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Renegotiating the Social Contract

Challenges to Health and Social Policy in Japan

The Enigma of Health and Health Care in Japan

Among Organization for Economic Cooperation and Development (OECD) member countries, Japan has for many years stood out as one country with enviable population health indexes (see Table 1). This was not always the case. In 1960, the life expectancy of Japanese females at birth was 70.2 years, 65.3 years for males, and the combined figure of 67.8 years was lower than the corresponding figures for the OECD's current members, with the exceptions of Republic of Korea, Mexico, Turkey, and Portugal. By 2004, holding the top position for the twentieth year running, Japanese women had the longest life expectancy at birth worldwide (85.59 years). Japanese men ranked second after Icelandic males, with a life expectancy at birth of 78.64 years.[1] In 2002, Japan had the lowest infant mortality rate in the world, 3 per 1,000 live births (Sweden 3.3; United States 7.0).[2] Two years earlier, the World

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Table 1

[Health Indicators for Various Countries]

	Life expectancy at birth (2003)		National health expenditures (% gross domestic product)	
	Female	Male	1990	2003
France	82.9	75.8	8.6	10.1
Germany	81.3	75.5	8.5	11.1
Japan	85.3	78.4	5.9	7.9
Sweden	82.4	77.9	8.4	9.4
United Kingdom, Northern Ireland	80.7	76.2	6.0	7.7
United States	79.9	74.5	11.9	15.0

Source: Organization for Economic Cooperation and Development (OECD), OECD Health Data, October 2005, www.oecd.org (accessed January 18, 2006).

Health Organization (WHO) ranked Japan first for disability-adjusted healthy life expectancy.[3]

These achievements are even more noteworthy when juxtaposed against the moderate expenditures on health care that were reported in the decades up until the 1990s, whether judged by OECD standards or by comparison with WHO recommended norms (5–8 percent of the gross domestic product [GDP].

The reasons for these favorable health statistics remain enigmatic. Few studies have investigated this rigorously,[4] but among the possible contributing factors are diet (low fat, high fish consumption), physical activity (less sedentary lifestyle), lesser social disparity, a relatively homogeneous and inclusive society.[5]

Okinawa prefecture in particular presents an intriguing anomaly for social gradient theorists who either link Japanese longevity to its rapid postwar rise in the global economic hierarchy, or to its social cohesiveness and perceived egalitarianism relative to other affluent countries.[6] Despite Okinawa's continuing status as Japan's poorest prefecture (lowest per capita income) and prejudices and discrimination as "peripheral" Japanese,[7] Okinawans are noted for

their longevity even within Japan. Okinawa has the longest life expectancy for females among Japan's forty-seven prefectures. Okinawa's males were similarly placed until 1985, but had dropped to fourth place in 1995, and twenty-sixth by 2000, which some researchers attribute to dietary changes.[8]

In 2000, a National Nutrition Survey reported that 47.4 percent of adult Japanese males were smokers, the highest rate among affluent countries. While 11.5 percent of adult females smoked, the rates among women in their twenties and thirties were rising. Among junior and senior high school students, 36.9 percent of males and 16.2 percent of females reported smoking in the past month, while 25.9 percent of males and 8.2 percent of females among twelfth-graders smoked everyday. [9]

Given these lifestyle and dietary changes, it is reasonable to ask if there might not be a cohort (generational) effect. Indeed, some have suggested that the longevity among the current elderly population could be partly due to the privations of World War II and its immediate aftermath, which selected out the constitutionally weaker. Similarly, their longevity could be partly a consequence of good diet, healthy lifestyle, and high levels of physical activity, which are now much less common among the younger generations.

Furthermore, Japan's egalitarianism has been eroded in the past decade by the casualization of the workforce and the associated downward pressure on wages. Between 1997 and 2002, part-timers increased from 15 percent of the workforce to 25–30 percent, and by March 2005, temporary work had been extended to most job categories including those in the manufacturing sector.[10] Along with the loss of employment security and mounting social inequalities,[11] stress-related incidents are also on the rise. Among OECD countries, Japan's suicide rates in 2002–3 were exceeded only by Hungary's.[12]

The enigma of health and health care in Japan intersects with current shifts in opinion within the public health profession in relation to the determinants of population health.[13] Two decades after the International Conference on Primary Health Care (PHC) in Alma-Ata in the Soviet Union in September 1978, it has become

conventional wisdom (belatedly) that there is only a modest overlap between health and health care (in the narrow sense). Health care expenditures as conventionally understood may therefore capture only a subset of the full range of factors contributing toward population health,[14] in line with a social ecological perspective on health and disease.[15] The poor correlation of health care expenditures with population health in Japan (which mirrors the cases of India, Cuba, Costa Rica, Sri Lanka, Maoist China, and, to a certain extent, Malaysia, among developing countries) may therefore not be that enigmatic after all.

The Welfarist State Under Duress: Neoliberalism vs. Communitarian Capitalism?

Sakakibara Eisuke, a former vice minister of finance for international affairs and currently professor of economics at Keio University (Tokyo), has described the Japanese economy as 10 percent capitalist, and 90 percent "socialist."[16] He was, of course, contrasting the internationally competitive sectors of the Japanese manufacturing industry (automobiles, computers and consumer electronics, integrated circuits, industrial robots (mechatronics) and other industrial machinery, steel, chemicals) with the protected and domestic market-oriented sectors (agriculture, construction, banks and financial services, transportation, retailing, health care, etc.), which have been portrayed every so often as overly regulated and insulated, and therefore inefficient.

Not surprisingly, these laments about low productivity and inefficiency in the protected sectors became more insistent as the Japanese economy stagnated and endured a period of deflation after the property and asset bubbles burst in the early 1990s, which effectively brought to an end the years of robust, if at times unsteady, growth.

Framing it as an efficiency issue, however, may miss the point: Japan's economy and society have redistributive characteristics that accommodate diverse interest groups, sustain domestic demand and consumption, and help moderate the social stresses and

regional disparities of Japan's rapid industrial growth in the decades after World War II. Raising efficiency in domestic-oriented sectors presumably would entail shedding "excess" labor—it is an article of faith among neoclassical economists that excess labor would be absorbed by other economic sectors as part of expansive, market-driven growth (or serve as an unemployed reserve to depress wages). It furthermore assumes continuing investment and expanding exports to compensate for a possible shrinkage of domestic demand if the aggregate wage bill falls. Just as likely, insecure consumers (and casualized employees) could very well opt to save more as employment security and social safety nets are shredded by neoliberal policies, as happened in Japan in the 1990s.

A more accurate description of Japan's political economy perhaps is communitarian capitalism,[17] in which an interventionist state exercises a degree of technocratic autonomy in economic (and social) management and furthermore gives expression, through moderately redistributive social policies, to the communitarian norms and expectations of Japanese society in areas such as health, welfare, and social security.[18] While not always equitable, the social transfers and cross subsidies were substantial enough that Japan was notably among the more egalitarian of OECD countries through the late 1980s.[19]

This contemporary social formation emerged out of a constellation of factors in post–World War II Japan, which included:[20]

- the strategic need of the U.S. (occupation) authorities to stabilize Japanese society and turn its state into an important bulwark against communism in East Asia and a key ally during the cold war, as well as the Korean and Vietnam wars, with their unresolved tensions in Northeast Asia, and during the various phases of the "containment" of China;
- a technocracy that emerged (or re-formed) under the aegis of the U.S. postwar occupation regime, endowed with a degree of autonomy via-à-vis the war-weakened business and political establishments.[21] This autonomy meant Japan had some leeway to implement policies in pursuit of systemwide interests and some manner of "social rationality"; and
- prevailing Japanese social norms that translate into expecta-

tions and aspirations of communitarianism in the governance of key aspects of livelihood and welfare.

Functionally, Japanese communitarian capitalism may therefore be thought of as an East Asian counterpart of West European *social democracy*. In both cases, the state plays an integrative role in moderating the excesses of unrestrained capitalism and is furthermore engaged in the management of uncertainty or risk[22] faced by its citizens (health insecurity, unemployment insecurity, old age insecurity, threats from natural or man-made catastrophes).[23] In both cases, this social accommodation has been increasingly challenged by a neoliberal ascendance tied to an overaccumulation of capital desperately seeking out new arenas for circulation and accumulation. Evidently, the hitherto noncommercial public sector in countries both rich and poor is now considered legitimate, new terrain for an "inwardly directed colonialism" (retrenching the welfarist-cum-developmentalist states, even as militarist states expand).

In 2001, the administration of newly elected prime minister Junichiro Koizumi moved quickly to strengthen the Economic and Fiscal Council as a top policy-making body, which was chaired by the prime minister and consisted of key cabinet members, central bankers, and economists. Together with the Regulation Reform Council, which included private sector representatives (chaired by Yoshihiko Miyauchi, the chief executive officer of Orix, an aggressively expanding insurance, financial services, and leasing company), these were complementary initiatives to a concerted effort to transform the Japanese cabinet (traditionally more of a coordinating mechanism among independent-minded ministries) into an executive body more at the direction of the chief executive, that is, the prime minister, as he proceeded with his agenda for restructuring the Japanese economy.[24] The Regulation Reform Council in particular was given a broad mandate to put forward proposals for deregulation in all sectors of the economy, including transport, agriculture, financial services, education, health care, and so on, where market distortions and inefficiencies were deemed to be pervasive and contributing to economic stagnation.

Among the urgent priorities identified was the privatization of

the publicly operated Japan Post (JP), a goal that Prime Minister Koizumi had consistently championed since 1992 (as minister of posts and telecommunications in the Kiichi Miyazawa administration) and a goal on which he evidently was prepared to stake his political future.

Desperately Seeking Markets

Japan Post, mundane as it might sound, is much more than just a service that delivers letters and parcels. It is the world's largest financial institution with assets of about ¥386 trillion ($3.6 trillion). With its 25,000 post offices spread nationwide, it accounts for ¥265 trillion in individual savings deposits, about 30 percent of the national total, and about three times the size of those held by Mitsubishi Tokyo Financial Group, Japan's largest private holder of savings deposits. Kampo, Japan Post's life-insurance scheme, has assets of ¥121 trillion, some 40 percent of the national total.

To push his privatization proposals through the Diet, Koizumi had to overcome strong opposition, including resistance within his own Liberal Democratic Party (LDP). In July 2005, the lower house approved the prime minister's package of bills by a narrow margin of five votes, but a month later the upper house refused to go along, with thirty-seven LDP members joining with the opposition to vote against the privatization of Japan Post. Koizumi responded by dissolving the lower house and calling for snap elections for September 2005 in a high stakes bid to purge the crisis-ridden party of influential opponents. The gamble paid off. On October 14, 2005, in the wake of Koizumi's decisive electoral victory, the upper house reversed itself with a 134-to-100 vote in favor of the resubmitted legislation.

The controversial bills that finally cleared the Diet will break up Japan Post into four subsidiaries by April 2007, one each for the delivery of mail, management of the network of branches, and for the banking and insurance operations. From 2007 to 2017 the government's holding company will gradually divest itself of all stakes in the banking and insurance companies, and retain control over only the delivery and branch operations of the privatized en-

tities. The government's control of the holding company will furthermore be diluted as it sells off two-thirds of its stake.

Just as the World Bank has been under pressure to divest more of its development financing activities to private capital markets (is the World Bank being privatized?), private financial interests are similarly keen on the lending opportunities available in Japan's public sector.[25] The *Economist*, for instance, emphatically notes that the privatization of JP:

> is only one step towards unwinding Japan's pervasive system of financial socialism. There are nine other government financial institutions (GFIs), which lend to a wide range of special interests. These GFIs are sitting on ¥144 trillion of outstanding loans. . . . [These include] the Government Housing Loan Corporation (GHLC), which once provided Japanese homeowners with cheap mortgages. In 2001 the government ordered it to stop making new home loans. . . . Over the past four years, the GHLC's loans have fallen from ¥77 trillion to ¥52 trillion. Private banks have increased their mortgage lending by roughly the same amount, so it seems clear that the state-backed lender had been crowding them out before. . . . Three of them compete to give cheap financing to millions of small companies. Another, the Development Bank of Japan, finances projects from urban railways to high-tech. . . . One GFI lends to municipal governments, utilities and other local projects; yet another to farmer-friendly causes; and the island prefecture of Okinawa has a special GFI of its own. . . . With Japan's private banks struggling to boost profitability, the last thing they need is a collection of big government lenders—backed by explicit and implicit subsidies—depressing lending rates and competing with them for business, although, unlike the GHLC, Japan's other eight GFIs are also serving some borrowers which no private bank would touch. . . . [Japan's private] banks are [now] better capitalized and keen to lend. There are too many banking assets chasing too few borrowers, so corporate lending remains woefully unprofitable. Some of the GFIs' functions are worth keeping. The Japan Bank for International Cooperation (JBIC), for example, helps the government to administer its overseas aid, which most reckon is a useful role. But some of even JBIC's functions, such as export financing, might be usefully spun off. ("The State as Sugar Daddy," *Economist*, July 30, 2005)

Private financial institutions have been complaining endlessly that JP is exempt from paying most taxes and contributing to state-

backed deposit-insurance schemes as is required of private deposit-taking companies. JP instead benefits from direct government guarantees that are extended to its savings and insurance operations. With this implicit subsidy and competitive advantage, rival financial institutions are apprehensive that JP's privatized banking division might go beyond its previous lending activities (largely confined to government bond purchases) to broader-based lending activities. Likewise, Japanese private insurers complain that Kampo, JP's life-insurance scheme, benefiting from similar government guarantees and exemptions from taxes and mandatory contributions to an industrywide contingency fund, has built up a 40 percent market share in direct competition with them. Foreign firms, which have carved out businesses in other areas of insurance that are unaffected by the subsidies available to Kampo, are also wary that a privatized entity could use its substantial revenues from existing policies to compete aggressively within their respective domains and niche markets.

Japan Post's significance, however, goes beyond the competition (and opportunities) it offers to the financial services industry. The government's statutory control of JP's banking and insurance assets in effect provides it with a discretionary second national budget, which it has deployed in the past in targeted industrial development and massive public works programs in construction and infrastructure.

More disturbingly, it has also engendered pork-barrel politics on a scale that has sustained the LDP's infamous political factions organized around iron triangles of politicians, business interests, and technocrats in the various economic sectors and interest clusters (*zoku*).[26]

A Neo-Liberal Democratic Party?

In seeking an electoral mandate for the neoliberal agenda, Koizumi's strategists cleverly and subtly capitalized on the recent scandals and seedy history of reciprocal favors and corruption of LDP factions and their business and bureaucratic associates, which the party rebels allegedly typified and wished to perpetuate.

In presenting the neoliberal alternative as a solution to this entrenched problem (let the free market sort out crony capitalism—a familiar mantra), Koizumi was clearly intent on dismantling the iron triangles, portrayed as the root of Japan's political malaise and economic stagnation, and as an obstacle to the revival and dynamism of Japan's economy and society. Indeed, going by his rhetoric, Koizumi was prepared to destroy not just the iron triangles but the LDP itself in his pursuit of a neo-Liberal Democratic Party and its economic credo of market fundamentalism.

Koizumi's neoliberal remedy could very well prove to be worse than the disease that it seeks to cure. Masaru Kaneko, a professor of public finance at Keio University, has written extensively on the dangers of a neoliberal approach to Japan's economic woes, which would amplify risks and weaken consumption further, and thereby exacerbate deflation. At the same time, he is severely critical of the vested interests among the status quo whose self-serving mismanagement of public finances threatens to run the Japanese economy into the ground. A useful summary of his views is provided by Andrew DeWit in Japan Focus (excerpt below). In contrast to the supply-siders' exhortations to retrench the welfarist state and use tax cuts to provide the stimulus for investment-led growth,

> Kaneko argues that the emphasis should be on spending. Yet rather than expand the deficit and pump more large-scale public works into the economy, what is required is a full-scale reconstruction of the flow of public finances and a concomitant shift to small-scale projects and welfare-related services (especially directed towards the needs of the environment, the aged and the handicapped). In particular, because over two-thirds of Japanese public spending is done at the local level, fiscal decentralization features prominently in Kaneko's reform model. . . . [D]ecentralization of fiscal resources would help [to] break up the centrally dominated networks of political influence that prey upon Japan's public works and restrict policymaking flexibility in other areas of administrative activity. To avoid simply increasing the local politicians' opportunities to spend on pork-barrel programs and projects, the reform would also have to be accompanied by opening up the local bidding and accounting systems. Kaneko therefore argues that the emergency measures must include expanded access

> to information, third-party oversight and participation by local residents in key areas of decision-making. He also recommends the permanent transfer of officials from central to local governments to help beef up local administrative capacity. . . . With the notable exception of the Ministry of Finance, most interests agree in principle that shifting fiscal resources—including the bulk of the income tax—and decision-making to the local level is necessary in order to erode pork-barrel incentives and respond more effectively to diversifying local needs.[27]

Beyond the heightened insecurity and risk of deflation so lucidly analyzed by Masaru Kaneko, and equity and solidarity as casualties along the accelerated march of Homo japonicus toward Homo economicus, one might perhaps also explore further perspectives from political economy, which can throw light on the roots of stagnation (and dynamism) in the evolution of capitalist world systems, beyond the "end of history."[28]

The Japanese Health-Care System

How does the health-care sector figure in all this? First, let us review some essential features of the Japanese health-care system, in the words of the two leading scholars in this field, Naoki Ikegami and John Campbell (synthesized from their cumulative writings):[29]

> Medical care in Japan is financed through a pluralistic social-insurance system, which taken together covers the entire population.[30] Enrollment, based on employment or residence, is mandatory and premiums are proportional to income:
>
> • Large-firm employees and their dependents are covered by Society-Managed Health Insurance (SMHI) while public-sector employees are covered by Mutual Aid Associations (MAAs). These independent plans, jointly managed by representatives of the employer and employees charge premiums that vary from about 6.0 to 9.5 percent of monthly wages up to a ceiling, at least half of which is paid by employers.
>
> • Small-firm employees, with lower average incomes, are covered by Government-Managed Health Insurance (GMHI) in a single national pool operated by the Ministry of Labor, Health and Welfare. The employer pays half the premium, which is now 8.6 percent of wages up to a ceiling. The Ministry of Labor, Health and Welfare acts

as the insurer and directly subsidizes 14 percent of the expenditures.

• For the self-employed and pensioners, among the least wealthy, municipal governments of cities, towns, and villages are the insurers through a scheme called the Citizens' Health Insurance (CHI). Premiums are based on income, assets, and number of people in a given household and they vary widely, but the maximum is about $430 per household per month and the central government contributes half the costs. The costs for the elderly are further subsidized from a fund of pooled contributions from all the insurance plans. This direct subsidization of the old by the young, in addition to government subsidies and income-proportional premiums, makes the Japanese system more egalitarian than the German system of social insurance.

Health Care Providers

• Hospitals: Most hospitals are small, family enterprises that developed from physicians' offices. The large hospitals are owned by the national or local governments, voluntary organizations, and universities. For-profit investor-owned hospitals have been prohibited since 1948, but the existing, company-owned hospitals that provided services to their employees and the local community were allowed to continue. Their numbers have been declining in the past four decades. Similarly, physician-owned hospitals while not classified as investor owned, nonetheless operate as commercial entities and the returns here as well have not fuelled a major expansion of the for-profit hospital sector.

• Physicians: The vast majority of physicians are in solo practice. Private practitioners cannot attend hospitalized patients, and hospital physicians (other than the owner) work for a salary not tied to their practice loads. Physicians in private practice working mainly in primary care have roughly double the income of specialists, who are employed in hospitals. The latter however are considered to be of higher status with the opportunities to provide professionally rewarding specialty care. (See section below on fee schedule.)

National Fee Schedule

Payments to providers, regardless of the insurance scheme and where the care is received, is in accordance with a uniform national fee schedule. The fee schedule lists all procedures and products that can

be paid for by health insurance and sets their prices. Balance billing—billing the patient for fees not covered by insurance—is strictly prohibited. Public-sector and academic hospitals however receive direct subsidies from (local) government or university budgets, for capital and occasionally operating expenses.

Patients can choose any physician or hospital within traveling distance, and physicians have much clinical autonomy to decide about appropriate treatments. To prevent egregious over-treatment, claims are reviewed retrospectively by a committee of physicians at the local level before reimbursement. While this clearly can be challenged as an independent review mechanism, the administrative costs in Japan are nonetheless about half those in the United States.

Dispensation of Drugs

The weakness of this review system however is evident in dispensing practices, in which there is no formal separation between pharmacists and physicians in Japan. Physicians and hospitals derive a substantial proportion of their income from dispensing medication, and the tendency to over-prescribe has resulted in the per capita expenditures on pharmaceuticals ($116) being higher than in the United States ($109), even though overall spending on health care is much lower.

The salient features of the Japanese health- care system are therefore as follows:

- Universal coverage: the three insurance schemes cover essentially the entire population;
- Relative egalitarianism: contributions are proportional to income, cross subsidies are extensive, and the government provides top-up subsidies for the less wealthy; and
- Moderate aggregate health expenditures, by OECD standards.

The last two features are a direct consequence of the authority wielded by government agencies in regulating the health care system (most important, the Ministry of Labor, Health and Welfare, which has substantial influence over the fee schedule negotiated with the medical profession (notably, the Japanese Medical Association [JMA])[31] and the hospitals, and the prices paid to suppliers of medical inputs.

Concessions to the powerful JMA are nonetheless evident in the existing modus vivendi: a continuing bias in the fee schedule that

favors general practitioners over hospital-based specialists (the JMA represents more general practitioners than hospital-based specialists), the persistent tendency to overmedicate referred to above (in the context of liberal clinical autonomy), the exemption allowed for physician-owned private hospitals, and the relatively unregulated nature of professional practice, specialist accreditation, and medical quality assurance (malpractice and professional misconduct).

But what it also means is that at the moment there is limited scope for private health-care enterprises, given the existing system of state-regulated health-care financing based on social insurance, which keeps Japan's health-care expenditures moderate by OECD standards.

The problem with Japanese health expenditures is not excessive spending, although there are clearly areas where these can be rationalized (overmedication, excessively long stays of elderly patients in nursing homes/hospitals due to distorted incentives in the insurance reimbursement system).

The fundamental problem has been, until quite recently, the stagnant economy, which has kept a lid on government revenues, employer payrolls and insurance contributions, even as needs and demands for health care grow along with an aging population and supply-induced demand.

Among the options that the Ministry of Health, Labor, and Welfare can resort to in coping with this situation are:

• increase premiums (already happening);

• increase copayments (already happening);

• reduce prices paid to providers, which happened in 2002 when the aggregate fee schedule was actually reduced by 2.7 percent (an instance of the negotiating clout of the Ministry of Health, Labor, and Welfare); and

• reduce coverage of health-care benefits provided by the social insurance system, inevitably the prelude to extra billing for uncovered services (this is the opening awaited by private health-care entrepreneurs to create, expand, or deepen the market for private health care).

Indeed, would-be health-care entrepreneurs are promoting extra billing as an issue of "enhanced choice" for consumers, as the chosen strategy for expanding commercialized health care in Japan.

When public budgets were in a healthier state, it was possible for the Ministry of Health, Labor, and Welfare to insist, as a matter of egalitarian access, that all medically necessary care should be included in the reimbursable fee schedule. As fiscal austerity escalates in the coming years, cutbacks in public health-care expenditures will be accompanied by rising demand for extra billing, from those able to afford uncovered services, and from investors and entrepreneurs seeking to create, extend, or deepen the market for health-care services. Ability to pay will therefore become an increasingly important determinant of access to selected forms of health care, as solidarity and a sense of community are progressively diminished.

In short, Japanese political economy (and social policy) stands at a crossroad, and the call for a renewed communitarian (*kyodoshugi*) or solidarian (*rentaishugi*) politics will add to a domestic political ferment we are likely to witness in the coming decade.[32]

Notes

1. Data released by Ministry of Health, Labor, and Welfare on July 22, 2005 (*Japan Times*, July 23, 2005).

2. Organization for Economic Cooperation and Development (OECD), OECD, Health Data, available at www.oecd.org/dataoecd/7/41/355300833.xls (accessed January 21, 2006).

3. World Health Organization (WHO), WHO press release (Geneva, June 4, 2000), www.who.int/inf-pr-2000/en/pr2000-life.html (accessed August 18, 2006).

4. See, for example, K. Shibuya, H. Hashimoto, and E. Yano, "Individual Income, Income Distribution, and Self-rated Health in Japan: Cross Sectional Analysis of Nationally Representative Sample," *British Medical Journal* 324 (2002): 16–19.

5. There are, however, marginalized communities that include Koreans, Chinese, and lower caste burakumin, and their ranks may swell if communal solidarity within Japan's mainstream majority is further eroded by an ascendant neoliberalism.

6. W.C. Cockerham, H. Hattori, and Y. Yamori, "The Social Gradient in Life Expectancy: The Contrary Case of Okinawa in Japan," *Social Science and Medicine* 51 (2000): 115–22.

7. Historically, Okinawa existed as a part of the Ryukyu kingdom from the fifteenth century onward, with a language and culture considerably different from that of the main Japanese islands. Its tribute-trade relationship with feudal lords in southern Kyushu (and China) was eclipsed by a formal annexation in 1879 by Meiji Japan and it has remained a Japanese prefecture ever since except for the period 1945–72 when it was under direct U.S. occupation. It continues as an un-

willing host to three-quarters of U.S. military installations in Japan, an imposition by Washington and Tokyo that is much resented by the local populace.

8. S. Miyagi, N. Iwama, T. Kawabata, and K. Hasegawa, "Longevity and Diet in Okinawa," *Asia-Pacific Journal of Public Health* 15 (2003; supplement): S3–S9.

9. Cited in "Public Health of Japan," a report of the Japan Public Health Association (2004), p. 22; available at www.jpha.or.jp/jpha/english/ (accessed July 16, 2005). Until recently, the Finance Ministry held a majority stake in Japan Tobacco, Inc., which had a virtual monopoly on the tobacco industry, and generated tax revenues estimated at ¥896 billion (US$7.5 billion) in 1999 (*Lancet* 354 [September 4, 1999]: 843).

10. David Pilling, "Japan's Wageless Recovery: Creating an Underclass of Part-time Workers," (2005), available at http://japanfocus.org/products/details/1829/.

11. Marcus Rebick, *The Japanese Employment System: Adapting to a New Economic Environment* (Oxford: Oxford University Press, 2005). See also Marcus Rebick, "The Myth of the Middle-Mass Society: Inequality and Emerging Divisions in Japanese Society" (paper presented at the Conference on the Middle Class in Asia, St. Anthony's College, Oxford University, June 27, 2004); available at www.sinica.edu.tw/~capas/publication/newsletter/N27/2704_01.pdf (accessed October 20, 2005).

12. Reported suicides are overwhelmingly male in most countries, and suicides among Japanese males rose from 20.4 per 100,000 in 1990 to 35.2 in 2002, with the highest rates among those aged fifty-five to sixty-four, 64.7 per 100,000. World Health Organization, "Suicide Rates per 100,000 by Country, Year, and Sex" (table), available at www.who.int/mental_health/prevention/suicide_rates/en/index.html (accessed January 23, 2006). See also J. Sean Curtin, "Suicide also Rises in Land of Rising Sun," July 28, 2004, available at www.atimes.com/atimes/Japan/FG28Dh01.html (accessed January 2, 2006).

13. R.G. Evans, M.L. Barer, and T.R. Marmor, eds., *Why Are Some People Healthy and Others Not? The Determinants of Health of Populations* (New York: Aldine de Gruyter, 1994).

14. C.K. Chan, "Redefining Health Expenditures: A Multi-Sectoral (Social Ecological) Perspective," consultant's report prepared for the Health and Development Section, Emerging Social Issues Division, UN Economic and Social Commission for Asia and the Pacific (UNESCAP) (2004).

15. For an overview and discussion of theoretical currents in social epidemiology, see N. Krieger, "Theories for Social Epidemiology in the 21st Century: An Ecosocial Perspective," *International Journal of Epidemiology* 30 (2001): 668–77. See also R. Levins, "When Science Fails Us," Edinburgh Medal Lecture, 1996; available at www-trees.slu.se/newsl/32/32levin.htm (accessed December 1, 2003).

16. *Time*, December 2, 2002, available at www.time.com/time/asia/magazine/printout/0,13675,501021209-395413,00.html (accessed July 14, 2005).

17. The term has also been used by Marie Anchordoguy to describe a distinctively Japanese capitalism with its seemingly less fratricidal (more accommodative) relations between rival enterprise groups, their interdependent units, their financial backers, and their employees, over and above the industrial coordination and redistributive initiatives of a technocratic welfarist state. See Marie

Anchordoguy, *The High Tech Crisis Under Communitarian Capitalism* (Ithaca: Cornell University Press, 2005).

18. See, for example, J.C. Campbell and N. Ikegami, *The Art of Balance in Health Policy: Maintaining Japan's Low-Cost, Egalitarian System* (Cambridge: Cambridge University Press, 1998).

19. Tetsuo Fukawa, "Income Distribution in Japan based on IRS 1987–2002," *Japanese Journal of Social Security Policy* 5, no. 1 (June 2006): 27–34.

20. J.W. Dower, *Embracing Defeat: Japan in the Wake of World War II* (New York: Norton, 1999).

21. Chalmers Johnson argues that the preeminent role of technocrats predated the U.S. post–World War II occupation, going back at least to the powerful bureaucracies that were mandated from the 1930s onward with responsibilities for war mobilization and war production, as integral key components of the Japanese developmental state, for example, the Ministry of International Trade and Industry's (MITI) wartime origins as the all-powerful Ministry of Munitions. See Chalmers Johnson, *MITI and the Japanese Miracle* (Palo Alto, CA: Stanford University Press, 1982).

22. Nicholas Barr, *The Welfare State as Piggy Bank: Information, Risk, Uncertainty, and the Role of the State* (New York: Oxford University Press, 2001).

23. The modern welfarist state acts also as a pooler of risks to cope with the catastrophic and burdensome events that occasionally befall its less fortunate citizens. Socialized resources (taxes and other public revenues) have traditionally financed safety nets in health care, in unemployment, and social security, and provided relief in instances where neither the individual nor her/his family and social support network could cope with the consequences of catastrophe. The modern state, in short, plays a crucial role as an insurer and risk manager in dealing with uncertainty. The privatization of medical services is, in principle, still compatible with public financing of health care (via a tax-supported national health trust fund, national health insurance, or some such arrangement). The privatization of risk management, however, is the lifeblood of the insurance (and financial services) industry, and this industry would look favorably upon the market opportunities emerging from a reduced role for government in social insurance and social protection, that is, in the management of uncertainty (C.K. Chan, "The Privatisation of Social Insurance," Malaysiakini.com, August 28, 2000).

24. Ongoing efforts to expand commercialized health care in Japan are discussed by Ikegami Naoki, "Should Providers Be Allowed to Extra-bill for Uncovered Services? Debate, Resolution and the Future in Japan," in "Reforming Health Social Security," Working Paper Series no. 2005-4, Human Development Sector Unit, East Asia & Pacific Region, World Bank, 2005.

25. Adam Lerrick, "Why Is the World Bank Still Lending?" *Wall Street Journal*, October 28, 2005; Jessica Einhorn, "Reforming the World Bank: Creative Destruction," *Foreign Affairs* 85, no. 1 (2006): 17–22. As an agent of global social reproduction, the World Bank itself is also subject to forces pushing for privatization (in this case, divestment of its development financing role to private capital markets), much in the way that welfarist states are urged to selectively offload their more profitable (or commercially viable) social services to the private sector. The Meltzer Commission, in its report to the U.S. Congress in 2000, recommended in effect a triage of borrower countries: debt cancellation

and performance-based grants for the most destitute of highly indebted countries, as opposed to the more "creditworthy" borrowers with access to capital markets, who should be weaned from multilateral lending agencies and henceforth be serviced by private lenders (i.e., the financial analogue of "targeted" programs in health services). As an institutional compromise and accommodation, the World Bank seems to have repositioned itself to be an even more influential agent that can promote the interests of private capital. We see, for instance, expanded roles for the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) within the World Bank Group (IFC and MIGA commitments, which promote private sector involvement in development and its financing, rose from 3.3 percent of World Bank loans in 1980 to 25 percent in 2000).

26. G. McCormack, "Breaking the Iron Triangle," *New Left Review* (January–February 2002): 5–23; see also Darrel Whitten, "Koizumi: Crazy Like a Fox," *Asia Times,* available at www.atimes.com (August 12, 2005) for a description of these *zoku* (policy groups or factions).

27. Andrew DeWit, "Japan's Third Way: A Public Intellectual Confronts Japan's Economic Stagnation" (April 2004), available at http://japanfocus.org/products/details/1669/.

28. J. Halevi and B. Lucarelli, "Japan's Stagnationist Crises," *Monthly Review* (February 2002); S. Ikeda, "Japan and the Changing Regime of Accumulation: A World-System Study of Japan's Trajectory from Miracle to Debacle," *Journal of World-Systems Research* 10, no. 2 (Summer 2004): 363–94; Prabhat Patnaik, "The New Imperialism" (paper presented at the International Development Economics Associates international conference on the Economics of the New Imperialism, Jawaharlal Nehru University, New Delhi, January 22–24, 2004).

29. N. Ikegami, "Japanese Health Care: Low Cost Through Regulated Fees," *Health Affairs* 10, no. 3 (1991): 87–109; N. Ikegami and J.C. Campbell, "Japan's Health Care System: Containing Costs and Attempting Reform," *Health Affairs* 23, no. 3 (2004): 26–36; N. Ikegami and J.C. Campbell, "Health Care Reform in Japan: The Virtues of Muddling Through," *Health Affairs* 18, no. 3 (1999): 56–75; N. Ikegami and J.S. Campbell, "Medical Care in Japan," *New England Journal of Medicine* 333 (1995): 1295–99.

30. The Japanese government began providing health insurance in 1927, and in 1961 universal coverage was achieved.

31. The Japan Medical Association's (JMA) pervasive influence on health care policy in postwar Japan was built up during the twenty-five-year presidency of Takemi Taro (1957–82). Takemi's uncle-in-law, Yoshida Shigeru, was Japan's first postwar prime minister, and this gave the JMA crucial access to Yoshida and his successors, and substantial leverage within the ruling Liberal Democratic Party and the Ministry of Health, Labor and Welfare.

32. Yamaguchi Jiro, "What Next for Japan's Democratic Party?" (January 29, 2006), available at http://japanfocus.org/products/details/1902/.

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