Jacques Rosa, ed., *The World Crisis in Social Security* (Paris and San Francisco:

plausible in the mid-1980s than a decade earlier because of Rinchō's overall emphasis on privatization, and the rapidly developing interest among insurance companies, banks, security houses, and inevitably the postal savings system toward providing one or another sort of pension, partly a result of deregulation.⁵⁹ However, no such proposal had gained appreciable support before passage of the pension reform.

Tax-based pensions? The solution that would have seemed most likely to receive serious attention was financing pensions through a new tax—specifically, paying the entire basic pension with an earmarked “welfare tax.” This had been the recommendation of the Social Security Systems Deliberation Council in 1977 and was favored by many pension experts, partly on grounds that it was difficult to raise the flat-rate National Pension contribution by the self-employed to a high enough level to support future pension outlays without many dropping out.⁶⁰ The idea also had appeal to some sympathetic LDP politicians who believed that a new indirect tax was needed in Japan, and that specifying its use in pensions would bring much more public acceptance.⁶¹ Support would also have been gained from the left, since the socialists had long proposed that the basic pension should be financed by an income tax surcharge. Obstacles included the Finance Ministry's distaste for any earmarking of revenues, Rinchō's determination not to raise taxes, and the fear of a negative reaction from the public (especially from small businessmen in the case of a consumption tax).

Most important was the opposition of the Welfare Ministry. It had gone to some pains to argue against this proposal in the 1970s, and its attachment to the principles of social insurance remained firm into the 1980s. A good example is the 1982 intellectuals survey, which asked whether the “social insurance method should be continued” or a “new tax system should be introduced;” the accompanying explanation characterized the social insurance method as basing benefits on the length and amount of contributions while the tax method ignored that consideration, noted that benefits had to be low if equal and based on taxes, argued that tax revenues fluctuate with economic conditions, claimed that introducing a tax-based

Fondation Nationale d'Economie Politique and the Institute for Contemporary Studies, 1983), pp. 71–92.

⁵⁹ For example, *Yomiuri Shinbun*, May 13, 1985. I am grateful to the late Professor Shimura Kaichi for information on individual pensions. See his “Kojin Nenkin o Kangaeru Aratana Shiten,” *Ekonomisuto*, July 27, 1982, pp. 50–55.

⁶⁰ For example, see Murakami, “Pension Schemes.”

⁶¹ After the debacle of Prime Minister Nakasone's proposal for a new VAT in 1987 and Takeshita's successful but bitter struggle in 1988, many looked back on the welfare tax idea as a great missed opportunity.

system would double the burden on the Treasury, and observed that Sweden and other countries that started with tax-based systems had since introduced social insurance principles.⁶² These one-sided “facts” are of dubious accuracy or relevance with regard to the specific proposals for tax financing in Japan, and perhaps account for why 82 percent of the respondents indicated they preferred the social insurance method. Evidently, the social insurance principle was still an article of faith for the Welfare Ministry.

In the 1950s and again in the 1970s, the Social Security Systems Deliberation Council, from its position on the border of the pensions policy community, had challenged the social insurance principle. Its views had not prevailed, but in both cases had confused the process enough to help prevent the Welfare Ministry from having its way. This time, the Systems Council made no comment until asked for its formal approval just before the pension bill was submitted to the Diet in 1984. After nine specific criticisms and a call for more discussion of long-range problems, the Systems Council grudgingly assented to the proposal. Interestingly, if somewhat gratuitously, it also recalled its earlier recommendation of a tax-based basic pension, and complained that “this view, though based on full consideration of fiscal and economic conditions, had evidently not received serious consideration by the government.”⁶³

At the level of policy-change strategy, at least, the Systems Council’s view should have prevailed. By the end of the 1980s many experts were predicting that at least the premium for the Basic Pension, the old National Pension, would have to be switched to taxes, if only because more and more nonemployees were declining to contribute as the flat-rate premium went up.⁶⁴ Bowing to this inevitability sooner rather than later would have solved some equity problems, spared the Welfare Ministry immense administrative troubles, and given the Finance Ministry and LDP much more appealing arguments for the unpopular new consumption tax (see Chapter Seven).

The tax-based pension idea was a reasonable solution with considerable expressed or potential support among Japanese decision makers. But neither this nor any other idea not sponsored by the Pension Bureau even

⁶² Pension Bureau, “21 *Seiki no Nenkin*,” pp. 51–52, and 21 *Seiki no Nenkin o Kangaeru*, pp. 37–38.

⁶³ Opinion of February 23, 1984, reprinted in Nenkin Seido Kenkyūkai, ed., *Atarashii Nenkin Seido*, pp. 277–80.

⁶⁴ Nonparticipation was estimated as high as 30 percent by the late 1980s. The monthly premium reached ¥8,400 (about \$50, and twice that for a couple) in 1990 and was to almost double by 2010. Recall that because there is no withholding (payment is by buying stamps) and because many enrollees have low or fluctuating incomes, participation rates are very sensitive to premium levels. Interview, Pension Bureau, February 1990; *Asahi Shinbun*, December 4, 1989; and Murakami, “Mujun Darake.”

came close to reaching the policy agenda from 1980 to 1985. Moreover, the pension bill received little but pro forma opposition during the entire enactment process.⁶⁵ The final bill was different in no important respect from the plan drawn up completely within the Pension Bureau in the fall of 1982. The contrast with the late 1970s is clear-cut: here the bureaucrats decided what they wanted to do, and were able to do it.

Back to Normality

After its success with the 1985 reform, the Pension Bureau lost momentum. Given that the problems of completion and fragmentation were now considered solved, its officials naturally worried most about the long-term financial problem, which clearly had not been solved in that forecasted contribution rates were still far higher than anyone wanted. They again fixated on raising the EPS pensionable age to 65, planned for the next Fiscal Review amendments in 1990. After the LDP's loss in the 1989 Upper House election, however, it was obvious that nothing so controversial could be done before the General Election in 1990. As in 1980, and again in 1985, the 1990 Fiscal Review amendments said that the age hike would be considered in the *next* Fiscal Review, in 1995.

Otherwise, the amendments made the price slide automatic even when inflation did not reach 5 percent, which formally speaking was a significant expansion although in fact the 5 percent rule had not really been enforced. They also loosened restrictions on working for Employee Pension recipients, allowed freer investment of Employee Pension Fund reserves, moved contribution rates up another notch, and established the National Pension Funds for the better-off self-employed already mentioned. Amalgamation of the various employee pensions was pushed ahead, in effect drawing on Employee Pension reserves to meet shortfalls in MAA accounts. These changes amounted to tinkering at the margins of pension policy, as if those in charge were satisfied with the status quo.

That impression would be misleading. The Fiscal Review estimated that the Employee Pension contribution rate would more than double to over 27 percent in just twenty years; even if the age hike to 65 were accomplished, it would exceed the 25 percent mark in 2015. Many Pension Bureau officials saw these levels as nearly impossible, and they well knew that

⁶⁵ That the bill was not submitted to the Diet earlier was due to a dispute within the Welfare Ministry itself over whether pension or health care reform should have priority—Yamaguchi lost this fight to his old rival Yoshimura Hitoshi. Diet consideration took from March 2, 1984 to May 1, 1985. The pension bill did get caught up in Diet management problems, along with opposition party attempts to take credit for an extra price-index slide. Several amendments and resolutions were added, but they did not affect the substance. For an excellent account of the Diet proceedings, see *Decision Making*, Vol. 1, pp. 105–36.

National Pension finances were still in trouble. The number of critics outside the government grew; economists in particular began doing some calculations for themselves and sharply criticizing the Pension Bureau, for poor economics and then for intergenerational or interoccupational inequities and other broad aspects of its policies.⁶⁶ Sharp formulations of problems and some reasonable ideas about solutions were quite available, but the political energy to carry out major policy change was not.

CONCLUSION

Bureaucratic primacy in pension policy is not unique to Japan. As mentioned in Chapter Two, the main theme of Martha Derthick's magisterial analysis of American Social Security from its beginnings to the 1970s was the ability of the self-perpetuating Social Security Administration bureaucracy to coopt interest groups and politicians, overwhelm opponents, and write its own agenda of incremental policy expansion over four decades.⁶⁷ The characteristics of pension politics listed at the beginning of this chapter help explain how this could happen even in the fragmented and pluralistic American political structure. The issues are perceived as highly technical, giving a natural advantage to experts; interest group organizations as such do not have direct stakes and so are less likely to compete for control; everyone knows the public will react strongly to tampering with the system; and the fact that the key decisions affect the future more than the present reduces the incentive of other governmental actors to intervene.

In the United States, control over the pensions policy agenda slipped from the SSA only when ballooning costs came to interfere with other economic policy problems in the 1970s. In terms of our model, heavy-weight actors then intervened in what had been a specialized domain and caused some big policy changes; later, in the 1980s, a major pension cut-back was negotiated between congressional leaders and the president with almost no participation by the bureaucrats.⁶⁸ Their exclusion was partly

⁶⁶ For example, Yukio Noguchi writing about an "unbelievable factor . . . a theoretical mistake" in economic assumptions. "Public Finance," in Kozo Yamamura and Yasukichi Yasuba, eds., *The Political Economy of Japan Vol I: The Domestic Transformation* (Stanford, Calif.: Stanford University Press, 1987), pp. 186–222, at 208. Also see his "Problems of Public Pensions in Japan," *Hitotsubashi Journal of Economics* 24:1 (June 1983): 43–67; and "Overcommitment in Pensions: The Japanese Experience," in Richard Rose and Rei Shiratori, eds., *The Welfare State East and West* (New York: Oxford University Press, 1966), pp. 173–192. Also see Ōtake Fumio, *Sozei-Shakai Hashō Seido no Keizai Bunseki* (Osaka: Osaka Furitsu Daigaku Keizai Kenkyō Sōsho, 1989); Yamazaki, "Tenkai Katei"; Kuno, *Semaru Nenkin Kaikaku*; and articles cited in chap. 5.

⁶⁷ Martha Derthick, *Policymaking for Social Security* (Washington, D.C.: The Brookings Institution, 1979).

⁶⁸ "The social security staff was so fragmented and disorganized in the late 1970s that it

due to a decade of confusion in leadership at the agency, and to a set of misforecasts and policy blunders that discredited the experts' reputation for competence.

The fascinating contrast here is that in Japan, it was only when economic and financial problems reached the general agenda that the Pension Bureau took over. Heavyweight actors became heavily involved in pension politics at only three junctures: the creation of the National Pension in the 1950s, when their interference severely disrupted rational planning by the experts; the expansion of 1972, when political and bureaucratic goals were quite similar and so little conflict occurred; and in the decade just described when the issues were reorganization and restraint. As we have seen, in the first five years reform was defeated in the general arena, but after 1980 the Pension Bureau managed to get what it wanted despite participation by Rinchō and other heavyweight actors.

That is, the bureaucratic agency was in control in the United States well into the 1970s, and in Japan during the 1980s; on the other hand, it lost out in the United States in the 1980s, and in Japan in the 1950s and again in the late 1970s. Although changes in the policy-making environment account for some of the difference, at least as important was the quality of leadership. Bureaucratic interests have prevailed when the agency with jurisdiction was able to decide what it wanted to accomplish, and to develop a strategy to meet the political obstacles. Put so baldly, this statement seems a complete platitude, but analysts of American decision making have tended to discount the importance of bureaucratic agencies playing so important a role, whereas in Japan it has been assumed they *always* do. My proposition, which has also been demonstrated in the health care case just discussed and elsewhere in this study, is that the quality of bureaucratic policy sponsorship is a crucial variable when one tries to understand differing policy processes and outcomes.

This point is well illustrated by pension reform. In the 1970s, when this issue (mainly the financial problem) was brought to the agenda by others, the Pension Bureau was not able to respond with a coherent proposal—a logical arrangement of problems and solutions—much less a well-developed strategy for enactment. It therefore could not maintain any sort of control over general-arena decision making (and for that matter had considerable trouble even within the specialized arena, failing to get approval from its own advisory committee). No other actor was even close to becoming a sponsor in its place. Although one would not say the result was as much of a garbage can as the National Pension enactment process in the

could not mount a common front either inside the executive branch or on Capitol Hill.” Paul Light, *Artful Work: The Politics of Social Security Reform* (New York: Random House, 1985), p. 44.

1950s, energy generated by the old-age employment and public-private differential issues—neither intrinsically related to the central pension problems—certainly intruded into the process, and artifactual events like the 1979 election also had a big impact. When there is no effective sponsor, the decision-making process becomes permeable and fragile, and as we saw here is likely to end without a policy change resulting (or if one does result, as with the National Pension, it may well be bad policy).

In the 1980s, due to Yamaguchi's personal leadership and perhaps a more general sense of resolution within the Welfare Ministry, the responsible agency was able to take charge. The Pension Bureau stoutly held onto sponsorship even though, this time, it had a potential competitor for this role in Rinchō. And as we have seen, the process went like clockwork, not like a garbage can. If the bureaucrats had been less dominant, such events as the LDP election defeat in December 1983, or the tough bargaining over MAA reform going on at the same time, could well have sidetracked pension reform.

Did bureaucratic dominance lead to purely cognitive decision making, in terms of our typology? Not at all, whether one looks at policy process or policy substance. Our process analysis demonstrated the extent to which the Pension Bureau's proposal was shaped by strategy, by the bureaucrats' reading of which problem formulations and solutions would be enactable. Moreover, many quite reasonable solutions were excluded even from consideration. As for substance, for a policy outcome to be judged rational, it should approximate the problems and solutions that an omnipotent outside observer would select in a given situation. I am hardly an omnipotent observer, but would point out that the central pension problem of the 1980s was the coming financial crisis, and the pension reform of 1985 did not deal with it very effectively.

This case, in short, falls solidly in the political box of the typology. The pension reform of 1985 is best understood as the outcome of a conflict among actors with differing goals, even though, to an unusual extent among the cases we have examined, the compromises were worked out quietly by anticipation rather than through open conflict. If we then examine how the Pension Bureau's goals were determined, both inertial and cognitive factors were important. Completion of the benefit structure, eventually achieving unification through the basic-pension mechanism, and steadfast adherence to the social insurance principle—all were institutionalized elements of the agency's mission, and were produced almost automatically as solutions when the pension issue reached the agenda. On the other hand, the proposal as a whole, including the correction of past errors in the formulas for determining benefits, was carefully thought through; much here can be called a technocratic, cognitive process.

And of course the idea of the basic pension was rational. It was badly

needed back in the 1950s when the pension system was constructed, it should have been implemented during the 1960s and 1970s as fragmentation brought more and more practical problems, and—as the Pension Bureau officials quite properly argued in the 1980s—it was virtually a prerequisite for getting a handle on the problems of pension finances. The next challenge will be how to use that handle.

Conclusions

THIS PROJECT has had three purposes. The first, and most important, was to make sense of Japanese policy toward the elderly. The second was to try out a comprehensive theory of policy change. The third was to throw some new light on the Japanese policy-making process—new both in theoretical approach, and in exploring a policy area that few have considered. Given my starting assumption that public policy is best seen as an aggregate of past policy changes, all three of these purposes have already been substantially fulfilled, to the extent of my knowledge and abilities, in the detailed analyses of individual cases.

Nonetheless, the reader faces yet another long chapter. It is less a summary than an extension of the argument. In the first section, we will see whether our four decision-making modes can separately provide reasonable explanations of the overall development of old-age policy in Japan, as well as of individual decisions. Some brief comparisons with the West are included. The second section asks whether the four modes can be synthesized. A comprehensive predictive theory is beyond reach, because of the problem of interaction, but partial synthesized models such as “policy sponsorship” are useful. Finally, a brief prediction is offered, in terms of the theory, of how the old-age policy-making system is likely to evolve.

UNDERSTANDING POLICY DEVELOPMENT

Many individual episodes of change in Japanese policy toward the elderly have now been described. We now ask whether these events over time, as a whole, make any sense, and what sort of sense? It is not inevitable that the findings of these individual cases should add up to a convincing overall explanation of Japanese policy toward the elderly: this could be a book of short stories rather than a novel. But we do need to see if a plot can be discovered, because it is only by finding some meaning in this Japanese story that we can ask how it differs from the meaning of stories in other countries.

What do we mean by meaning? Given the complexity and ambiguity we have seen in the individual cases described, along with the warnings in the first chapter about the human tendency to overinterpret events, it would be naive to expect that “facts” will tell us “what happened.” Inevitably the story must be told by an author; the trick lies not in excluding his judg-

ments about what is important or why things happen, but rather in making them transparent. The strategy I will follow is similar to that of Graham Allison and Hugh Heclo.¹ I will tell the 30-year-plus story of the development of policy toward the elderly in Japan four times, from the viewpoint of each of our modes, or explanatory models.

One purpose of this exercise is to demonstrate not only that each mode of decision making provides important explanations for particular aspects of process or policy, but that each in fact provides at least a plausible plot for the entire story. The more ambitious purpose is to discover what is particularly interesting, distinctive and significant about the development of Japanese old-age policy *within* each of the modes. That is, each mode must provide good explanations for the ups and downs in old-age policy we have observed: the fragmented or confused decision making of the 1950s, lack of attention in the “welfare laggard” era of the 1960s, the early 1970s’ old-people boom, discussion without action in the late 1970s, rationalization in the 1980s, and the renewed interest in expansion at the end of our story.

In short, *assuming* that, or *to the extent* that the process can be seen as inertial, cognitive, political, or artifactual, how did it work in those terms? With answers to that question, we can ask another: in what ways did these Japanese stories differ from corresponding processes in other countries? Or more realistically, since we lack the resources for full-scale comparison, how do our accounts of Japan differ from the explanations found in the literature for such processes?²

Policy Development as Inertial

Inertial decision making occurs in the absence of new ideas or new energy within the decision-making system. In all organizations, participants will usually follow the rules and do today what they did yesterday, inhibiting policy change. A good example was the Welfare Ministry’s defense of free medical care in the late 1970s even though officials continued to dislike the program—it was there, so it remained, despite repeated attacks. And the

¹ *Essence of Decision: Explaining the Cuban Missile Crisis* (Boston: Little, Brown, 1984), *Modern Social Politics in Britain and Sweden* (New Haven, Conn.: Yale University Press, 1974), chap. 6.

² Since few studies have pertained to the development of old-age policy per se, I will mainly refer to works on the welfare state, of which the most useful have included Heclo, *Modern Social Politics*; Peter Flora and Arnold J. Heidenheimer, eds., *The Development of Welfare States in Europe and America* (New Brunswick, N.J.: Transaction Books, 1981); Martha Derthick, *Policymaking for Social Security* (Washington, D.C.: Brookings Institution, 1979); Douglas Ashford, *The Emergence of the Welfare States* (Oxford: Basil Blackwell, 1986); and Gosta Esping-Andersen, Martin Rein, and Lee Rainwater, eds., *Stagnation and Renewal in Social Policy* (Armonk, N.Y.: M. E. Sharpe, 1987).

hand of the past may weigh heavily even in policy change. As Allison emphasized, a government's response to a new situation is largely constrained to the SOPs available on the shelves of its various agencies. Nearly all the small-program initiations of the boom period were extensions to the old-people problem of solutions previously employed in other areas, and they were approved without much objection by the Finance Ministry because of a well-established budgeting rule of thumb (a product of the high-slack era) that agencies should be allowed an occasional new program. Even such important apparent changes as the pension benefit increases of the late 1970s were in a sense caused more by momentum than by any conscious cognitive or political reasons.

Inertial explanations actually gain in power as we expand our view from single cases. In identifying the keys to policy change, the cognitive mode emphasizes identifying problems leading to the invention of solutions; the political mode, shifts in power among participants; and the artifactual mode, "coincidental" events. All tend to be idiosyncratic and thus to fade in significance as we look at long-term development over a long period, at many countries, or at policy at a high level of aggregation.³ Policy change more and more appears to be caused directly by large-scale changes in the environment. Thus, Wilensky could accurately predict aggregate welfare spending across many countries with only three factors: wealth, percent elderly, and age of the social security system.⁴ In a longitudinal analysis, Maruo explained 95 percent of the annual variance in Japanese social security spending (as a percentage of national income) with just two variables, the over-65 population and the unemployment rate.⁵ Such analyses amount to implicit arguments that it is not important to consider the details of any particular policy change because policy is basically an automatic response to the environment. The "black box" mediating between environmental and policy change—what officials and politicians were thinking and doing—is treated as epiphenomenal and uninteresting.⁶

³ Cf. the discussion of policy making as either independent trials or "policy martingales" in James G. March, "The New Institutionalism: Organizational Factors in Political Life," *American Political Science Review* 78:3 (September 1984): 734–49.

⁴ Harold Wilensky, *The Welfare State and Equality* (Berkeley: University of California Press, 1975). Wilensky has also considered politics and questions of timing: e.g., "Leftism, Catholicism and Democratic Corporatism: The Role of Political Parties in Recent Welfare State Developments," in Flora and Heidenheimer, eds., *Development of Welfare States*, pp. 345–82.

⁵ Naomi Maruo, "Development of the Welfare Mix in Japan," in Richard Rose and Rei Shiratori, eds., *The Welfare State East and West* (Oxford: Oxford University Press, 1986), pp. 64–79.

⁶ This brief summary subsumes a substantial literature on the relationship of the welfare state to the economy and society, including many writers in the Marxist tradition, Polanyi on "decommodification," and various conservative economists. Cf. Gosta Esping-Andersen,

An inertial interpretation. The development of Japanese policy toward the elderly was essentially similar to the other advanced nations. The proportion of the elderly in the population rises because affluence leads both to better health and to declining birth rates. Rising incomes also bring both higher expectations about an appropriate standard of living, and increased governmental revenues available to provide that standard of living even for those who cannot earn it for themselves. At the same time, social change, particularly urbanization, leads to a decline in traditional family supports for older people. The expansion of pensions and other public programs is therefore the direct result of modernization. Once established, programs grow incrementally, and they cannot be cut back easily even when the environment changes.

Japanese-style inertial change. So much is straightforward. But can the inertial mode provide explanations for what is different about Japanese policy toward the elderly? Do we find distinctively Japanese aspects in the environmental trends, or in the interactions among them, that cause policy change? Here we note that the expansion of old-age policy was somewhat delayed in Japan, partly due to cultural differences: the rate of elderly people living with their children, while dropping, remained far higher than in western countries at similar income levels. Also, although pension programs were established and grew as in other countries, the share of GNP going to social welfare stayed essentially stable in the 1960s (it even fell slightly from 1965 to 1970) mainly because economic growth was so rapid in Japan. In absolute terms the increase was at least comparable to other countries. Conversely, the sharp growth of that share in the 1970s was partly explained by two inertial factors: economic growth was much slower, and outlays rose rapidly because much larger proportions of retirees were now eligible for full benefits, as the pension system matured.

Of course, there were major policy changes in the early 1970s that led to increased spending: pension benefit hikes, indexation, free medical care, various programs started by prefectural and city governments. But these too can be seen as inertial. Noguchi ascribed the surge in welfare spending in the 1970s at both the national and local level to increased tax revenues in an era of low deficit financing: "We can therefore say that it was fiscal affluence that caused the improvements in social security programs, and that party political influences were not as important as is usually emphasized, because similar increases happened regardless of local political cir-

"The Comparison of Policy Regimes: An Introduction," and Martin Rein and Lee Rainwater, "From Welfare State to Welfare Society," in Esping-Andersen, Rein, and Rainwater, eds., *Stagnation and Renewal*, pp. 3-12, 143-59.

cumstances.”⁷ When economic and revenue growth slowed, social welfare spending leveled off, albeit after a lag of several years due to the momentum of ongoing programs. After the 1980s one would expect it to keep pace with demographic change.

Even below the level of aggregated spending totals, one can explain several distinctive aspects of Japanese policy as a direct result of differences in the policy environment. For many years the Japanese government did little in the area of special housing for the elderly, but it was very active in the labor area, compared with other advanced nations. This difference may be explained by, on the one hand, the high proportion of old people living with their children, and on the other, the unusually low retirement age in Japan. The point is that one need not look at the decision-making process in order to understand these policies. According to the inertial mode, they are directly and adequately explained by the socioeconomic environment.

Policy Development as Cognitive

To the extent we see policy change not as an automatic response to changes in the environment, a response that might be programmed into a computer, but as a conscious choice about which among many potential problems is most important and which among various solutions is preferable, we are employing a cognitive explanation. The cognitive mode requires some idea of national goals or interests to provide criteria for judging the importance of problems. It will be recalled from Chapter Two that we do not demand “strict” rationality: a clear hierarchy of goals, exhaustive search, choice by cost-benefit or conditional-probability analysis. Rather, this mode of interpretation is defined by ideas mattering but energy not. Conflicts among participants or shifts in the balance of power are not important as causes of policy change; what counts is thinking, whether clear-sighted or misguided.

Clearly a cognitive evaluation of problems and solutions must play a major role in policy change, or government would be of little use to anyone. We have found many surveys to determine needs, committees of experts asked to study problems, trips overseas to seek out the most advanced and efficacious policy ideas. What we have called the “Hecloish” pattern, officials reacting to problems caused by defects in their own programs and attempting to devise reforms that would work better, was at least as common in the development of Japanese social policy as in Britain and Sweden.⁸ And our explanation of old-age-employment policy was couched largely in cognitive terms: Labor Ministry bureaucrats appeared quite ac-

⁷ Yukio Noguchi, “Overcommitment in Pensions: The Japanese Experience,” in Rose and Shiratori, eds., *East and West*, pp. 173–92, at 179.

⁸ Heclo, *Modern Social Politics*.

ademic as they theorized about the problems of middle-aged and older workers and experimented with various solutions. But would a cognitive explanation of the development of policy toward the elderly as a whole make sense?

Such accounts are the standard interpretations found in official bureaucratic histories, and in most studies by specialists on a substantive policy area. These analyses generally assume, if not explicitly state, that a policy had been enacted in order to deal with some important problem as effectively as possible; the cause of policy change is therefore a change in the environment as interpreted in the light of national goals. Politics, if mentioned at all, is seen as noisy interference in a policy-making process that "should" be rational. This mode of interpretation is most commonly encountered in areas where it is relatively easy to find, or assume, a clear national interest or goal, such as in writings on foreign policy, as critics like Allison and Steinbrunner often point out.⁹ In domestic policy, studies of regulatory or industrial policy often posit economic growth as the national goal, but a single goal or a clear preference scale is much harder to identify for other topics. Research on domestic policy making is thus more likely to adopt a political model of policy change. It is worth noting, however, that after sorting through a variety of possible explanations for why the United States spends a lot on education and rather little on welfare compared to Europe, Anthony King concluded that it came down to national preferences—clearly a cognitive explanation.¹⁰

There is a widespread impression that Japanese decision making is unusually rational: oriented toward national goals, untroubled by political conflict, characterized by fact-finding, consensus-building, and so forth. For example, Chalmers Johnson saw the Japanese "developmental state" as analyzing the future growth potential of the economy to target the most crucial industries. Theories about growth were consciously reformulated as the nation's economic situation changed. Because catching up with the West economically was such a high-priority goal, MITI officials were kept insulated from political pressures, and thus could formulate their plans with rational criteria.¹¹ Many studies of Japanese policy take a similar tack.

A cognitive interpretation. From the end of the war, Japan's overwhelming national goal was catching up with the West, primarily through eco-

⁹ Allison, *Essence*; John D. Steinbrunner, *The Cybernetic Theory of Decision* (Princeton, N.J.: Princeton University Press, 1974).

¹⁰ Anthony King, "Ideas, Institutions and the Policies of Governments," *British Journal of Political Science* 3 (July and October 1973): 291–313 and 409–23.

¹¹ *MITI and the Japanese Economic Miracle* (Stanford, Calif.: Stanford University Press, 1983). Note, however, that Johnson sees much other Japanese policy making, e.g., in agriculture, as political pandering to pressure groups.

conomic growth and secondarily in other aspects of being up to date. Pension programs were developed in the 1950s partly because the advanced western nations had them. These were shaped to meet Japanese goals: the best deal for employees of large firms, to reward high productivity; long maturation, with the already old receiving only tiny benefits, to restrain consumption; pension funds used for low-interest public loans to support infrastructure investment. The distribution of health care favored younger workers (again, especially in large modern-sector firms) rather than the higher-need elderly. Through the 1960s there was little interest in developing programs for the unproductive elderly, so that national resources could be concentrated on growth.

In the late 1960s, national goals changed. Growth itself had led to a set of difficult problems: urban overcrowding, pollution of various sorts, and a growing gap in living standards between those participating in the dynamic economy and those left out—mainly the elderly. And the goal of catching up had largely been attained, at least in purely economic terms. A new concern for quality of life developed just at the time the nation seemed to have the surplus resources needed to deal with it. Along with a burst of environmental legislation and such ambitious schemes for better living conditions as the restructuring the archipelago plan, Japan turned its attention to “completing” the welfare state by raising pension benefits to international standards and meeting the special health problems of the older population; a host of smaller old-age programs were also initiated to meet specific needs.

These policy expansions had been predicated on the reasonable expectation that economic growth would continue to provide ample resources. When unforeseen international events brought recession and then an apparently permanent moderation of growth, “reconsideration” of the new policies was needed, and study groups all over the government tried to figure out what to do. A consensus gradually emerged that the aging-society problem was a key national concern. In the 1980s, the Administrative Reform Commission (Rinchō) set forth broad guidelines from the top, and bureaucrats and experts worked out detailed plans at the ministry level, drawing on institutional memories of how programs had worked in the past. Sensible reforms were devised and implemented. There was no substantial backtracking, because welfare-state goals had now become a legitimate national interest, but these were now brought more into balance with the new economic situation. On this firmer base, in the late 1980s, Japan turned its attention to the highest priority among old-people problems, the need for long-term care in institutions and the community.

Japanese-style cognitive change. What is distinctive about this particular cognitive process, as compared with the development of old-age policy or

the welfare state in the West? The interesting point here is a transition from what might be called solution-driven rationality, dominated by learning from abroad, toward what we usually see as the normal pattern in which policy change is driven by emerging problems.

The key factor for the earlier period was of course Japan as a late developer: it made a lot of difference that the nation was catching up in social policy. The European nations were often sailing in uncharted waters when they experimented with pensions, health insurance, and social services; even the United States was not influenced as much as might be expected from the experience of others because of its extraordinary insularity. Japan always looked abroad: it is not incidental that the 1947 recommendations of the Social Insurance Investigative Commission were called "Japan's Beveridge Report." Then and later, Japanese policy makers had a destination, and knew (or thought they knew) its general shape and dimensions. That meant the question was not where to go, but how fast to proceed.

Of course, whether or not to go there at all would seem to be the logical prior question, but in fact, at least until the late 1970s, nearly everyone seemed to assume that "the welfare state" was a normal component of modernity. When proponents emphasized catching up, conservatives would respond that some expensive program should be postponed until later, rather than worrying very much about whether the program itself was a good or bad idea. Or perhaps they found such ideas distasteful but nonetheless inevitable so not worth fussing about. No doubt an important factor in this psychology was that, until the 1970s, the welfare state seemed a distant and therefore rather abstract goal, because Japanese policy appeared to be so far behind the West.

The western welfare state not only gave policy makers a convenient sense of direction, it also provided a lot of specific content. Many of Japan's policy solutions came more or less directly from abroad. Such borrowing can be partly explained as Japan as the "rational shopper," the image of "Japanese decision-makers clutching a list of desired institutions, engaging in painstaking comparative shopping, and selecting the brand most suited to their tastes and needs."¹² But such borrowing of innovations implies that the borrower already *has* tastes and needs, when in fact problem definitions and priorities themselves were heavily influenced by the policy solutions available from the West.

For example, we saw in Chapter Four that in the 1960s, Japanese social welfare specialists and the trade press were paying considerably more attention to the battle over Medicare in the United States than to health care

¹² D. Eleanor Westney, *Imitation and Innovation: The Transfer of Western Organizational Patterns to Meiji Japan* (Cambridge: Harvard University Press, 1987), p. 5. Note that Westney is not endorsing this interpretation.

problems in Japan. Cost-of-living indexation for pensions, community-care services in social welfare, sheltered housing proposals, and other policy initiatives were similarly preceded by academic studies or journalistic articles on models from Europe and America. That is, the “normal” sequence of problem recognition leading to solution generation was reversed.¹³ Similarly, the expansion of pension benefits in the 1960s was largely driven by Pension Bureau officials trying to achieve western standards, and defining those standards primarily in terms of benefits. Policy change by imitation is a relatively easy route to follow, even leaving aside the pleasures of visiting program sites abroad compared to tedious studies of social conditions at home.

The pattern changed in the 1970s: as Japan began to catch up, its goal was less clear, problems (old people, aging society) loomed larger, and solutions available from the West no longer looked quite so attractive (many had already been adopted). How was the policy-change process affected?

To some extent, the habit of looking abroad persisted. Even in the years around 1980 when the goal of the welfare state was brought into question, much of the critique was drawn from the West; a term like “the English disease” (itself borrowed from abroad) refers more to an overseas model, albeit a negative one, than to an actual problem in Japan. The “Japanese-style welfare state” was described mainly in negative terms—what it was not—with only the vaguest accounts of the traditional family and community structures that were supposed to provide so much more welfare than western bureaucratic institutions. And of course the overall anti-big-government theme of administrative reform, as well as much of its specific rhetoric, closely echoed the slightly earlier campaigns of Thatcher and Reagan. Japan was again following world currents.

But the more notable trend was a substantial increase in real problem solving. Chapters Seven to Ten include many more examples of attention to the real world and genuine policy analysis than Chapters Three to Six. Much of this was Hecloish: there were more governmental policies to go wrong, and therefore more ideas about how to fix them. Other policy changes were directly caused by resource scarcity, bureaucrats thrust out of their comfortable world by draconian budget restrictions and forced to decide what they wanted most and how to achieve it as cheaply as possible. Even beyond such immediate effects of the new environment, however, it is striking that particularly in the 1980s, officials, politicians, and experts

¹³ The assumptions of the cognitive mode are not necessarily violated by such a reversal because, if it turns out that no real problem exists, the solution will not persist. Many imported policy ideas never took hold in Japan, or hung on only in vestigial form until, perhaps, its problem grew beneath it and led to later expansion. Sheltered housing got nowhere when initiated as “low-fee old-age homes” in the 1960s, for example, but it began to expand in a different form in the 1980s when there were in fact more unattached elderly seeking housing.

were spending much more time than in earlier years thinking about social problems and what might be done about them.

Policy Development as Political

Most studies of the development of the welfare state in the West are based on a political model of policy change. Policy is seen as the outcome of a struggle among groups (or individuals, or institutions, or classes, or social forces), each trying more or less consciously to achieve its own goals or to protect its own interests. A change in policy over time will occur as a result of shifts in the balance of power resources (or perhaps in political skill, or in the salience of the issue) among these participants. In terms of our theory, policy change is political when caused by both ideas and energy. To explain the development of policy over the long term, we would hope to find energetic participants attached to reasonably coherent sets of problems and solutions for an extended period, in conflict with others who disagree.

Scholars of the welfare state differ on who is seen as the important participants in these conflicts, on what they are really fighting about, and on whether the conflict is different or essentially similar across time or in various countries. The most common political explanation sees the rise of the welfare state as a consequence of the rise of the working class. This literature is far too large and complicated even to summarize here; it ranges from straightforward hypotheses relating welfare expenditures to social-democratic strength (votes, parliamentary seats, office holding) to more elaborate models that include the strength of the right, various economic circumstances, and so forth.¹⁴ The assumption is that the fundamental conflict is between the interests of social groups defined by their position in the economy, usually represented by political parties, over a set of redistributive, egalitarian and non-market-based welfare policies that mainly favor the lower class. Welfare policy change should therefore be *somehow* associated with changes in the relative power of workers and their representatives.

More pluralistic interpretations see social policy as the outcome of conflict among groups or institutions not defined mainly in terms of class, such as interest groups, bureaucratic agencies, powerful individuals or catch-all political parties.¹⁵ Such explanations are less well suited to telling a coher-

¹⁴ A solid critical review of this literature is Michael Shalev, "Class Politics and the Western Welfare State," in Shimon E. Spiro and Ephraim Yuchtman-Yaar, eds., *Evaluating the Welfare State: Social and Political Perspectives* (New York: Academic Press, 1983), pp. 27–50. Also see Peter Baldwin, *The Politics of Social Solidarity: Class Bases of the European Welfare State, 1875–1975* (New York: Cambridge University Press, 1990).

¹⁵ This approach is common in accounts of America or by Americans: Derthick, *Policymaking*; Paul Light, *Artful Work: The Politics of Social Security Reform* (New York: Random House,

ent story of policy development over time because they do not assume that given policy changes are essentially manifestations of a single fundamental long-term process, such as the growing power of the working class.¹⁶ But they can still produce consistent explanations. The most elaborate theory, though not applied to social policy, is that of Bueno de Mesquita. His “expected utility decision model” is based on the assumption that actors pursue goals that are stable over time, within the period to be forecast.¹⁷

The previous chapters provide many examples of individual policy changes that are easily explained by politics. The several Mutual Aid Associations started in the 1950s and later the Farmers’ Pension are simple cases of interest-group mobilization to put pressure on conservative politicians; employment policy toward the elderly began as a strategy by Labor Ministry bureaucrats against a left-wing group; turf battles among bureaus or ministries erupted periodically in several policy areas. But indicating that politics was often important is different than constructing an overall political explanation for the development of old-age policy in Japan. As this sort of interpretation dominates the literature on the welfare state, it is worthy of a close and sympathetic treatment.

A political interpretation. Old-age policy in the first half of the 1950s was characterized by particularistic interest groups seeking their own advantages—veterans, various groups seeking MAAs, labor unions protecting their own members, business personnel directors. The unification of the political parties in 1955 then brought the possibility of a more coherent political struggle. The new Japan Socialist Party’s early call for improved pensions (along with health insurance) was given added weight by its upward vote trend, particularly in the countryside. Prime Minister Kishi, who at the time of unification had argued that the LDP should move toward the left to gain votes, promised pensions for all as a key issue for the 1958 election. In the ensuing enactment process, it was the LDP rather than the reluctant Ministry of Health and Welfare that took the lead in pushing the National Pension.

In the early 1960s, however, social policy disappeared from the general agenda, for three reasons. First, the LDP did better than expected in the 1960 election, diminishing its sense of threat from the opposition. Second, the JSP lost interest in welfare after the trauma of the anti-Security Treaty

1985); Theodore R. Marmor, *The Politics of Medicare* (Chicago: Aldine, 1973); Henry J. Pratt, *The Gray Lobby* (Chicago: University of Chicago Press, 1976).

¹⁶ However, Ashford, in *Emergence*, interprets welfare state development as both reflection and cause of a long evolution in state-society relations, one that makes sense over time although different groups may take the lead at different stages.

¹⁷ Bruce Bueno de Mesquita, David Newman, and Alvin Rabushka, *Forecasting Political Events: The Future of Hong Kong* (New Haven, Conn.: Yale University Press, 1985), chap. 2.

movement, the split-off of its right wing to form the Democratic Socialist Party, and a near takeover of the party by ideological left-wing factions. Third, within the LDP, Prime Minister Kishi, who leaned toward state-corporatist notions that included paternalistic welfare policy, gave way to Ikeda Hayato, who was more inclined toward free-market liberalism.¹⁸ The LDP thus pursued its business-oriented economic growth policies through most of the 1960s.

Opposition was growing in the urban grass roots, however, and popular discontent about both pollution and social problems was mobilized by a variety of social movement organizations on the left. The election of Minobe as Tokyo governor in 1967 and other progressive local leaders was followed by a burst of welfare policy innovations, notably free medical care (1969 in Tokyo). Labor unions demonstrated for pensions and other social programs. At the same time, urbanization was shrinking the conservatives' traditional rural constituency. The LDP responded to both trends with anti-pollution policy in 1970 and welfare policy in 1971–1972, co-opting the demands of the opposition and appealing directly to the “new” younger and more urban electorate.¹⁹ The party again took the lead over the bureaucracy, where the Welfare Ministry's stance ranged from reluctant to acquiescent but was fairly passive, and the Finance Ministry was strongly opposed to welfare expansion but helpless against the political onslaught led by Tanaka Kakuei.

In the later 1970s, even when the economic slowdown and the LDP's inherent conservatism had cooled the ruling party's enthusiasm for pricy social programs, expansion continued because the opposition maintained near-parity (*hakuchū*) in the Diet. Promised benefits were “bid up” to compete for votes. The first cutback attempt, to hike the Employee Pension pensionable age to 65, was killed by an intense campaign by labor unions and the opposition parties, augmented by the electoral worries of LDP Dietmen.

The political balance of power shifted dramatically in the early 1980s in two respects. First, the LDP won a big victory in the 1980 election, and maintained high levels of popular support thereafter. Second, big business reacted to the growing deficit and the threat of higher taxes with an unprecedented mobilization of power, exemplified by Keidanren's strong role in the administrative reform campaign. The triple alliance of top LDP leaders (especially Nakasone), the business peak association, and the Ministry

¹⁸ Ohtake Hideo calls Kishi a “quasi social democrat”; he maintains that Ikeda continued that line, but I would suggest that Ikeda's emphasis on economic growth sustained by high private investment is more “quasi-liberal.” “Sengo Hoshu Taisei to Tairitsu Jiku,” *Chūō Kōron* (April 1983): 137–51; trans. in *Japan Echo* 10:2 (Summer 1983): 43–53.

¹⁹ See Gerald L. Curtis, *The Japanese Way of Politics* (New York: Columbia University Press, 1988), for a solid presentation of this argument.

of Finance succeeded in forcing major reforms in welfare policies, although resistance from bureaucrats, politicians (opposition parties and LDP backbenchers), and vested interest groups prevented wholesale cutbacks. As the 1980s closed, however, opposition gains in general and the need to make deals with the middle-of-the-road parties in particular led the conservatives back to a more expansive orientation to policy toward the elderly.

Japanese-style political change. This account is as political as many accounts of western welfare-state development, in that shifting power balances, elections, and so forth are seen as the main causes of policy change. In general, welfare policy has expanded when the progressive side was relatively strong; when conservatives were more powerful, either little policy change occurred or welfare policy was contracted or at least rationalized. But there is a key difference. In Europe, and in less clear-cut fashion the United States as well, social policy for the elderly and others can be identified as an important and fairly consistent goal for at least one identifiable political actor. In the most common interpretation, the lead is taken by a programmatic political party allied with labor unions, usually a social-democratic party though a Catholic party or the more progressive among catch-all political parties can play the same role. Or, a more state-oriented view sees early social-insurance initiatives "as sophisticated efforts at anticipatory political incorporation of the industrial working class, coming earlier (on the average) in paternalist, monarchical-bureaucratic regimes that hoped to head off working-class radicalism, and coming slightly later (on the average) in gradually democratizing liberal parliamentary regimes, whose competing political parties hoped to mobilize new working-class voters into their existing political organizations and coalitions."²⁰ Thereafter, the welfare state was in effect expanded by a coalition of progressive politicians and the administrators of social programs, generally opposed at each stage by conservative politicians and the fiscal authority within the government. Interpretations vary on whether the politicians or the bureaucrats held the most important role.²¹ In the United States, bureaucratically oriented experts backed by the president took the lead in shaping Social Security in the 1930s, and its subsequent expansion was clearly orchestrated by the bureaucrats in charge; politicians dominated the field from the 1970s.²²

²⁰ Theda Skocpol and John Ikenberry, "The Political Formation of the American Welfare State in Historical and Comparative Perspective," in Richard F. Tomasson, ed., *The Welfare State, 1883–1983* (*Comparative Social Research* Vol. 6; Greenwich, Conn.: JAI Press, 1983), pp. 87–148, at 90.

²¹ For a review of the literature favoring politicians, see Shavlev, "Class Politics;" the bureaucracy-centered argument is most identified with Hecllo, *Modern Social Politics*.

²² Skocpol and Ikenberry, "Political Formation"; Derthick, *Policymaking*.

The point here, regardless of the details, is that the story can be told in terms of a real protagonist, having relevant goals and capable of formulating and carrying out strategies, contending with both policy inertia and genuine resistance. The protagonist may at times be misguided or confused, and at any given point is more likely to be pursuing some short-run objective than a utopian vision. Nonetheless, one finds the same actors trying to accomplish fairly consistent objectives over an extended period of time. To see if we can find such a protagonist in Japan, we must run through the possibilities.

To begin with, pressure certainly came from the left. However, that term must be interpreted in a vague and nonspecific sense, not as a particular group. The labor unions were quite divided, with Sōhyō, the most powerful federation, often more interested either in radical posturing or in serving the narrow interest of government employees than in consistently pursuing welfare policy.²³ Although campaigns by unions for pensions and other social policy in the early 1970s brought wide attention, and labor took the lead in opposing the pensionable age hike in 1979, at most other junctures union support was soft. It is notable that in the quasicorporatist bargaining of 1975, when the government asked for wage restraint, the union side apparently asked only for anti-inflation policy in return, with no mention of the social policies so prominent in corresponding European cases.²⁴ Social security was also not a major priority for the new Rengō federation in the 1980s (the high price of houses was a bigger concern). Special cases like Zennichijirō (the union of the unemployed) aside, the labor movement was a positive but usually not very active force on the side of social policy.

What about “gray power”? Might the development of old-age policy be a product of the increasing numbers of the elderly, through direct political mobilization into interest groups or simply as voters? Such explanations may plausibly account for the difficulty in cutting Social Security and other old-age benefits in the United States, though gray power was not a major factor in the *development* of the system.²⁵ In Japan, where most older people have been politically inactive, such hypotheses carry little weight, and at the various junctures of major policy change described earlier there were

²³ Jill Quadagno argues that labor factionalism, primarily between craft and industrial workers, was a major factor in the late and incomplete development of the welfare state in the United States. *The Transformation of Old Age Security: Class and Politics in the American Welfare State* (Chicago: University of Chicago Press, 1988).

²⁴ Haruo Shimada describes these events in “Wage Determination and Information Sharing: An Alternative Approach to Incomes Policy?” *Journal of Industrial Relations* (Australia), June 1983, pp. 177–200.

²⁵ On the role of the American Association of Retired People and other groups in the Social Security reforms of the early 1980s, see Light, *Artful Work*, chap. 7.

few indications of either old-age interest group activity or direct appeals to elderly voters. It is only in the budgetary arena, with its highly institutionalized channels for ritualistic lobbying, that old-age groups themselves have been very active in appeals for incremental hikes in the small Welfare Pension benefit or such direct organizational handouts as the government subsidy for old people's clubs—the main concern of the National Old People's Clubs Federation.²⁶ Most telling, given the general proposition that interest groups tend to be more powerful on defense than on offense, is that representatives of the elderly were not at all important in resisting the administrative reform efforts to constrain social programs (the Old People's Clubs Federation even endorsed the Welfare Ministry's plan to introduce copayments to free medical care). As the Japanese elderly population continues to grow in both numbers and political sophistication, one might find gray power playing a more significant role in stimulating (or resisting) major policy change in the future, but so far it has not been an important factor.

Service-provider groups have been somewhat more significant. In the 1950s, the semicorporatist Social Welfare Councils helped build momentum for the National Pension by pushing local governments into starting tiny pensions and passing support petitions. Their national federation (Zenshakyō) was a key participant in the old-age policy community that worked hard at getting the old-people problem (and services-strategy solutions) onto the national agenda in the 1960s. But its power was quite limited, as indicated by the minor role it played in both the policy changes of the boom era and the politics of cutbacks in the 1980s. As has been true also in the United States, service-provider groups can be quite important in policy change at the subarena level, but usually do not have access to enough energy to give them much clout in the general arena; their role in large-scale policy change is therefore restricted to the important but special case of subarena-to-general-arena agenda setting.²⁷

The term interest group need not refer only to formal organizations at the national level; the pluralist literature refers also to "potential" interest groups of like-minded citizens who might be moved to action if provoked. The mobilization of such potential groups into local citizens' movements was one major factor in the effectiveness of the anti-pollution campaigns

²⁶ The leading work on Japanese interest group politics identifies this federation as a group that has succeeded in turning numbers into power, but my interviews suggest that its targets have been quite circumscribed. Muramatsu Michio, Itō Mitsutoshi, and Tsujinaka Yutaka, *Sengo Nihon no Atsuryoku Dantai* (Tokyo: Tōyō Keizai Shinpōsha, 1986), pp. 254–55. For an account of low levels of political activity among the elderly, based on old but not too outdated survey data, see Bradley M. Richardson, *The Political Culture of Japan* (Berkeley: University of California Press, 1974), pp. 189–228.

²⁷ On the American case, see Pratt, *Gray Lobby*.

of the 1960s and 1970s.²⁸ In the old-age field, we have noted the importance of the largely grass-roots farmers' rebellion against National Pension contributions, which forced several adjustments in the early 1950s, and of the left-wing "social welfare movement" particularly in Tokyo in the 1960s, an important factor in the initiation of free medical care. However, such bottom-up pressures otherwise did not go much beyond tiny groups of old people and sympathizers who might appeal to their local governments for some new service program; certainly there was no upsurge of grass-roots political activity for old-age or welfare policy, as in the environmental case.²⁹

Public opinion was a more substantial factor. The annual government surveys on national priorities indicate that public support for expansion of social security rose sharply in 1969 and again in 1971, and remained at high levels (the second or third priority, and later the first, among about fifteen) through the 1980s. It is clear from the case studies that a perceived boom in public expectations was crucial to the expansion of the early 1970s; thereafter, direct participants always assumed that welfare programs would be popular and that any attempts to cut back would be viewed negatively by the public—a significant inhibition. The fact that old people were ideal subjects for media attention also helped.³⁰

The difficulty lies in assessing the general public as an "actor." For one thing, although it is often valid to argue that the public wants (or does not want) some overall policy direction, what specific programs or expenditure levels might support or tolerate at any more specific level is usually quite ambiguous.³¹ For another, public opinion is passive, it does not do anything (if it did it would be a social movement). I have therefore usually treated the public mainly as a condition in the environment, a resource or a constraint for actors who directly participate in policy change processes. Having said that, it is important to observe that generalized public opinion has probably been a more significant factor in the development of old-age policy than in any other policy area in postwar Japan.

Now, party politics: all the opposition parties—and for that matter the

²⁸ Among many accounts of the environmental movement, such organizations themselves are well analyzed by Margaret McKean, *Environmental Protest and Citizen Politics in Japan* (Berkeley: University of California Press, 1981).

²⁹ If other aspects of welfare state development were examined, such as public assistance, day care for children, or policies toward the handicapped, semi-spontaneous organization and political action would appear more significant than in the old-age case.

³⁰ For the media, see my "Old People, the Mass Media and Policy Change in Japan," in Susan Pharr, ed., *Mass Media in Japanese Politics* (forthcoming).

³¹ Although many surveys in Japan ask cleverly worded questions aimed at uncovering detailed preferences about public policy, I have not drawn on such data because they appear very susceptible to changes in wording, and in any case rarely seem relevant to actual policy-change processes.

LDP—always called for expanded welfare programs in their election platforms. However, this was generally not a priority issue. The JSP may have seen the path of social democracy, including welfare-statism, as one among several possible alternatives—recall its espousal of pension and health programs in its reunification charter in 1955—but most often such advocacy was undercut by the party's ideological left wing, which saw welfare policy as at best a distraction from real goals, and often enough as counterrevolutionary.³² The Small Democratic Socialist Party showed little interest, and though the Clean Government and Communist parties were more concerned, even they were too small to make much difference. There was little effective linkage between any national party and the progressive politicians at the local level, who did take the lead in prefectural or municipal policy change and then served as an interest group for expanding central government welfare policy, but only for a brief period in the late 1960s and early 1970s. In fact, progressive local elected officials soon became prominent in the conservative reevaluation of welfare movement that emerged in the mid-1970s.

Of course the Liberal Democratic Party was in charge through the entire period. The conservatives were genuinely the sponsor of the National Pension in the late 1950s. But the ruling party's role in fostering welfare state expansion in the 1970s, while crucial, was somewhat reluctant, as indicated by its repudiation of free medical care only a few years later; Tanaka Kakuei himself but not the party's mainstream can be identified as a consistent enthusiast for social policy (and he was enthusiastic about almost everything). Certainly one does not find as much interest or expertise at the specialized or *zoku* level in social welfare (except medical care) as in agriculture, public works, small business, education, and several other policy areas in which the LDP has played a real sponsorship role.³³

Perhaps this criterion asks too much of the parties. Short of coherent and consistent support by a single party, it is possible that elections could bring opportunistic competitive bidding in a popular area like old-age policy, leading directly to expansions. Something like this pattern can be found throughout the period, but as Heclö observes about Britain and Sweden, "counterbids have been more in the nature of marginal adjust-

³² See Tani Satomi, "Gojūgonen Taisei Kakuritsu no okeru Shakaitō no Yakuwari to Eikyōryoku," *Revaian* expanded issue (June 1990), 123–41.

³³ For example, in a 19-page account full of anecdotes about the Welfare-Labor *zoku*, the journalist Itagaki Hidenori has nothing to say outside the medical-dental-pharmaceutical area: "*Zoku*" *no Kenkyō* (Tokyo: Keizaikai, 1987), pp. 97–115. Also see Fujimura Masayuki, "Kōseishō to Jiyū Minshu Tō Shakai Bukai," *Bāshi Kenkyū* 6 (1985): 86–92; Inoguchi Takashi and Iwai Tomoaki, "*Zoku Giin*" *no Kenkyō* (Tokyo: Nihon Keizai Shinbunsha, 1987), pp. 194–98; Nihon Keizai Shinbunsha, ed. and pub., *Jimintō Seichōkai* (Tokyo, 1983), pp. 91–94.

ments in the timing of increases and rates of benefit than major policy changes.”³⁴ For Japan, we might add arguments about contribution rates, and note also that party competition in this sense was one element in the National Pension case in 1959 and both free medical care and the pension expansion in the early 1970s. However, it was hardly the dominant engine of change even then, and in fact such partisan competitive bidding was most evident in the late 1970s when little real policy change occurred.

Finally, about the bureaucracy. Japan is widely known as a strong state, and as previously noted, in fields like industrial policy it is clear that a governmental ministry can set goals and devise strategies to carry them out, whether or not its strategies actually work. Can we see the Ministry of Health and Welfare as the champion of social policy in Japan, equivalent to the Social Security Administration in the United States? In the cases of the Employee Pension reorganization, the expansion of pension benefits in the 1960s, the development of the services strategy in health care and so forth, one or another of the Welfare Ministry’s bureaus clearly was the sponsor. On the other hand, in the major expansions of the late 1950s and early 1970s, it played less of a leadership role, and Welfare Ministry intentions and strategies were quite ambiguous in the late 1970s. Finally, as argued in Chapters Nine and Ten, the Ministry did take charge in the 1980s. We will return to evaluate the Welfare Ministry’s performance later; for the moment it is enough to say that it did not play a consistent agenda-setting and sponsorship role.

Indeed, as should now be clear, no one did. The Japanese welfare state did not have a steadfast and effective champion through the postwar period. The energy for policy change came from different sources at different times. Perhaps for that reason, policy for the elderly also lacked a consistent opponent. In Great Britain, as both Heclo and Ashford demonstrate, bureaucrats and experts associated with the Treasury fought nearly every advance of welfare policy; in the United States, although the SSA was remarkably successful in inhibiting or coopting possible rivals for many years, Light observes that social security initiatives were always carefully shaped to avoid conservative opposition, and in fact business interests and Republicans in Congress were more influential than sometimes appears. On the European continent, as Ashford describes at length, expansions of the welfare state often led to (or indeed were the product of) fundamental debates about the very nature of the political system, in which conservative ideas were not just talked about, but were backed with substantial political support.

In the previous section we noted that except for the late 1970s there was

³⁴ Heclo, *Modern Social Politics*, p. 294. He goes on to discuss the role of parties in organizing ideas on p. 295.

not much intellectual debate about the goals of the welfare state in Japan. There was if anything even less clear-cut political conflict, struggles in which both the goals and the energy resources of each side were clearly evident. Of course, the Ministry of Finance could generally be counted on to object to any policy expansion, but in fact its real interests were most often restricted to the government's General Account budget, while pensions, most employment programs, and to a lesser extent medical care, were mainly covered by social insurance funds. Even within the budgeting arena Finance Ministry behavior was often more inertial than political, routine processing rather than vigorous resistance, and until the late 1970s its norms were passive, reacting to initiatives from others rather than taking the offensive itself.

The Finance Ministry could at least be counted on to raise some conservative objections, but it usually stood alone. Many LDP politicians undoubtedly disliked welfare state expansions, but they rarely spoke up. Big business was moderately active in pension policy, but except perhaps for the early 1950s and briefly in the administrative reform period, it more often sought protection for the narrow interests of employers per se, rather than for capitalism in general, and bargained mainly over technical provisions. And recall that in the early 1970s pension reform, while Nikkeiren wound up opposing the most extreme labor demands (and indeed basically won those fights), its *initial* opinions had already assumed an enormous jump in benefits. The only clear-cut political confrontation involving business was over mandatory retirement, but that was hardly a bitter struggle.

All in all, during the long period of fits-and-starts expansion of the Japanese welfare state, there was remarkably little open conflict, precisely because there was not much straightforward opposition. The term consensus is too simple a characterization of the process, as I will argue shortly, but it is closer to the mark than struggle.

Of course, the 1980s were different: conservative, anti-welfare views were not only openly expressed, they were backed up by a mobilization of real political energy. Big business, LDP leaders, and the Finance Ministry functioned as an effective coalition to develop and push for policy change proposals. But at that point, where were the defenders of the welfare state? The opposition parties were ineffectual, capable only of feeble attempts to protect their most immediate constituencies, and no interest groups could mount a meaningful defense. The Welfare Ministry, as we have seen, was mainly seeking rationalization of welfare and often cooperated with the administrative reform campaign. Even though social welfare was a major target of the administrative reform campaign, and indeed alleged cutbacks in this area were frequently heralded as one of its most important achievements, very little real policy conflict occurred.

This mushiness of the politics surrounding most aspects of old-age pol-

icy change shows up clearly when contrasted with the medical care policy area. This subject has not been treated in detail (it is large, complicated, and mostly separate from old-age problems *per se*), but we have seen enough to indicate that a sharp policy cleavage between established contenders for control leads to a very different sort of decision making. The Japan Medical Association opposed Welfare Ministry initiatives and struggled for its own goals throughout the postwar period, over specific issues of reimbursement and the more general issue of control over medical care. The cleavage between insurance carriers in the governmental and employment-related systems also persisted over time. Such open interest articulation and conflict frequently drew politicians into the policy area. Because any proposal for policy change would automatically be viewed in terms of how it affected the power balance among groups or between doctors and bureaucrats, participants were drawn to think about policy strategically. Being forced to consider how support could be mobilized (or opposition minimized) brought more realism into the selection of problems and solutions, as indicated by the formulation of the 1982 Health Care for the Aged bill (compared, for example, with the 1980 pensionable-age-hike *fiasco*).

But health care was virtually the sole important exception. In no other area can policy changes be so plausibly seen as the outcomes of successive battles in a war between contenders pursuing conflicting long-term interests. In telling the story of the Japanese welfare state, we can feature neither a consistent champion nor a consistent opponent, at least not to the extent such helpfully dominating characters can be employed in explaining the welfare state in Europe or even the United States. Instead, we tend to find particular policy changes as the products of conflicts among particular actors pursuing particular goals at particular times. It is true that the periods of expansion and contraction (or restriction) of the welfare state seem to be associated in a general way with ups and downs in the balance of power between progressive and conservative forces. But that explanation, although important, falls short of identifying specific actors with specific welfare-state goals, pro or con, and then explaining policy outcomes in terms of shifts in their power over an extended period.

From a comparative point of view, it is precisely this lack of a clear-cut, long-term political struggle that is most interesting in the Japanese case. To an adherent of the social-democratic model, the important facts about Japan would be the fragmentation of the labor movement and the inability of the socialist parties to gain power on the one hand, and the continued strength of big-business interests in the LDP on the other. Together these offer an adequate explanation of why Japanese social policy development was late and incomplete, and the policy advances of the early 1970s can then be attributed to a brief surge in both interest in social policy and

political power by the progressives. Whether this hypothesis would provide good explanations for the main line of policy in the years since the oil shock depends on how one evaluates the attempts at cutbacks and restraints in the mid-1980s.³⁵ My own view of Japan is close to Heclo's conclusions about Britain and Sweden, emphasizing the sporadic activity and variable goals of quite a variety of actors.³⁶

Policy Development as Artifactual

In the artifactual mode of decision making, we understand policy change as caused by energy not stably attached to an idea. That is, participants can become active and have an effect on old-age policy outcomes for reasons other than worry about some old-people-related problem or a true preference for a given solution. What those other reasons might be can vary a good deal—participation for its own sake, personal political advantage, a deliberate step in an attempt to change policy in some other area. In that sense, artifactual policy change is “accidental”: outcomes cannot be predicted by knowing goals, available solutions, political balances of power, or past events. The “causes” of change instead have to do with the problems, solutions, and participants that happen to be present when energy is available, as when a choice opportunity opens.

We have seen several occasions in which participants who had little real interest in old-age issues were significant. The most obvious was the initiation of the National Pension in the late 1950s, which cannot be understood without taking into account: Kōno Ichirō, trying to make trouble for Kishi; the Agricultural Cooperatives Federation (Nōkyō), trying to get control of its MAA funds; and the JSP, dominated by its left wing and obsessed with the Security Treaty. In short, several problems and solutions that had little or nothing to do with pensions were activated (i.e., pursued by powerful participants). This factor, plus the tight deadline and pressure from the LDP leadership, is a major explanation for the near-chaos of the decision-making process, and therefore for such otherwise inexplicable characteristics of the resulting policy as the generous coverage of employees' housewives (clearly not a cognitive, political, or inertial outcome).

No other important cases we observed looked quite so anarchic, although among smaller program initiations the “large-scale recreation area” comes to mind as a policy change in which ends, means, and participants

³⁵ T. J. Pempel has argued this case well in several studies, most recently “Japan's Creative Conservatism: Continuity under Challenge,” in Francis G. Castles, ed., *The Comparative History of Public Policy* (Cambridge, G.B.: Polity Press, 1989), pp. 149–91. He maintains that administrative reform was “used to roll back the embryonic efforts at state support for social welfare” (p. 179).

³⁶ *Modern Social Politics*, especially pp. 305, 319.

were almost a blank sheet, since money alone was the starting point. But note the events of the early 1970s, in which both the pension benefit increases and free medical care were considerably more generous than can be easily explained in terms of rationality, the preferences of powerful participants, or past precedents. Here, as in the late 1950s, such peculiar outcomes appear to be associated particularly with sharply increased energy carried in by new participants, although uncertainties about purpose and about cause-and-effect relationships were also significant.

It is easy to agree that the artifactual mode can add to our understanding of a particular case of policy change. More difficult would be an interpretation of long-term policy development in these terms. After all, the garbage-can theory makes no claim that it can predict or explain the content of policy decisions, but only some characteristics of how they are made. But the question of whether *any* policy change will occur is prior to and perhaps more significant than the question of its content, or even of the policy area within which it occurs. It may be that the total amount of energy in the overall decision-making system is the main determinant of the likelihood of any policy change occurring. If so, an artifactual interpretation of the long-term development of old-age policy in Japan will make sense.

An artifactual interpretation. The question of how much total energy is available in the political system depends on how much time and other resources possible participants (including the general public) have left over from nonpolitical pursuits, and then how willing they are to do something in the political realm. It is striking that the three most important periods of policy change in the old-age field were times when political energy levels were high because of other factors: First, the late 1950s, when the National Pension was created, saw the sharpest left-right ideological confrontation in the postwar period, especially but not solely over the Security Treaty. There were demonstrations in the streets, confrontations in the Diet, and factional battles within the LDP. Second, in the early 1970s the old-people boom led to big pension and medical care changes as well as initiation of many small programs; it was also the time of environmental citizens' movements, the oil shock, the rise of progressive local leaders and an activist prime minister. Third, in the mid-1980s there were large-scale reforms in pensions and medical care and another surge of interest in the elderly throughout the government. It all occurred in the time of great popular attention to the administrative reform campaign, another activist prime minister, and unprecedented international pressures on Japan.

In fact, even without taking the old-age area into account, these three brief periods were probably those of the most intense interest and activity related to policy making during the entire span of years since the Occupa-

tion. Independent corroboration is provided by Kent Calder, who specified 1958–1963 and 1972–1976 as the two post-Occupation periods of greatest policy activity because of “dramatic crisis for Japan’s conservatives,” based on eight fairly objective measures.³⁷ Or, although no one has carried out so comprehensive a content analysis, I suspect that a survey of newspaper front pages would turn up larger numbers of public policy issues—in general, not just social welfare—in these years compared to others.

The point here is simply that when lots of political energy is being generated, the total quantity of policy change will rise. Potential participants are drawn away from other pursuits and pay more attention to public-policy matters; conflicts generated in one policy area spill over into others; rapid surges of support bring quick action before resistance can solidify. Moreover, when the total amount of policy-relevant energy in the system rises, the proportion of that total represented by the inertia of ongoing policy becomes smaller, and change is therefore more likely.

Policy changes in such a period are more likely to be energy driven: the energy, or in effect the choice opportunity, comes first. That means in turn that these policy changes are more likely to be artifactual. Because energy in large quantities is coming in from outside, rather than being generated as a part of the old-people policy process itself, it is likely to become attached to particular problems and solutions in a somewhat random way. Energized participants and large numbers of problems and solutions lead to a garbage can.³⁸ Not only is there more policy change, the changes themselves become less cognitive, or less political, or certainly less inertial.

Compare the Employee Pension and National Pension processes in the 1950s. The former remained compartmentalized partly because the direct participants were satisfied to keep it that way, but also because others who

³⁷ Calder links these crises to “compensatory” electorally oriented policy outputs, which include social welfare among many others. The first of the three crises he identifies lasted from 1948 to 1954, but his own indicators and other evidence imply it was petering out by 1952, the beginning of my period (there was much activity in social welfare, though not old-age policy, during the Occupation). I would argue (but Calder disagrees) that many of his factors also apply to the mid-1980s period, although they are not picked up in all the quantitative indicators he employed. Kent E. Calder, *Crisis and Compensation: Public Policy and Political Stability in Japan 1949–1986* (Princeton, N.J.: Princeton University Press, 1988), chap. 3.

³⁸ Readers familiar with these theories will recall that a garbage can need not bring a higher rate of choices completed (linkages of problem and solution, or policy change); in fact, other things being equal, choice is inhibited in such situations. My argument is that this will be true to the extent the garbage can is caused by ambiguity of goals or technologies. To the extent it is caused by increased fluidity of participation—more people becoming involved, and thus carrying in more energy—the rate of making choices might go up, though the choices may not make much sense. Cf. Michael D. Cohen, James G. March, and Johan P. Olsen, “A Garbage Can Model of Organizational Choice,” *Administrative Science Quarterly* 17:1 (March 1972): 1–25.

might have become involved did not, whether conservative and socialist politicians, or the beneficiaries and those left out. The latter process was overrun with energy from outside: Kōno Ichirō's factional machinations, the Socialist Party carrying on in the Security Treaty confrontational spirit, the organization of a real social movement against the plan among its beneficiaries. If this issue had reached the agenda in a more placid period, the process would have been less tumultuous, and a more sensible pension system would have resulted.

The 1960s were low-energy years in policy making. Ikeda and the LDP were deliberately avoiding controversy, and most people were more interested in economic success. The quantity of policy change was smaller, and those that occurred in the old-age area required little energy (creating a niche in social welfare) or tightly focused campaigns (pension benefit increases and the Farmer's Pension). These policy changes thus looked more cognitive or political, respectively. But from the late 1960s, everyone's attention again turned to policy matters (pollution and restructuring as well as welfare) and the scope of participation again widened. Tanaka Kakuei as candidate and prime minister; local governments, progressive or not; labor unions and the several opposition parties; and the general public and the media all became important actors, each with its own ideas about problems and solutions.

The policy changes of the old-people boom period did not result from a garbage can. Most of the new political energies were fairly well attached to at least general ideas about the direction of change, and the new policies that resulted were in line with these preferences. But it was the *quantity* of energy and the *size* of the changes that are most impressive. Take free medical care—that the new program went so far beyond the preferences of either the Welfare Ministry bureaus or LDP politicians who actually enacted it was less a product of a campaign firmly focused on that objective, and more a result of the very hubbub surrounding the issue. Any attempts at rational policy analysis were overwhelmed. And if the Employers' Association (Nikkeiren) had not been so caught up in the mood of the times, it surely could have defined and defended its' members interests more effectively with respect to pension benefits and indexation. In fact, enough energy was generated around the old-people problem in general—without specific reference to solutions, or even any concrete aspects of the problem—that new programs popped up around the government in agencies that previously had paid no attention to the elderly at all.

Old-age policy continued to receive attention in the later 1970s, but mainly from experts with little power; a simple increase of new ideas about the aging-society problem were not enough to bring real change. Finance Ministry campaigns against spending and the Welfare Ministry's attempt to raise the pensionable age were reasonable answers to real problems, but

in an era of little action in policy making not enough energy was available to outweigh the considerable inertia of existing policy. It was therefore not until the administrative reform campaign had drawn new national attention to public policy that real changes occurred. The most important of these, of course, were in the health insurance and pension areas, where the new policies were at least partly in line with austerity objectives. But there was also a burst of new programs that spent money (health education services and so forth) or expanded government authority, running directly against the goals of administrative reform—a consequence of reintroducing old people to the agenda at a time when change was in the air, due to so much attention to public policy inside and outside the government. Some of these programs, like MITT's plan to export the elderly (Silver Columbia), bear the clear mark of problems and solutions brought together by newly energized participants with little experience in the field. Other policy changes, like the Gold Plan, indicate that such political energies can be channeled into support for more systematic ideas, given skilled sponsorship.

Japanese-style artifactual change. This interpretation sees policy development caused by energy coming from the outside, rather than by support attached to its own problems and solutions. This outside energy seems to come and go in cycles. Are Japanese cycles like cycles elsewhere?

American policy making is more dominated by an electoral cycle, because elections come more regularly and are more closely associated with public policy than in Japan. Each presidential campaign brings a surge of attention to policy issues: John Kenneth Galbraith years ago called such periods "the liberal hour," seeing it as the only time when the generally decent notions of the general public entered the policy arena, but in the light of more recent history it is more plausible to say "the policy idea hour."³⁹ The newly elected president then enters his "honeymoon period," providing a "window of opportunity" for all sorts of new ideas, before elite participants become preoccupied with more routine aspects of their lives.⁴⁰ In our terms, this is a time of high potential energy, when participants' attention is focused on the president's program and they are ready to move. More policy change usually occurs in the first year of each presidential term than in the remaining three years.

We can also observe a longer cycle at the mass level in American politics.⁴¹ The several social movements of the 1960s—civil rights, antiwar,

³⁹ Galbraith, *The Liberal Hour* (New York: Houghton Mifflin, 1960). The 1988 presidential campaign did not support this generalization.

⁴⁰ John W. Kingdon, *Agendas, Alternatives and Public Policy* (Boston: Little, Brown, 1984).

⁴¹ Anthony Downs, "Up and Down with Ecology—The Issue-Attention Cycle," *The Public Interest* 28 (Summer 1972): 38–50.

feminism, consumer rights, environment—were clearly as much the product of a general tendency toward activism in that period as of the immediate issues they dealt with, and so were many movements on the right (right-to-life, anti-ERA, textbook censorship). Such high-energy politics also emerged in Congress, where the old rules of the game broke down, and led to intense policy activity even in areas not closely related to public demands (e.g., Occupational Health and Safety).⁴² Not incidentally, at least some of the policies resulting from such processes have had a certain slapdash quality, without too much influence from professional policy analysis, and may not have been related very closely to stable national goals. There has not been much research from this angle for other nations, although it appears that elections and changes in regime do bring surges of policy interest and activity.⁴³ To the extent resulting policy changes are directly related to campaign promises or the goals of programmatic parties, much of that should be called political in our terms, but I suspect that this evidence would be worth another look from a garbage-can point of view.

Because of the lack of alternation of parties in power, and perhaps a more general lack of connection between elections and policy concerns, Japan does not have much of a honeymoon cycle. It also has not experienced as many broad and intense social movements as the United States. Nonetheless, as Calder's analysis and the argument here indicate, ups and downs in the overall level of political energy have been important in determining quantities of policy change both in general and in the old-age area. Where does that energy come from? Calder's analysis and other evidence suggest a variety of sources, including some in and around government (the extent of left-right confrontation, the personality of the prime minister, the intensity of factional infighting) and some on the outside (popular concern with policy matters in general, a drop in support for the conservatives, perhaps shifts in interest or style in media circles). Probably it is the coincidence of several such factors that raises the level of potential energy, of attention and activity, to flow into old-age as well as other policy areas. For our analytical purposes, again, the point is that such energies are not *caused* by old-age issues themselves.

The Problem of Explanation

Sparky Anderson, the manager of the Detroit Tigers, was asked if there was any truth to a report that a certain pitcher would be called up from the minors. "Of course there's some truth to it," he replied, "there's always

⁴² Jack L. Walker, "Setting the Agenda in the U.S. Senate," *British Journal of Political Science* 7 (September 1977): 423–45.

⁴³ Valerie Bunce, *Do New Leaders Make a Difference?* (Princeton, N.J.: Princeton University Press, 1981).

some truth. The question is, how much?"⁴⁴ Each of the four interpretations presented seems to contain some truth in the sense of providing an explanation that plausibly accounts for the development of Japanese old-age policy. Certainly none of these interpretations is falsifiable and thus untrue. We are accordingly left in the position of Graham Allison after taking his three looks at the Cuban missile crisis: the models "are obviously not exclusive alternatives. Indeed, the paradigms highlight the partial emphasis of the framework—what each emphasizes and what it leaves out. Each concentrates on one class of variables, in effect, relegating other important factors to a *ceteris paribus* clause."⁴⁵

Different effects. In our theory, these variables that cause policy change are, simply stated: changes in the relative balance of power among purposeful participants in the political mode; changes in how people think about goals, problems, and solutions in the cognitive mode; changes in the total amount of political energy in the artifactual mode; changes in the environment—no influence from the decision-making system—in the inertial mode. Each in effect holds the others constant. And as was true as well in Allison's approach, not only does each mode emphasize different causes, each best explains different effects. In fact, a full explanation of the important characteristics of old-age policy in Japan, including the distinctive aspects, would employ all four modes.

That is, the inertial mode is well suited to understanding long-term shifts in such gross dependent variables as social expenditures as a share of GNP. The fact that all fairly rich nations spend a lot on the elderly indicates that we do not need to look at decision-making variables to predict that this will be true in Japan as well. Also, Japan's relatively low GNP share (so far) appears best explained by its relatively small proportion of aged people, and the rapidity of economic growth (the inertial expansion of the numerator is outpaced by the denominator), plus perhaps some cultural traits—all inertial factors in our terms.

At a less aggregated level, the best explanations for the content of public policy often come from the cognitive mode. Many policy choices can best be seen as reasonably intelligent responses to apparently important problems, in the light of explicit or implicit national goals. Analysis here should focus on what goals, why those particular problems, and how intelligent the solutions. For example, if one wants to understand why Japan's pensions had been closer to a funded than to a pay-as-you-go system, it is more

⁴⁴ Interview with Bernie Smilovitch on WDIV, Detroit, Mich., May 22, 1988.

⁴⁵ Graham T. Allison, "Conceptual Models and the Cuban Missile Crisis," *American Political Science Review* 63:3 (September 1969): 689–718.

important to know about the goal of rapid growth based on high investment than about the details of the decision-making process.

The artifactual mode can provide the best answers for the often ignored but interesting question of *when* policy change is likely to occur, why then rather than before or after. Japanese old-age policy change clearly came in surges, and those surges seemed to be more the product of events elsewhere than of any inherent logic within this policy area. This mode also can explain anomalies in terms of the other modes.

Finally, the political mode frequently offers the most reasonable interpretations of whose interests are served. The left, even if a somewhat vaguely defined left, did generally favor more social policy, and various conservatives were usually on the side of restraint. Advances in policy mostly came when the left was stronger than normal. Groups that were organized often did well. The brief mobilization of conservative power in the earlier 1980s did hold down government spending. Opposition attacks on the consumption tax pushed the LDP to the Gold Plan.

So again, choosing a mode of analysis first depends on what questions one wishes to answer. This crucial methodological choice goes well beyond simply deciding what factors to include within an explanation of policy or policy change. Each mode deals with different kinds of variables, and has its own logic of causation. The effort to think through a given set of facts separately from each viewpoint—as Allison and I have both tried to do—is well worth making, since in any but the very simplest cases all four of the processes will be important enough to have an impact on some interesting aspect of the outcome, an aspect that might well be overlooked if the researcher remains the unwitting prisoner of the assumptions of any single approach.

Comparisons. And for the comparativist such concerns are crucial. It is remarkable, for example, how often writers have concluded in effect that decision making in Japan is rational and in the United States is political, after examining quite different sets of factors and using different logics of explanation for the two countries. This point is well illustrated in our four accounts, in that each points up important distinctive characteristics of old-age policy development in Japan that would probably be missed in a more conventional explanation.

These findings may be summarized briefly: In terms of the inertial mode, although Japan generally fits into the pattern of other industrialized nations, policy development appears more influenced by ups and downs in available resources than by changes in the objective socioeconomic status of the elderly. In cognitive terms, we note the unusual leading role of solutions coming from abroad rather than problems coming from society, particularly in the earlier years, and can observe how Japan's finally catch-

ing up led to a period of confusion and ineffectuality in policy making, before a more problem-oriented style took hold. Our political analysis showed that while expansions and quasi-contractions in old-age policy were roughly associated with progressive and conservative strength, social welfare did not have a consistent champion in the sense of many western interpretations. As for the artifactual mode, the lack of research from this angle on other countries makes it harder to gain a comparative perspective, but it is interesting that the surges of generalized political energy that are an important cause of policy change seem more sporadic, less cyclical, in Japan than at least in the United States.

A COMPREHENSIVE MODEL?

Having championed the merits of compartmentalized analysis, I must admit that ending up with “different questions require different kinds of explanation” is less than fully satisfying. After concluding his three separate interpretations of the Cuban missile crisis, Allison goes on to hope for a “more adequate synthesis,” based on “a typology of actions and outcomes, some of which are more amenable to treatment in terms of one model and some to another.” Our survey of Japanese old-age policy has provided many more actions to examine than Allison’s single (albeit far more exhaustive) case, and our four modes are built on a unified theoretical typology (Allison’s three models drew on different vocabularies, so he cannot say “a bit more rational-actor and less organizational-process”). Is a synthesis possible?

Causation and Interaction

The question of which of the four modes *predominates* in a given policy-change process depends, again, on the relationship between ideas and energy. Our basic proposition is that when a policy change is dominated by energy that is strongly attached to ideas, the process is political; by energy not so attached, artifactual; by ideas without energy playing a significant role, cognitive; by neither, inertial. This sort of analysis is aimed at understanding why one of our four modes predominates in a given policy-change process, which is in turn the key to figuring out how the process has affected policy.

In fact, it proved possible to characterize most of our cases as mainly belonging to one of the four modes. The findings from process analysis and from policy analysis generally corresponded. In the cases where there was much use of study groups and the like, and little apparent conflict (for example, many employment programs, and the services strategy within the old-age welfare policy community), we found relatively rational policy

proposals. In highly political struggles (the creation of MAAs, the *teinen* dispute, health care reforms), the outcomes did roughly reflect the balance of mobilized power. When insufficient energy was generated to overcome inertia (the perverse differences in budget allocations and new small-program initiations between the Social Affairs Bureau and other agencies in the early 1970s, continued pension expansion in the late 1970s), mechanical routines took over and led to quite incremental outcomes. Finally, there was no shortage of peculiar decisions—seemingly unrelated to participants' intentions—and these were associated with the excess of energy, or weakness of ideas, that produce an artifactual process.

We therefore can argue that our two fundamental hypotheses have been demonstrated. To a significant extent, the energy-idea relationship "causes" process, and process "causes" policy. But I would not claim too much. Even in this analysis of past decisions, I have not attempted to draw up a scorecard, categorizing each case for its energy-idea relationship, type of process, and nature of resulting policy change. Perhaps it is the heart of an historian in the body of a political scientist, but in fact, I see the particularity of these cases as precluding such summary treatment (although the many cases treated in Chapter Six were similar enough to allow some analysis of this sort). Much less do I hope that a valid predictive model can be developed.

The reason is simple. Even when one decision-making mode predominates, in most real situations all four logics of causation are still operating simultaneously. The cognitive, political, or inertial mode *separately* might provide useful predictions, as Bueno de Mesquita argues for his political equations, but except for the rare cases that approximate one of the four ideal types, interaction among the modes is likely to make the results quite unstable.⁴⁶ The most knowledgeable and sophisticated analyst, trying to predict in advance how such policy changes as the National Pension, the boom expansions, or the reforms of the 1980s would proceed, would get important aspects of the processes and outcomes wrong. Even if we could figure out which mode will predominate, and could assume that artifactual factors (inherently unpredictable) will not be too important, we would not be able to predict when and where the other modes will have an impact. It is commonplace to observe that rational models are often thrown off by politics, but predictions based on politics (like Bueno de Mesquita's) might also be disrupted when a new problem is suddenly recognized as important, or when someone thinks up a new solution. And although the inertial

⁴⁶ For a discussion of interaction causing instability, and thus crippling the development of organization theory, see Lawrence B. Mohr, *Explaining Organizational Behavior* (San Francisco: Jossey-Bass, 1982).

mode often predicts *most* of what will happen quite well, it cannot tell us when the routines will be violated—usually the most interesting cases.

Must we then abandon any hope of doing more than we have accomplished in the previous chapters, describing each particular case in all its complex and interactive splendor, using our modes only as a tool for explicating otherwise obscure causes and effects? Probably so, in my view, if one's criterion for good theory is a comprehensive but compact set of hypotheses that link starting conditions, the nature of the process, and policy outcomes, using reliable measures and providing substantial explanatory power. I think, however, that an intermediate or middle-range step is quite within reach.

That is, the four modes often operate simultaneously, and they interact, but not necessarily in random and unpredictable ways. Sets of conditions that frequently occur lead to certain patterns of decision making that have an internal logic of their own. These may not have as much purely theoretical interest as our simple and intellectually coherent four modes, but they can be very helpful in analyzing real policy-change processes. The metaphor used in Chapter Two was that a good knowledge of how clocks and thermostats are made might not be very interesting to a mathematician or a theoretical physicist, but could be more useful in a practical way than understanding the basic principles of springs and gears.

Such typical decision-making patterns may be found throughout the political science literature, as two examples will illustrate. One is Lindblom's and Wildavsky's "incrementalism" pattern, which occurs in situations of complicated and repetitive decisions, especially about money.⁴⁷ Although the inertial mode—highly institutionalized budgeting routines—predominates, both political shifts in power relationships and cognitive analysis of how well programs have performed in the past also affect decisions. In another pattern, more common in foreign affairs, the problem comes from some sharp change in the policy environment, and decision makers must react quickly. Here, characteristics of the participants who happen to be on the scene, and of the "theories" about cause-and-effect that are currently popular, help determine the solutions considered; the crisis atmosphere has the paradoxical effect of both magnifying the importance of organizational SOPs and making a garbage can more likely, at the expense of more "normal" cognitive and political processes.⁴⁸ I might add that the distinctive way small outside-mission programs were initiated, as described in

⁴⁷ Charles E. Lindblom, "The Science of Muddling Through," *Public Administration Review* 14 (Spring 1959): 79–88; Aaron Wildavsky, *The Politics of the Budgetary Process* (Boston: Little, Brown, 1964).

⁴⁸ This is my own reading from accounts in Allison, *Essence*; John S. Odell, *U.S. International Monetary Policy: Markets, Power and Ideas as Sources of Change* (Princeton, N.J.: Princeton University Press, 1982), and other foreign-policy case descriptions.

Chapter Six, is another such pattern, although whether it is generalizable beyond the special circumstances of a public-opinion boom is hard to say.

We do not need an exhaustive list; my aim here is simply to provide a context for the pattern that turned out to be particularly important in understanding change in policy toward the elderly. Its importance stems from some distinctive characteristics of the old-age policy area: it does not produce sudden and immediately obvious problems, and although it may attract broad public interest, major interest groups are not directly concerned with most issues. For much of the period we examined, existing government policy appeared inadequate in comparison with other advanced nations (which had numbers of solutions available for borrowing). Such conditions amount to a fertile field for the pattern we have called policy sponsorship.

Policy Sponsorship

Most of the preceding discussion has been quite abstract, disembodied ideas and energy rising, falling, and combining. It is important to remember that, at root, we are trying to make sense of the behavior of actual people, and in fact the human element has been significant in many of the cases examined in this book. Participants think about policy, plot strategies to defeat others, follow explicit or implicit rules, and sometimes act for reasons that have little to do with the matter at hand—in short, behave as predicted by each of our four modes.

A focus on participants allows a useful synthesis of the modes into a distinctive pattern. In many though hardly all of the policy changes we have observed, a key role (which we have called sponsorship) has been played by a single participant (individual or collective) trying to do something, to carry out some policy change. This idea is not original: Walker and others have written about policy entrepreneurs in American decision making, and Heclo stresses the role of individual agents of policy change. Westerners tend to see this pattern as having much to do with the personality of a particular individual, and indeed we have seen several “men with transcendable group commitments, in but not always of their host body.”⁴⁹ However, the Japanese case encourages a generalization to include collective policy sponsors, such as bureaucratic agencies (which can also have a “personality”). We reserved the term entrepreneur for policy sponsorship that is unusually creative or risky; the garden-variety policy sponsor might be behaving fairly normally, but nonetheless significantly. How well the sponsor carries out this role will be an important determinant of what hap-

⁴⁹ Heclo, *Social Politics*, p. 308; Walker, “Agenda Setting”; for a large-scale conception see Eugene Lewis, *Public Entrepreneurship: Toward a Theory of Bureaucratic Political Power* (Bloomington: Indiana University Press, 1980).

pens. That is, characteristics and resources matter—if it were a different person or institution on the spot, the policy change would occur differently or not at all.

Understanding how the policy sponsorship pattern works requires a dialectical analysis. The “thesis” examines the sponsor—on the ideas side, the extent to which the desired policy change consists of problem formulations and solutions that are consciously devised in the light of considered goals, or are merely carried over from the past; on the energy side, how much power is available immediately or with effort. The antithesis is the situation the sponsor must deal with. This will be a mixture of three elements: political, or other participants actively pursuing their own goals, problem formulations or preferred solutions connected with the policy area in question; artifactual, the intrusion of energetic ideas from outside that policy area; and inertial, the tendency of others to go on doing what they are doing. The resolution of this dialectic is how the sponsor responds to these barriers: by direct mobilization of others to increase support through coalition-building, public appeals, and so forth; by modifying the ideas to make them more attractive to potential supporters or less threatening to opponents; and by attempting to keep enough control of the decision-making process to prevent extraneous energy from wreaking havoc, to avoid a garbage can. In short, strategy.

This pattern is clearly most related to our political mode, in that both ideas and energy are important to outcomes. However, it differs from the pure political mode in at least two important respects. First, there is no assumption of a real opposition; the sponsor’s energy might well be needed simply to overcome inertia or insulate against exogenous energy. Second, this model focuses on one particular participant as the key to a given policy change, identified by the part played in the process rather than by an assumption or hypothesis about what actor or political force *should* be pushing for change (a progressive party, a ministry, whoever).

Note particularly the common and interesting case in which the sponsor of the enactment stage is also the participant who brings the issue to the policy agenda. Consider this hypothesis: the resources, skills, and determination of the participant who brings an item onto the agenda (of some arena) will be crucial determinants of the outcome. In other words, with a given antithesis situation in political, inertial, and artifactual terms, the key to understanding a policy change will be how well the sponsor is able to take hold of the process.

The implication of this hypothesis, either for generalizing across a set of cases or for comparison with other policy areas, countries, or eras, is that we should begin by identifying who typically plays the role of sponsor, and what that implies for the nature of the process. It should be noted that if the same participant, pursuing consistent goals, effectively plays the role of

sponsor in recurring policy changes, then the simpler political mode would suffice for our analysis; that would particularly be the case when, as seems likely, such persistent sponsorship called forth an equally persistent resistance from a fairly stable set of opposing participants. Similarly, if a sponsor is dominant enough to prevail easily, we would only examine the goals and theories of that one participant using the cognitive mode. If there were little real sponsorship or opposition, the inertial or artifactual mode would be enough. That is, we would always prefer the less complicated explanations if they are sufficient to explain the policy outcomes of interest; a more complex pattern like sponsorship is needed when they cannot do the job.

Sponsors of Old-Age Policy

The sponsorship model in fact offers good explanations for several cases. The one described in most detail was the leadership of Seto in enacting the Welfare Law for the Aged in 1963 and the subsequent development of an old-age policy community centered on social welfare within the Ministry of Health and Welfare. The fact that this was on a small scale, all within subarena boundaries, should not obscure the importance of nurturing problems and solutions to minimize resistance (e.g., avoiding the term nursing homes) or gain support (e.g., adding old-people's clubs), and of crafty bureaucratic politics. As this story ended, we noted that the policy community as sponsor played an important role in getting the old-people problem onto the national agenda in the early 1970s, but lacked the resources to control the process thereafter—an important factor in how policy change occurred.

Somewhat similarly, although much of old-age employment policy change can be understood within the cognitive mode, the successful handling of the mandatory retirement issue shows careful attention to political feasibility on the part of the Ministry of Labor. Here as elsewhere, the most successful strategies are hard to see, because the process seems to unfold “naturally” (that is, rationally). Conversely, some of the nuttier cases of policy change are best explained by a *lack* of sponsorship, such as Large-Scale Recreation Areas. If that process had started with some reasonably skilled participant taking the lead it probably would not have become a garbage can.

The importance of sponsorship can be better seen through some comparisons in which other factors appear not too different. We will take one more glance at three important pairs of cases:

Pensions in the 1950s. The Employee Pension reform remained under control essentially because the Welfare Ministry played its sponsorship role well; it had a clear idea of what it wanted, plus the ability to compromise

sufficiently to keep other participants (the employers and unions) from going public. In the National Pension initiation, the original sponsor was the LDP, but it could not handle the ideas side on its own (though it tried for a time), and also had insufficient internal cohesion to maintain a solid energy strategy. The Welfare Ministry was tentative, largely because its own preferences were ambiguous, and so could not take charge itself. As a result, the process was exceedingly vulnerable to irrelevant ideas and exogenous energy.

We have noted that the late 1950s was an era of intense political energy in general, probably enough to intrude on any decision making under way at the time. Nonetheless, the National Pension was an unusually poor program, and ineffective sponsorship appears to be a major explanation.

The boom years. Differences in sponsorship also help account for differences between the two major policy changes of the early 1970s, free medical care and the expansion of pensions, even though both were clearly strongly influenced by the burst of energy we have called the old-people boom. In the health care area, the old-age policy community was quite interested in sponsoring its services strategy, but this idea had little attraction for the general public (whose energies might be needed at least for a large-scale change) and, more importantly, it was undercut by competing bureaus in the Welfare Ministry. The free medical care idea had reached the agenda pushed by local governments and mass public interest, and had no real sponsor within the central government decision-making system. On the other hand, the antithesis side, no coherent opposition could be organized either (largely because the other Welfare Ministry bureaus were inertially absorbed with other problems). Add in an activist prime minister with a keen eye for policy benefits and an underdeveloped sense of responsibility for policy costs, then subtract the normal political power of the Finance Ministry, and the result becomes a policy far more expensive than any direct participant really wanted.

The pension expansion was also larger than was later seen as reasonable, a result again attributable to the great energies developed in favor of expansion, and a lack of strong opposition from the conservative side. However, the Pension Bureau by and large maintained control of the process, and policy was considered within the conceptual framework it had developed over a decade. Major hikes in the Employee Pension, maintaining parity for the National Pension, and the introduction of price-indexing had all been Pension Bureau objectives. The key faults in sponsorship, looking back, were that the Bureau was more inertial than cognitive in its technical analysis of future pension burdens (failing to realize sufficiently that the new policies made the old formulas inappropriate), and perhaps that it

failed to do more about system unification and reform with all the energy that had become available.

Restraining pensions. The final pair of cases is the two attempts to rationalize the pension system, in 1979–1980 and the mid-1980s. The failure to reduce the Employee Pension age of eligibility was attributable in large measure to bungled sponsorship by the Pension Bureau. The officials did not lack for reasonable and well-researched ideas, but partly because they had not quite focused on which was the best plan, their political strategy was inept. The solution they proposed failed to attract supporters and offered an easy target for opponents. And the process, even more than substance, clearly revealed the lack of taking charge: wavering among proposals, puny public relations efforts, permitting both the Finance Ministry and the Welfare Minister himself to set policy, the quick cave-in when trouble occurred. Among several potentially fatal flaws, the most important was the Pension Bureau's failure to keep its own policy community in line, as indicated by open dissent in the key advisory committee.

The process leading to the 1985 pension reform was in stark contrast. In a sense Rinchō (and the coalition that created it) could be seen as the sponsor of cutbacks, but it had much else to do and quickly relinquished control; as many observers at the time said, the key was that reform proceeded at the Welfare Ministry's "pace." Under Yamaguchi's strong leadership, not only did the officials quickly reach a very clear idea of what they wanted to accomplish, they figured out how to get there, both by direct tactics (broad consultation, innovative publicity) and by compromising their proposals in advance to maximize acceptability (leaving out the pensionable age hike). Early and frequent meetings of the advisory committee indicate the importance of policy community unity to this strategy.

Of course one cannot ignore other differences between these two cases, particularly the impact of the administrative reform campaign on the national mood and on the behavior of participants. But what appears most remarkable was the ability of the Pension Bureau, motivated in part by its earlier humiliating defeat, to use this new environment for its own ends, rationalizing the system and also achieving another important expansion of coverage (disability) and consolidating a generous benefit formula. A similar contrast could be drawn between the Welfare Ministry's ineffectual toying with free medical care in the later 1970s, and its well-conceived health care reforms of the early 1980s, although because of intense interest group and LDP involvement, the health care area better fits a straight political interpretation (the simple increase in Welfare Ministry power relative to the JMA explains a lot). How is it that an organization that seemed to be floundering in the 1970s could somehow pull itself together and take charge in the 1980s?

To return once more to sports for an illustration: ask the players in a National Basketball Association playoff for a prediction, and they will answer “whoever wants it more will come out on top”—ridiculous, of course (what player wouldn’t want it?), but nonetheless profound. If it is so mysterious why a team will be flat in one series and inspired the next in a human activity as simple as basketball, how can we expect to predict the behavior of participants in policy making, which is often nearly as intense and always much more complicated? But although much must remain mysterious, we can ask some simpler questions about who is likely to be a sponsor, and what difference it makes.

Bureaucratic Sponsorship

Most of the effective policy sponsors we found were government officials or administrative agencies. Is that a normal pattern, or one peculiar to this policy area, or to Japan? Is it constant over time? What effect does this pattern have on policy change? A few tentative assessments may be offered.

Context. The old-age policy area, or most of it, is not as populated by either organized interest groups or social movements as many other policy areas in Japan. For that reason and because the issue has usually not been seen as heavily ideological, politicians have been relatively passive: opposition parties had other concerns, the powerful Welfare-Labor *zoku* occupied itself mainly with medical care, and although several prime ministers (Miki, Ōhira, Nakasone) flirted with old-age policy, none finally took it on as his own. In short, if a bureaucratic agency did not take the lead in this area, it was likely that no one would, and fewer new issues would reach the agenda.

Some other policy areas (say defense, education, agriculture) would see politicians and interest groups more often acting like sponsors. On average, however, it is clear that bureaucrats are much likelier to predominate in agenda-setting and policy sponsorship in Japan than in many other countries.⁵⁰ Agencies are often aggressive and quite mission-oriented on the one hand, competitors are less active on the other. In particular, there is no real equivalent of either the entrepreneurial legislators (especially senators like Edward Kennedy or Jesse Helms) or the programmatic president who so often propose and manage new issues in the United States. As in other cases, it may be America rather than Japan that is the most distant outlier from the rest of the world, but even compared with Europe there

⁵⁰ See my “Bureaucratic Primacy: Japanese Policy Communities in American Perspective,” *Governance* 2:1 (January 1989): 5–22.

is good evidence that Japanese bureaucratic agencies are unusually active and that they face less competition in policy sponsorship roles.⁵¹

Are such patterns changing? In particular, does our evidence support the popular argument that the LDP gained in power relative to the bureaucracy in the 1970s and 1980s?⁵² Agenda-setting and policy sponsorship are a different matter than power, but in broad brush, we saw more sponsorship by politicians in the 1950s and again in the early 1970s, with bureaucrats taking the lead in a slow field in the 1960s, floundering in the late 1970s, and coming into their own in the 1980s. This last judgment, which runs counter to most analyses, is based on both process analysis and our observation that the main policy proposals of the mid-1980s embodied cherished goals of the ministries, including Welfare and Labor as well as Finance. Note incidentally that Finance Minister and prime-ministerial candidate Hashimoto Ryūtarō's alliance with the Welfare Ministry as sponsor of the Gold Plan in 1989 indicates that a new and potentially significant style of policy sponsorship—perhaps policy entrepreneurship—may be emerging in this policy area.

So what? What difference does it make when policy sponsorship is largely in the hands of administrative agencies, rather than politicians? The easy answer is that politicians know politics whereas bureaucrats know policy.⁵³ Since agencies have ready access to policy ideas, their proposals should be relatively well designed: clearly specified problems, appropriate solutions, particular attention to issues of implementation. This generalization needs to be qualified, since we saw several cases of mediocre technical analysis by bureaucratic agencies, and more where they had no clear idea of goals. And of course, proposals will usually reflect the agency's mission and personality, and more generally will be constructed to make life easier for officials. The often observed fact that Japanese legislation tends to be quite general, with much room for administrative discretion, derives partly from bureaucratic domination of sponsorship; it is in sharp contrast to the detailed regulations common in American laws, where politicians take the lead.⁵⁴

⁵¹ For relevant survey data, see Akira Kubota, "The Political Influence of the Japanese Higher Civil Service," *Journal of Asian and African Studies* 15:3-4 (1980): 273-84.

⁵² A good example in English of this extensive literature is Michio Muramatsu and Ellis S. Krauss, "Bureaucrats and Politicians in Policymaking: The Case of Japan," *American Political Science Review* 78:1 (March 1984): 126-46.

⁵³ "Civil servants bring neutral expertise—will it work?—while politicians bring political sensitivity—will it fly?" This is "Image II" in the classic by Joel D. Aberbach, Robert D. Putnam, and Bert A. Rockman, *Bureaucrats and Politicians in Western Democracies* (Cambridge: Harvard University Press, 1981), p. 6.

⁵⁴ For examples and an analysis of effects, see Frank Upham, *Law and Social Change in Postwar Japan* (Cambridge: Harvard University Press, 1987).

On the other hand, the problem for agencies is energy: devising and implementing an effective political strategy for enactment. An agency will often be well equipped to make deals and mobilize support among the interest groups and specialized politicians in its own specialized arena.⁵⁵ That may well be enough if all that is needed from heavyweight actors is approval of a fairly simple request, as we saw in the Pension Bureau's effective campaigns for benefit increases in the 1960s as well as numerous small-program initiations decided during the budgetary process. But time and time again, when an issue became controversial within the general arena, we found its bureaucratic sponsor quite unable to control the process and get what it wanted. The carefully nurtured services strategy of the Social Affairs Bureau got lost in the political turbulence of the early 1970s; the Pension Bureau unwittingly walked into a political minefield with its proposal to raise the EPS pensionable age in 1979.

If the dreams of bureaucrats were not so often thwarted, Japan would see a great deal more policy change—in general, not just old-age policy—than has in fact occurred. In both small matters and large, the Japanese government seems to change direction rather infrequently, certainly compared with the United States and probably other nations as well.⁵⁶ Consensus norms and so forth might be part of the reason, but it is also important that the bulk of policy-change proposals are sponsored by administrative agencies that often lack the skills and resources to get them enacted.

A FINAL GLANCE

Has the Japanese government solved the aging problem, or the old-people problem, or the aging-society problem? Of course not: middle-aged people still worry about getting old, the elderly face all sorts of difficulties, and no one knows quite how Japan (or any other nation) will be able to manage having nearly a quarter of its population aged 65 and over. Some aspects of these problems are insoluble, others are beyond the reach of public policy, and more than a few, no doubt, could be handled far more effectively given better ideas and more energy.

But how well has the Japanese government done? One needs a benchmark to answer that question. To those whose ideal is the Scandinavian model of public responsibility for nearly every need, Japan obviously falls far short. To those who idealize either dynamic free markets or traditional Japanese community, the nation is already well along the road to ruin.

⁵⁵ See the account of Image III, equilibrium/energy, in Aberbach, Putnam, and Rockman, *Bureaucrats and Politicians*, pp. 9–16, and chap. 7.

⁵⁶ Here too systematic evidence is lacking, although anecdotes about the glacial pace of change in Japan have become popular: cf. Karel van Wolferen, *The Enigma of Japanese Power* (New York: Knopf, 1989). My earlier finding of unusually stable expenditure shares is confirming: Campbell, *Budget Politics*, chap. 9.

Many studies of social policy are implicitly or explicitly written from one of these viewpoints. I personally have less firm ideas about good and bad in social policy than I did when I started this project, at least with respect to “how much is enough,” and to which of several definitions of “fair” is really fair (I do have a sharper sense of policy as intelligent or inept).

Comparisons with other nations would seem to offer a more objective benchmark, not so much for reaching conclusions about good or bad (though that is the most popular use of comparisons with Japan), but to point up differences that can then be analyzed along “why?” or “so what?” lines. In reading about Japan recently, I have been impressed with books by Frank Upham and Susan Pharr, which examine a few quite specific cases, find a distinctive Japanese style, and through theoretically guided comparisons, explore not only the factors that brought the style about, but its significance for a variety of important values, many of course contradictory ones.⁵⁷ Japanese policy toward the elderly would seem ideal for this approach.

Unfortunately, it simply is not different enough. My comparisons of policy contents with other advanced nations have been illustrative, not analytic, partly because my theoretical interests in this study were different, and partly because attempts at comparison without careful and lengthy consideration of context are generally superficial and misleading.⁵⁸ Nonetheless, looking at the summary descriptions in Chapter One and the discussions of specific programs throughout the book, a reader knowledgeable about policy toward the elderly in the West will not find many surprises. Or rather, given the nonfacts one usually encounters about Japanese old-age policy (few old people are institutionalized, the savings rate is high because people cannot expect decent pensions, welfare is provided by companies rather than government), a well-informed reader will be surprised not to find many surprises.

I am still a bit surprised myself. Even leaving aside differences of values or ideology, one would think that a country where so many more older people live with their children and so many more work would have a more distinctive set of policies. We have found some such differences, of course: little sheltered housing or in-home services (though the latter are developing), some unusual employment programs. But these are somewhat marginal policy areas. For the core programs, everyone has medical care

⁵⁷ As it happens, both deal with how conflict and protest are handled, and to my eye their judgments are appropriately ambivalent. Upham, *Law and Social Change*; Susan J. Pharr, *Losing Face: Status Politics in Japan* (Berkeley: University of California Press, 1990).

⁵⁸ For example, one can argue, by analyzing benefit formulas and differences between the Employee Pension and National Pension, that Japanese pensions are somewhat less redistributive than American Social Security. But what does that comparison reveal without also comparing the progressivity of the tax systems and the overall pattern of income and asset distribution?

coverage, and the elderly pay very little for it; everyone is in a pension program, and for most people retiring now and certainly in the future the benefits are relatively generous; the income gap between old and young seems to have narrowed substantially in Japan as in the United States (as best we can tell with inadequate statistics). And while I have not had the space to discuss local-level programs, many seniors do have access to a variety of activities and services—Japan surely leads the world in providing baths.

If one attempted a global comparison of social policy for the elderly, countries tend to fall into three groups: roughly, Northern Europe, the English-speaking countries, and the rest of the world. Japan today is clearly in the second group, but in my view probably near its top, and on the basis of programs already installed and operating may well be in the midst of Europe before long. The main factors here are of course Japan's wealth and the uniquely rapid aging of the population, but the decision has already been made, in Japan as in most western countries, that much of the burden of that aging process will be borne by the government.

Will that decision be reversed? No, not in any fundamental way. The chance was the early 1980s, with a problem (aging society) clearly formulated, a solution (Japanese-style welfare society) in the works, widespread concern (fiscal crisis) generating energy, and a formidable conservative coalition (an activist prime minister, newly mobilized big business, even the Finance Ministry) ready to work together to sponsor large-scale policy change. Perhaps due to the attractions of easier issues like privatizing the telephone company or trade liberalization, the chance was missed: as I have argued, the changes in the administrative reform period were much more a consolidation than a shift of direction in old-age policy.

I would be truly surprised if the chance came again. The Welfare Ministry will probably succeed in raising the EPS pensionable age to 65 some day, though three promises in a row to do it five years hence are not encouraging, but the obstacles to a major rollback get higher and higher. More pensioners are receiving higher benefits as the system matures, social and health care programs have become institutionalized, and every year there are more old people—better educated and politically more sophisticated old people. There are few signs yet of a Japan Association of Retired People (JARP) springing up, but this category of voters will no doubt have to be taken more into account by politicians.

So will the aging society lead Japan to bankruptcy? Murakami Kiyoshi feared so when he wrote his catastrophe novel *Pension Collapse* back in 1981.⁵⁹ In a book published in 1989, he still thought that future benefits were too high, and he pointed out numbers of serious difficulties in the

⁵⁹ Under the pseudonym Oshima Osamu, *Nenkin Hōkai* (Tokyo: Nihon Seisansei Honbu, 1981). See the beginning of chap. 10.

system. On the other hand, he reassured his readers that meeting the costs of the aging society would require less than 1 percent of GNP per year—not an intolerable burden for a country growing at 4 or 5 percent a year.⁶⁰ Already, between 1960 and 1990, the number of people 65 and over almost tripled, their proportion in the population more than doubled, and programs for the elderly went through the enormous expansion documented in this book. One can hardly say the standard of living of the general public suffered in these three decades.

Certainly the aging of society incurs costs. The savings rate should fall to some extent, and public spending should rise, perhaps at the expense of private investment in Japan or overseas. But a country where savings and investment are very high and public spending relatively low is clearly in a better position to deal with financial burdens than is the United States or several European countries, particularly in that Japan's big-ticket social programs are mostly already in place. The Japanese certainly face some difficult problems, perhaps especially in improving the quality and quantity of long-term care, in or out of institutions. But Americans also face those problems, and we still lack decent health insurance.

In Japan as elsewhere, the question of whether the nation can afford the aging society depends on basic economics. If growth remains healthy, at least the financial resources should be available. Human resources may be a serious bottleneck: as much comment on the Gold Plan noted, with more and more female labor force participation, it is hard to foresee where the womanpower will come from to take care of frail old people, whether as institutional staff, home health aids, or daughters-in-law.⁶¹ The recent trend of importing ethnic Japanese housekeepers from Brazil is likely to be insufficient.

Another possible bottleneck is our subject, the decision-making system. Given the number of miscues and muddles described earlier, can the Japanese government be relied on to make intelligent enough policy to meet the challenges? First, a methodological point: nearly all case-study-based research in political science seems to highlight the fumbles more than the touchdowns.⁶² Policy making is a difficult business, and it is not clear that Japan is markedly ahead of other countries in the propensity to enact poorly designed programs for the elderly.

Second, the quality of policy making has generally improved over time. Hugh Heclo wound up his account of a century of social policy making in

⁶⁰ Based on OECD estimates. *Nenkin Seido wa Dō Naru ka* (Tokyo: Tōyō Keizai Shinpōsha, 1989), pp. 105–108. For an argument that future dependency can be covered by economic growth, see Schulz, Borowski, and Crown, *Economics of Population Aging*, pp. 106–108.

⁶¹ For example, in *Asahi Shinbun*, December 29–30, 1989, and May 8–17, 1991.

⁶² I recall Johan Olsen remarking at a conference that the opposite is true of business administration case studies; whether this is due more to differences in performance or disciplinary biases is an interesting question.

Britain and Sweden with a perceptive discussion of political learning at both the individual and institutional levels, largely based on experience with growing numbers of programs.⁶³ Quite the same process occurred in Japan, particularly as experts and officials gradually came to focus less on foreign solutions and more on domestic problems. And they learned about more than pure policy ideas. The Welfare Ministry's success in health care rationalization in the 1980s owed much to the battle experience of Yoshimura Hitoshi and others in the drawn-out conflict with the JMA, and Yamaguchi Shinichirō seemed to have spent his career before becoming Pension Bureau chief in absorbing techniques for getting a reform actually enacted. Hashimoto Ryūtarō clearly had become an expert in both welfare policy and policy-change politics when he engineered the Gold Plan.

Political and policy skills are not enough. In 1989–1990, interviewing in the old-age policy arena, I had the impression that many bureaucrats and others were thinking intelligently about policy matters and had a good sense of the political landscape. But energy seemed to be lacking, either that entrepreneurial drive to get something big accomplished right away, or much push from outside.⁶⁴ Even in reading newspapers or watching television, despite constant references to aging and the elderly—the level of attention today is much higher even than in the early 1970s boom—I could not detect much of a focus.

The high importance universally ascribed to old-age issues and all this *potential* energy would seem to be the ingredients for another period of large-scale policy change. Big problems demand big solutions, and every September when Respect for the Elderly Day rolls around, newspaper editorialists and television commentators dutifully call for bold and comprehensive measures to come to grips with the most rapid growth of the elderly in history and so forth. But even if some persuasive policy sponsor or other catalyst would appear, it is difficult to imagine what would be proposed. Without a new fiscal crisis, the pensionable age hike or raising the copay in old-age health care lack excitement, and the idea of privatized “silver services” has been around for five years without much real change occurring. On the expansive side, the age-65 mandatory retirement idea has not caught fire, and while the Gold Plan is both sensible and fairly ambitious, it contains hardly a new idea—mostly it was double this and triple that. Welfare specialists are visiting Sweden these days and returning with glowing reports about health care housing in community settings, but so far getting little response.

Perhaps, to contradict my earlier thought, the aging, old-people, and

⁶³ *Modern Social Politics*, pp. 304–22.

⁶⁴ These interviews were not comprehensive, but that was my impression in the pension, health care, housing, education, and labor fields; the only exception I found was welfare for the elderly *per se*, which was quite lively.

even aging-society problems *have* been solved in Japan. Not ultimate solutions, since that is impossible, but in the sense that under present conditions all the big decisions within the government's scope have been made, and only fine-tuning remains as Japan approaches the date, now some fifteen years hence, when it is supposed to become the oldest country in the world. Or perhaps, as was true in the 1960s when the ground work for much of Japan's old-age policy was being laid, aspiring policy sponsors should be searching for some inspiring new problem.

APPENDIX

National Programs for the Aged

<i>Year^a</i>	<i>Agency^b</i>	<i>Program^c</i>	<i>Note^d</i>	<i>1989 Budget^e</i>
1924	PMO	Onkyū	Civil servants	117,173 ^f
1938	Welfare	Low-Fee Homes	A-type	— ^g
1940	Welfare	Seamen's Pension		14,680 ^f
1941	Welfare	Employee Pension	First program	
1946	Wel-Soc	Public Assistance for aged Homes for the Aged	Means-tested	—
1947	Justice	Human Rights of the Elderly	Investigate, consult	—
1948	Finance	National Government MAA	Pension	32,830 ^g
1951	Construction	Public Housing admissions	Preference for elderly	—
	Finance	Company retirement allow- ances	Allows deduction	—
		Income Tax Exemption	For the elderly	—
	Home	Residents Tax Exemption	Low-income elderly	—
1953	PMO	War-Related Onkyū	Military, widows, etc.	1,592,019 ^f
1954	Education	Private School MAA	Pension	21,199
	Wel-Insur	Employee Pension	Major reform	8,787,239 ^g
1955	Post & Tele	Potal Insurance Homes	Fee-paying, building	— ^g
1959	Agriculture	Agriculture Cooperative MAA	Pension	36,062
	Wel-Pens	National Pension	Self-employed, etc.	3,004,237 ^g
		Welfare Pension	Noncontributory	592,983
1960	Post & Tele	Postal Pension Homes	Fee-paying, building	— ^g
1961	Wel-Soc	Employee Pension Homes	Fee-paying, building	— ^g
1962	Finance	Tax-Qualified Retirement Pen- sions	Company pension tax break	—
	Home	Local Government MAA	Pension	— ^g
	Wel-Soc	Home Helpers	Aiding bedridden	17,811
1963	Wel-Soc	Health Examinations	Free, for 65 +	—
		Nursing Homes	"Special Homes for Aged"	—
		Living costs in institutions	Paid per capita	212,280
		Old People Clubs	Subsidy	2,200
		Senior Centers	Recreation	—
1964	Construction	Reserved units	Public housing	—
		Extra room or "pair" housing	Public housing	—
	Transport	Train Fares	Discounts	—
1965	Education	Social education for elderly	Expanded in 1984	225
	Wel-Soc	Ikoi no Ie centers	Neighborhood level	—

<i>Year^a</i>	<i>Agency^b</i>	<i>Program^c</i>	<i>Note^d</i>	<i>1989 Budget^e</i>
1966	Wel-Pens	Rest homes construction	Vacation areas	— ^g
		Employee Pension Funds	Contracted-out	265,400 ^g
	Construction	Sidewalk widening, etc.	For elderly	—
	Wel-Soc	Respect for Aged Day	National holiday	—
1967	Wel-Pens	Room in house	For parent	— ^g
	Labor	Advice Corner	Job opportunities	
		Human Resource Bank	In Employment Offices	
	Transport	Airport noise	Prevent near institutions	
1968	Wel-Soc	OP Club Federation	Organization subsidy	17
	Wel-Pens	Coal miners' special pension	Added to EPS	2,000 ^g
	Home	Residents tax	Exemption for aged	—
	Wel-Soc	Job-finding service	Local government office	258
1969	Wel-Soc	Home health devices	Lending program	602
		National Elderly Survey	Annual	
1970	Agriculture	Farmers Pension	Two components	105,377 ^g
	Construction	Pair Housing	In Corporation Housing	
	Post & Tele	Broadcast Tax	Exemption	
1971	Construction	Pair Housing	In Public Housing	—
	Construction	Larger apartments	In Public Housing	—
	Labor	Job-seeking allowance	To workers	
		Workers' assets accumulation	Similar to IRA	—
	Post & Tele	Telephone service for elders	Various discounts, etc.	—
	Wel-Soc	Functional rehabilitation	Outpatients; from 1982, for 40 +	2,243
1972	Agriculture	Short-term Home Helper	Quasi-volunteer	
		Training Home Helpers	By localities	175
		Rural Social Development	Organizing	
		Rural Life Development	Crafts training	
	Construction	Larger apartments	Corporation housing	— ^g
		Priority for apartments	Corporation Housing	— ^g
		Mortgage loans	Cut-rate interest	— ^g
		Mortgage loans	Bigger loans	— ^g
	Finance	Income tax exemption	Aged dependent	
	Labor	Job training	In public centers	273
1973	Wel-Pens	Loan to add room	For parent	
	Wel-Soc	Sports days	For elderly	
	Cabinet	Surveys about elderly	Annual	26
	Finance	Income tax	Pension exclusion	—
	Home	Residents tax	Exemption for care	—
	Labor	Preretirement training	Subsidize companies	
		Older worker employment	Incentive payment	
		Pre-retire reemployment	Subsidize companies	
		Employ Elderly Month	Public relations	88 ^g
		Extend retirement age	Campaign	

<i>Year^a</i>	<i>Agency^b</i>	<i>Program^c</i>	<i>Note^d</i>	<i>1989 Budget^e</i>
1974	Post & Tele	Telephone	Priority installation	
	Transport	Bus fare discounts	Public buses	—
		Silver Seat	Trains; buses in 1975	—
	Wel-Pens	Large-scale recreation areas	Construction costs	2,700 ^g
	Wel-Soc	“Free” medical care	Revised in 1982	2,052,303
	Cabinet	Policy for the Aged	Establish office	—
		Old People Problem Symposium	Annual	
	Wel-Pens	Bigger houses for 3-generation	Pension Fund mortgages	— ^g
	Home	Residents Tax	Pension exclusion	—
	Labor	Retirement extension	Research by companies	
		Employment consulting	In public offices	901
		Welfare centers	Older workers	—
		Employment studies	Labor-economic research	191 ^g
		Self-employment aid	Loan guarantee	
		Older worker problems	Consulting	
1975	Sci-Tech Ag	Biological research	Aging process	
	Wel-Pens	Pension fund mortgages	Bigger house	— ^g
		EPS Home	Construction	— ^g
	Wel-Soc	Rehabilitation for stroke etc.	In-hospital facilities	1223
		Welfare telephone	For check-up calls	
		OP club coordinator	Organizing activities	110
	Agriculture	Calf raising	Lends cow	
		Forestry projects	Elderly produce products	—
		Farm wife activity	With elderly	
	Home	Business tax deduction	Local governments	
	Labor	Unemployment compensation	Extend eligible days	
		Unemployment tax	Exemption	
		Job development	Subsidy for new hires	111,106
	Post & Tele	Telephone aid	Special phones	—
	Wel-Pens	Fee-Paying Homes	Construction loans	
1976	Wel-Soc	Health education	For caregivers	
	Labor	Exercise facilities	Older workers	
		Quota for older worker	Reform	
		Employment extension	Subsidy, reform	
		Management improvement	Older workers	
1977	Nat Land Ag	Community center	Rural old people	
	Post & Tele	Telephone aid	Discount installation	—
	Agriculture	Loans for groups	Elderly crafts, etc.	200
	Finance	Income tax	Spouse exemption	
	Labor	Job development	Promotion	
	PMO	Regional conferences	On old-people problem	
	Wel-Soc	Senior Centers	Small size	
		Activity projects	For institutionalized	

<i>Year^a</i>	<i>Agency^b</i>	<i>Program^c</i>	<i>Note^d</i>	<i>1989 Budget^e</i>
1978	Construction	Public buildings access	Improve for aged	206
	Education	Education leaders	Training	—
	Home	Fire safety for elderly	Advise localities	—
	Labor	Job training	Compensate lost days	
	Labor	Industry conference	Retirement age	
	Wel-Pens	Special loans for big families	Pension Fund mortgages	— ^g
		Bigger loans	Pension Fund mortgages	
	Wel-Soc	Health promotion	Aids localities	771
		Home care	Instruction	
		Short-stay	Use of facilities	—
		Senior Centers	Large size	
1979	Agriculture	Agricultural projects for elders	Localities or Nōkyō run	—
		Local environment projects	Elders cooperate	—
	Finance	Income tax exemption	For caregivers	
	Labor	Elderly employment promotion	Association subsidy	
		Health promotion	For older workers	
	Post & Tele	Post office access	Improve for aged	15
	Wel-Soc	Health personnel	Training	
		Day-service	Use of facilities	9,201
		Old People Clubs	Local facilities	12
		Community relations	Selected cities	
1980	Agriculture	Old fishermen activities	Craft groups, etc.	24
	Construction	Public housing	Ok single senior	—
		Long payback for big families	Mortgage loans	— ^g
	Home	Residents tax exemption	For caregivers	
	Labor	Training “college”	Older worker leaders	
		Job-specific training	Short-term	
		Silver Talent Center	Pilot	5,466
		Regional conferences	Stimulate employment	
	Nat Land Ag	Community center for elderly	In underpopulated areas	10
	MITI	Safe housing	R&D	
	Sci-Tech Ag	Science and technology for ag- ing	Various projects	—
	Wel-Soc	Stroke facilities	Outpatient rehabilitation	
1981	Agriculture	Fisherman welfare	Allowance for retirement	206
	Construction	Break on costs of condos	Corporation housing	— ^g
	Home	Residents tax	Exemption for spouse	
	Labor	Workplace Improvement	Subsidize companies	1,200 ^g
		Employee health & safety	Jobplace improvement	
		Newly hiring older workers	Subsidy to employers	111,112 ^g
	Wel-Soc	Day care	Facilities	—
		Mental handicapped	Facilities	
		Day-service at home	Use of facilities	
1982	Education	Sports activities	Aids localities	—

<i>Year^a</i>	<i>Agency^b</i>	<i>Program^c</i>	<i>Note^d</i>	<i>1989 Budget^e</i>
	Labor	Company job training	Training costs	10,532 ^g
		Retirement age campaign	Achieve by 1985	
		Silver Talent Center	Part-time jobs	
		Workers' property accumulation	Similar to IRA	
	Post & Tele	Telephone aid	Discount on bill	
	Wel-Med	Health advisors	For 40 +	2,292
		Health handbook	For 40 +	126
		Health examinations	For 40 +	32,034
		Public health nurses	More home visits	5,428
		Public health centers	Expand 40 + services	2,901
		Visiting health services	Training caretakers	895
		Health education	Locality programs	688
		Research on health services	For 40 +	56
		Training for health examinations	Aid local organizations	416
		Mental health counseling	For elderly and family	367
1983	Cabinet	Conferences on aging	Regional and one national	20
	Labor	Older worker consulting	With firms	
	Wel-Med	Cost-cutting campaign, health care	For old-age medical care	374
1984	Labor	Reemployment subsidy	Over-60 workers	2,843 ^g
		Short-term reemployment subsidy	Over-60 workers	20,693 ^g
		Videotape job introductions	Employment advice	20 ^g
		Employee health & safety	Develop standards	
	MITI	Health care information system	R&D, coop with Welfare	67
	Nat Land Ag	Regional interchange	Urban elderly to countryside	5
	Post & Tele	Teletopia information systems	For at-home elderly	5
	Wel-Med	Stroke care training	Uses nursing homes	
		Old-age health promotion	Models and information	970
		Dementia care training	For staff	104
		Aged health care cost cutting	Checking receipts, etc.	1,200
1985	Construction	Relaxed mortgage regulations	Corporation housing	—
		Silver Corporation rental housing	Using elders' real estate	— ^g
	Foreign	Japan Silver Volunteers	Elderly peace corps	28
	Labor	Old-age employment study	Panel discussion	
		Research on automation	Impact on older workers	289 ^g
		Retirement allowances	Study	
		Company retraining programs	Information dissemination	546 ^g
	MITI	Leasing facilities	Old-age services	— ^g

<i>Year^a</i>	<i>Agency^b</i>	<i>Program^c</i>	<i>Note^d</i>	<i>1989 Budget^e</i>
1986	Wel-Pens Agriculture	New housing development project	High-tech housing for elders	— ^g
		Basic pension	Covers all	761,153 ^g
		Village Total Life Project	Planning for aging villages	66
	Construction	Encourage big households	Public housing regulations	—
	Labor	Elderly private rental housing	Loan funds	— ^g
		Planning for elderly housing	Aid localities	29
		Retirement age extension	Above age-60	15
		Encourage 60 + employment	Train local officials	10
		Continuing employment subsidy	Above age-60	24
		Consulting on old-age employment	Advisors for companies	392 ^g
		Improvement of company facilities	For 60 + workers	2,914 ^g
		Employment above 60 + quota	Subsidy to employers	37,259 ^g
		Promoters for old-age employment	Staff in employer groups	35 ^g
		Organizing Silver Talent Centers	Subsidy to localities	6,970
	Wel-Med	Preretirement planning	Local seminars	38 ^g
		Reducing work hours	Promotion	636 ^g
		Intermediate care facilities	Between hospital, nursing home	4,700
	Wel-Sci	Longevity Society	Oversees research	6
1987	Agriculture	Fishing village old-age activities	Planning and activities	27
	Construction	Rebuild houses for big families	Private housing	—
		Silver Housing Project	Elder housing with welfare	31
	Labor	Aging Society environment	Technology R & D	69
		Training for 50 + workers	In private schools	621 ^g
		Care for workers' aging parents	Study	12 ^g
		Wages and retirement allowances	Study	16 ^g
	Police Ag	Aging Society "Pilot Program"	Local participation and safety	9
	Post & Tele Transport	Senior postal friends	Pen-pals in "Yūtōpia"	20 ^g
		Transit station access	Improve walkways etc.	9
	Wel-Med	Intergrating health & social services	Prefectural level	57
		Physical fitness promotion	Stimulate groups	—

<i>Year^a</i>	<i>Agency^b</i>	<i>Program^c</i>	<i>Note^d</i>	<i>1989 Budget^e</i>
1988	Wel-Pens	Funds for intermediate care facilities	Loans for construction	—
		Pension fund investment rules	Broadens	—
	Wel-Sci	Silver Science Research	Research on aging	300
	Wel-Soc	Comprehensive Consulting Center	Prefectural level	789
		Coordination of services for elderly	Municipal level	472
		Silver Services	Promote private services	16
		Regional Old-age Welfare System	Model at-home services	33
	Cabinet	Traffic safety for the elderly	Promotion campaign	13
	Construction	Filial Piety Loan System	Private housing	— ^g
		Care housing	In corporation housing	— ^g
	Labor	Special subsidy for 60 + employment	To employers	3,216 ^g
		Job training for 55 + workers	Subsidy to employers	896 ^g
		Modifying labor standards	Studies and promotion	1,223 ^g
		Health promotion for older workers	Develop new systems	1,426 ^g
		Extra-company retirement allowances	Study and disseminate	*25
	Wel-H&W	Health promotion leadership	Training managers	9
		National Health & Welfare Festival	Sports and symposia	70
		Home Doctor expansion	Training and information	53
		Guidelines for old age health care	Study	4
		Stroke rehabilitation improvement	Conferences	16
		Dentistry for bedridden	At-home service	6
		Home care training	For families at nursing homes	—
		At-home service by visiting nurses	Model programs, etc.	200
		Training care workers	In private training schools	206
		Dementia treatment	Hospitals, day care, etc.	—
1989	Wel-Pens	Parent child funds, housing loans	Pension Fund mortgages	— ^g
	Agriculture	Elders' "Home Town" facilities	Pilot	335
	Education	Longevity Campus	Old people "university"	101
	Home	Simple fire sprinklers for home	Research	26
	Labor	Older Worker Employment Centers	For training and studies	13 ^g

<i>Year^a</i>	<i>Agency^b</i>	<i>Program^c</i>	<i>Note^d</i>	<i>1989 Budget^e</i>
		Career Centers for older workers	Information dissemination	93 ^g
		Training for retirees	Income when retraining	1,198 ^g
		Research on life conditions	Needs of older workers	17 ^g
		Longevity Society "Employment Vision"	Start a study group	18 ^g
	Manage Ag	Longevity Society Information System	Database construction	4
	Police Ag	Elderly driver traffic accidents	Research	6
	Wel-H&W	Dementia Center	Municipal level	100
		Information and liaison system	For Comprehensive Centers	163
		Night care	At nursing homes	—
		Longevity Society "Home Town"	New facilities in rural areas	—
		Health and Life Worth Promotion	Events, symposia, etc.	1,088
	Wel-Pens	Second Life Housing Loans	Pension Fund mortgages	— ^g

Sources: Naikaku Sōri Daijin Kanbō Rōjin Taisaku Shitsu, "Rōjin Kankei Shisaku no Gaiyō," various years, and Sōmuchō Chōkan Kanbō Rōjin Taisaku Shitsu, "Heisei Gannendo Chōjū Shakai Taisaku Kankei Shisaku no Gaiyō" (June, 1989), supplemented by other materials.

Notes: The purpose of this list is to give a sense of the frequency, sequence, and scope of old-age program initiations by the Japanese national government through 1989. In principle, the programs included, their definitions, and the year of initiation are as reported by the agencies to the Office of Policy for the Aging; I relied primarily on its 1985 and 1989 surveys. The materials contain many inconsistencies, but no systematic method for constructing a uniform list is available.

^a When enacted or when funds first appropriated.

^b Ministry or agency with jurisdiction; bureau level for the postwar Welfare Ministry only: Soc = Social Affairs; Pens = Pensions; Med = Health of the Aged Department; H&W = Health and Welfare of the Aged Department; Sci = Welfare Science Division.

^c Abbreviated gloss of program title (when capital letters used) or brief description.

^d Type or purpose of program.

^e Budget figures for 1989 in million yen. If no entry, the program was not included in the 1989 materials, though that does not necessarily mean that it had disappeared. A dash (—) indicates that the program did not consume funds, that its budget is lumped in with a larger category, or that the budget is not listed in the materials.

^f 1987 budget, from *Hoken to Nenkin no Dōkō*, 1989.

^g Budget from Special Account or loan funds, rather than General Account.

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