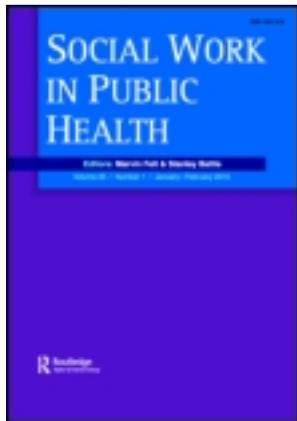


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The Beveridge Report and Japan

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After World War II, Japanese health insurance systems rejected the idea of a flat-rate premium contribution, a central concept in the Beveridge Report. Allegedly, outside of Great Britain, no other country was more influenced by this Report than Japan. However, the postwar Japanese health insurance systems adopted flat-rate benefits and earnings-related contributions, a clear rejection of the flat-rate premium contributions for flat-rate benefits advocated in the Report. This is not just a simple difference from the premium contributions method, it throws up fundamental questions concerning the essence of social insurance, and ultimately, the power of the State and the relationship between the State and the individual. This article aims to analyze the reasons for this rejection.

Keywords: William Beveridge, Beveridge Report, Japanese health insurance, social insurance

INTRODUCTION

Postwar Japanese health insurance systems rejected the idea of a flat-rate premium contribution, a central concept in the Beveridge Report. This article aims to analyze the reasons of this rejection. First, focusing on premium contributions, the article reexamines this approach, as proposed in the Beveridge Report. Then, it explicates how the Report was internalized in postwar Japanese health insurance systems.

One of the major aims of industrialized countries in the post-World War II era was to establish a welfare state. This held true in Japan after the destruction of militarism. Under a democratic system, in contrast to wartime totalitarianism, the Supreme Commander for the Allied Powers (SCAP), General Douglas MacArthur, during the postwar occupation of Japan, regarded “a welfare state” as a nation that would guarantee its people the provision of a national minimum standard of living. Moreover, because building a welfare state was not just an economic policy but a democratic ideal opposed to militarism and fascism, SCAP energetically encouraged the Japanese government to establish a solid welfare system (Sato & Kuroda, 1998, p. 106; Tokyo Daigaku Shakai Kagaku Kenkyujo, 1984, p. 3).

The *Report of the Inter-Departmental Committee on Social Insurance and Allied Services* (the Beveridge Report) was submitted by Sir William Beveridge to the British government in November 1942. This Report significantly influenced the views of Japanese bureaucrats at the Health Insurance Bureau of the Ministry of Health and Welfare that was primarily responsible for postwar health insurance measures in Japan, and of scholars of insurance and social policies

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in planning Japanese health insurance systems in the postwar era (Nakashizuka, 1998, p. 288). Allegedly, outside of Great Britain, no other country was more influenced by this report than Japan (Tamai, 1992, p. 309). The *Essence of the Social Security System*, the first official Japanese report to discuss the possibility of a postwar social security, issued by the Ministry of Health and Welfare in October 1947, was “based on the Beveridge plan” (Suetaka, 1950, p. 3), Suetaka a Waseda University professor and one of the main architects of the *Essence*. The design of postwar health insurance systems and research into social security in Japan used the Beveridge Report as a starting point (Matsuzaki, 1993, p. 1). According to the prevailing interpretation today, another report strongly influenced by Beveridge was the *Recommendations on a Social Security System* of October 1950, generally considered to be a milestone in the development of a postwar Japanese social security system (Sato & Kuroda, 1998, p. 106; Tokyo Daigaku Shakai Kagaku Kenkyujo, 1984, pp. 4–5).

Saguchi Suguru, a prominent scholar of social security, maintains that the Beveridge Report was the model for postwar Japanese social security plans (Saguchi, 1960, p. 63). Matsuzaki Yasuko’s study asserts that the Social Security Plan, the first informal comprehensive social security plan, completed in July 1946 by a group of scholars as well as the *Essence of the Social Security System* was modeled after the Beveridge Report (Matsuzaki, 1993, p. 14).

Contrary to these conventional interpretations, a look at the premium contributions method, one of the central pillars in the Beveridge Report, leads to the conclusion that Japanese health insurance systems rejected outright the essence of the Report. Indeed, the postwar Japanese health insurance systems adopt flat-rate benefits and earnings-related contributions because of social policy considerations, a clear rejection of the flat-rate premium contributions for flat-rate benefits advocated in the Report. This is not just a simple difference from the premium contributions method. It throws up fundamental questions about the essence of social insurance, and ultimately, the power of the State and the relationship between the State and the individual.

Tomono Taketo, a Ministry of Health and Welfare officer who played an important role in formulating postwar health insurance programs, strongly emphasizes the importance of the insurance aspect of social insurance. “Social insurance must be ‘insurance.’ . . . Those who receive benefits and charity without making any contribution are nothing but beggars. In this sense, we should not turn social insurance into public assistance” (Tomono, 1951, p. 3). Some scholars argue that the Japanese people are not keen on the insurance concept that closely links premiums with benefits. Rather, they tend to consider premiums as a financial burden and benefits as benevolent government assistance. Reflecting this attitude, Japan’s social insurance tends to take on the guise of a means to assist the poor (Ujihara, 1950, pp. 12–13).

REEXAMINATION OF THE BEVERIDGE REPORT CONCERNING PREMIUM CONTRIBUTIONS

According to the Beveridge Report, social insurance is a way of fighting the five giant evils of “want, disease, ignorance, squalor, and idleness” (Beveridge, 1942, p. 6). The Report claims that social insurance should be a main pillar of social security. The crucial aspect of social insurance is how premium contributions are paid. The Report strongly insists that “the compulsory contribution required of each insured person or his employer is at a flat rate, irrespective of his means. All insured persons, rich or poor, will pay the same contributions for the same security” (Beveridge, 1942, p. 121).

In addition, the Report advocates that it is taxation rather than social insurance that should implement redistribution of wealth: “those with larger means will pay more only to the extent that as tax-payers they pay more to the National Exchequer and so to the State share of the Social Insurance Fund” (Beveridge, 1942, p. 121).

Many scholars believe that by recommending a universal principle of a national minimum standard of living as the right of the British people, the Beveridge Report aims to achieve a comprehensive social security scheme to free the whole nation from poverty (Sato & Kuroda, 1998, p. 105; Tokyo Daigaku Shakai Kagaku Kenkyujo, 1984, p. 4). The Beveridge Report states, "To prevent interruption or destruction of earning power from leading to want, it is necessary to improve the present schemes of social insurance . . . by extension of scope to cover persons now excluded" (Beveridge, 1942, p. 7). However, the Report does not necessarily recognize a universal right to a decent life. Public assistance implemented in the absence of premium contributions was only supplementary. Beveridge considered lazy people dependent on public assistance as liable to punishment. It was possible to exclude the very bottom layer of society even from public assistance (Kakita, 2001). Therefore, Beveridge underlined the importance of premium contributions. As a result, only those who could make premium contributions were able to receive social insurance benefits.

"Indeed the suggestion is made sometimes that social security should be financed only by taxation. . . . This suggestion . . . breaks with the contributory principle and logically, as is seen by some of its advocates, involves dropping the term 'insurance'" (Beveridge, 1942, p. 107). Beveridge believed that a clear distinction between a scheme funded in part by premium contributions and one wholly reliant on taxation would become a difference between social insurance and public assistance. "It [the contributory principle] is maintained as a central feature of the Plan for Social Security. . . . It is felt and rightly felt that contribution irrespective of means is the strongest ground for repudiating a means test" (p. 108). Moreover, Beveridge considered the premium contributions necessary to maintain the insurance nature of social insurance, claiming that the premium contributions should be a fundamental condition for receiving benefits as a right.

[T]he suggestion [that social security should be financed only by taxation] involves a departure from existing practice, for which there is neither need nor justification. . . . The scheme of social insurance which forms the center of the Plan for Social Security is based on maintenance of the contributory principle, that is to say, of the principle that a material part of the total cost of maintaining income under the plan shall be met from monies contributed by citizens as insured persons, on the basis of each individual paying the same contribution for the same rate of benefit. Contribution means that in their capacity as possible recipients of benefit the poorer man and the richer man are treated alike. (Beveridge, 1942, p. 108)

Beveridge valued the premium contributions because he wished to establish a social insurance system based on mutual assistance without the individual depending entirely on the State. His basic philosophy was to maintain the balance between contributions and benefits. "[W]hatever money is required for provision of insurance benefits, so long as they are needed, should come from a Fund to which the recipients have contributed and to which they may be required to make larger contributions if the Fund proves inadequate" (Beveridge, 1942, p. 12). In other words, he aimed for small government.

Beveridge clearly stated that increasing governmental subsidies without raising premium contributions as a measure to combat unemployment in the 1930s was "wrong in principle." The insured should not be too dependent on the State. "The insured persons should not feel that income for idleness, however caused, can come from a bottomless purse" (Beveridge, 1942, p. 12). Beveridge (1942) claimed that the State should assume appropriate responsibility, "The Government should not feel that by paying doles it can avoid the major responsibility of seeing that unemployment and disease are reduced to the minimum" (p. 12). The government should spend money wisely. He insisted that "the place for direct expenditure and organization by the State is in maintaining employment of the labour and other productive resources of the country, and in preventing and combating disease, not in patching an incomplete scheme of insurance" (p. 12).

Emphasizing the importance of being independent, Beveridge (1942) claims,

The citizens as insured persons should realize that they cannot get more than certain benefits for certain contributions, should have a motive to support measures for economic administration, should not be taught to regard the State as the dispenser of gifts for which no one needs to pay. (p. 108)

Warning against heavy dependence on the State, especially in financial terms, Beveridge intended to establish social insurance not as benevolence, but as a right. This intention is demonstrated by this statement: “By paying, not, indeed, the whole cost, but a substantial part of it as a contribution, he [the individual] can feel that he is getting security not as a charity but as a right” (Beveridge, 1942, p. 119).

As for public assistance, which is entirely funded by tax money, it is just “an essential subsidiary method in the whole Plan for Social Security” (Beveridge, 1942, p. 12). Further, “assistance will be available to meet all needs which are not covered by insurance.” Beveridge contended that it was necessary to compel people to recognize that public assistance was charity to prevent overdependence on the State. “It must meet those needs adequately up to subsistence level, but it must be felt to be something less desirable than insurance benefit; otherwise the insured persons get nothing for their contributions” (p. 141). Consequently, the Beveridge Report recommended the adoption of a means test: “Assistance therefore will be given always subject to proof of needs and examination of means” (Beveridge, 1942, p. 141). Because public assistance was nothing but a supplementary measure for social insurance, the core of social security, Beveridge made a strict distinction between social insurance and public assistance, and whether people made adequate premium contributions.

THE IMPACT OF THE BEVERIDGE REPORT ON JAPAN

The Ministries of Finance and the Navy managed to acquire copies of the Beveridge Report during the war. A limited number of social policy scholars, including Ohkochi Kazuo (a Tokyo Imperial University professor), Fujibayashi Keizo (a Keio University professor), and Hirata Tomitaro (a Waseda University professor) examined the Report (Murakami, 2000, p. 122). In spring 1944, the *Shakai Hoken Jiho* [Bulletin of Social Insurance], an official bulletin of the Health Insurance Bureau, published an article titled “Ei · Bivarijji no Shakai Hoshō Keikaku Tsuran,” written by Uchino Senichiro, a Health Insurance Bureau officer. The Ministry of Health and Welfare translated the Beveridge Report, and those who secretly conducted postwar planning are presumed to have read it during the war.

Immediately after the end of the war in September, Tomono, in a private capacity, published an article in the *Shakai Hoken Jiho*. This article was a draft proposal of measures designed to undergird people’s livelihoods in postwar Japan, based on the Beveridge Report. Tomono considered it necessary to devise such measures to ensure a national health care service through social insurance (Matsuzaki, 1993, pp. 8–10). Aoyanagi Ichiro, the Health Insurance Bureau Chief, immediately after the defeat in the war, also remarked in November 1957, “Utilizing the acquired knowledge [through analyzing the Beveridge Report], I remember I gave instructions to ensure people’s livelihoods after the defeat through social insurance at an officers’ meeting immediately after the end of the war” (Koseisho Hokenkyoku, 1958, p. 20). In other words, strongly influenced by Beveridge, the Health Insurance Bureau was convinced that social insurance should become the primary vehicle for improving life in the postwar era.

Many Japanese scholars believe that the national minimum standards of living advocated by the Beveridge Report guaranteed the right to live (Takeda, 1983, p. 137). Tamai Kingo (1992) argues this idea had a decisive significance on the development of Japan’s postwar social system in the form of a State guarantee of minimum standards of living based on Article 25 of the Japanese Constitution (p. 288).

The Beveridge Report, however, does not say that the State should guarantee “to maintain the minimum standards of wholesome and cultured living” as stipulated in Article 25 of the Constitution of Japan, but should only assume responsibility for the minimum security of fulfilling people’s basic needs (Tamai, 1992, p. 291). Beveridge gives priority to healthy fiscal conditions, and to maintain a balanced budget, the Report was open to decreasing the level of the minimum standards of living and preserving the self-help principle (Kono, 1987, p. 36). According to the Beveridge Report, “If social policy or financial stringency should dictate benefits on a lower scale, benefits and contributions could be lowered” (Beveridge, 1942, p. 14). As Takafuji Akira (1986) accurately points out, the core concept of the Report was the principle of individual responsibility in daily life, which would rival the principle of state responsibility adopted by the postwar Japanese social insurance system (p. 5).

Beveridge (1942) assumed that social security could provide only a “national minimum [and] it should leave room and encouragement for voluntary action by each individual to provide more than that minimum for himself and his family” (p. 7). The main issue at stake is the relationship between State and individual in terms of social security. The Beveridge Report stressed individuals’ propensity for self-help, independence, and self-responsibility if they pursued living standards above the minimum level (Kondo & Yoshida, 1950, p. 11).

Because Beveridge placed social insurance at the core of social security, the Report offered no guaranteed right to life for all people (Takeda, 1983, p. 137). Once the government established a comprehensive social insurance system, Beveridge intended to reduce public assistance as much as possible by stipulating stricter terms and conditions (Harris, 1997, p. 381). The method for accomplishing this is based on the idea that in a capitalist society, people may enjoy guaranteed minimum standards of living only if they faithfully comply with their obligation to make adequate premium contributions. It was coercive self-help (Kashino, 2001, pp. 160–161).

The Japanese Ministry of Health and Welfare bureaucrats and scholars who actively engaged in planning postwar health insurance systems rejected this core feature of the Beveridge Report and misconstrued the idea of national minimum security. In contrast to Beveridge’s emphasis on personal responsibility, Suetaka Makoto was one who insisted that social security should be a means to realize people’s right to life and the government should assume responsibility for achieving that realization (Hirata, 1974, pp. 14–15). These Japanese bureaucrats and scholars made the distinct choice of building a social security system inheriting parts of the prewar system, which was qualitatively different from the Beveridge Report (Tamai, 1992, pp. 12–13).

VARIOUS IDEAS FOR HEALTH INSURANCE PROGRAMS AND PREMIUM CONTRIBUTIONS

On February 15, 1946, five social policy scholars, Ohkochi, Suetaka, Hirata, Kondo Bunji (an Osaka Commerce University professor), and Sono Kanji (a Keio University professor), set up the Social Security Study Group, a private study group dedicated to seeking to make a modern health insurance system with universal coverage based on the Beveridge Report. On July 31, the group completed a Social Security Plan, the first comprehensive postwar social security plan in Japan that was more progressive in its outline than the Beveridge Report (Shakai Hoshō Kenkyūjo, 1975, pp. 159–161).

Instead of Beveridge’s grand principles of flat-rate benefits and flat-rate contributions, the Social Security Plan promoted an income-related contribution method due to “social policy considerations.” Also, under the Social Security Plan, employers would be compelled to pay the entire social security premium for low-income employees (Shakai Hoshō Kenkyūjo, 1975, p. 159).

Recognizing the importance of developing and strengthening social insurance to give people security throughout their lives, the government established a Committee for the Investigation of

Social Insurance Systems in March 1946, headed by Kanamori Tokujiro, a member of the House of Peers and former Chief of the Cabinet Legislation Bureau. This Committee was important because it played a central role in devising the first official proposal of postwar social insurance. In April, Health and Welfare Minister Ashida Hitoshi sent an official inquiry to this Committee: "What measures are required for developing and strengthening the social insurance system in order to deal with the future situation in Japan?" (Shakai Hoken Seido Chosakai, 1962, p. 3). By *future situation* Ashida was referring to economic hardship. On June 14 the Committee held its first meeting. At the meeting Ueyama Akira, the Health Insurance Bureau Chief, said, "We may devise a new comprehensive system along the lines of the British Beveridge Report. . . . We may refer to the Report, but we should make a system suitable for Japan's current situation" (p. 5). In other words, the Committee was free to ignore the ideas contained in the Beveridge Report. The Committee established subcommittees. The First Subcommittee was created to deal with the establishment of a social security system. The Second Subcommittee was invested with studying reform of the social health insurance system (Shakai Hoken Seido Chosakai, 1962, p. 10).

The first meeting of the Second Subcommittee was held on July 1, 1946. According to a synopsis of the meeting, someone voiced the opinion that "we should adopt a flat-rate standard remuneration. If this is difficult to achieve, we may have five or six levels of standard remuneration" (Shakai Hoken Seido Chosakai, 1962, p. 12). Because the standard remuneration was the basis for calculating the premium the insured people would pay into the social security system, the flat-rate standard remuneration was to mean that every insured person would pay the same premium. If there were several levels, the insured people's premiums would be largely proportional to their income. At this point, either case would be possible. On September 20, the Second Subcommittee proposed "integrating the Government-Managed Health Insurance with the National Health Insurance operated by regional associations." As for premiums, "there should be minimum premium levels for the regional associations." In other words, rejecting the Beveridge Report's major principle of a flat-rate premium, the Second Subcommittee adopted income-related premium contributions (Shakai Hoken Seido Chosakai, 1962, p. 14).

Based on this proposal, the Subcommittee submitted on October 8 "Ideas for Reform of the Current Social Insurance System" to the second general meeting of the Committee for the Investigation of the Social Insurance Systems. "There should be minimum levels of premium contributions." Some of the expressions were slightly different, but the contents were the same (Shakai Hoken Seido Chosakai, 1962, p. 24). On December 13, 1946, at the third general meeting, Shimizu Gen, a former director of the Social Insurance Bureau of the Ministry of Health and Welfare, said, "We had a debate on flat-rate benefits and flat-rate contributions. In the end, in order to achieve balance [among insured people] we have come to the conclusion that flat-rate benefits and income-related contributions will be better" (p. 46). At this meeting, the Subcommittee's recommendation was approved in its original form.

The first meeting of the First Subcommittee dealing with planning social security system was held on June 22, 1946. To draft a proposal for a broad new social security system for Japan, the Subcommittee designated a Draft Committee in which Suetaka, Kondo, and Sono played major roles. On August 17, this Draft Committee issued a proposal, based on the Beveridge Report, to provide flat-rate insurance benefits. As for the social security premium to be paid by Japanese workers, "All the Japanese people are responsible for premium contributions to this system and the amount of contribution will be largely dependent on their income," an idea in line with the Social Security Plan, but in opposition to Beveridge's basic principle of flat-rate contributions (Shakai Hoken Seido Chosakai, 1962, pp. 57-59).

The Draft Committee submitted its proposal to the Second Subcommittee on September 20, 1946. In regard to the premium contributions, surprisingly, the proposal was revised to reject the income-related contribution, reading instead, "The premium is largely flat-rate." The following condition was attached to the flat-rate premium. "As for those whose income exceeds or fails

to reach certain limits, we will consider each case separately” (Shakai Hoken Seido Chosakai, 1962, p. 62). Even with this condition, this is certainly a major conversion from income-related to flat-rate contributions. Available documents do not make clear why the Draft Committee’s proposal was changed to reject the income-related premium contribution. However, it is safe to say this change was the result of discussion and compromises within the Draft Committee between August 17, when the proposal was initially aired, and September 20, when a revised proposal was submitted to the First Subcommittee.

The Draft Committee finished a Second Draft on October 27, 1946. As for the premium contributions, the stipulation in the First Draft remained the same. However, the attached conditions were slightly different. “As for those whose earnings or assets exceed or fail to reach certain limits, we will consider these separately.” In other words, *income* changed into *earnings or assets*. This change meant another step in the direction of income-related or property-related premium contributions (Shakai Hoken Seido Chosakai, 1962, p. 67).

Because the Public Health and Welfare (PHW) section of SCAP, which was primarily responsible for overseeing social insurance programs in occupied Japan, was interested in Japan’s progress toward establishing a social insurance system, it held joint study meetings on social security systems with Japanese scholars and the Ministry of Health and Welfare officials seven times between June and August 1947 (Shakai Hoken Seido Chosakai, 1962, pp. 64–65).

Exchanging opinions with the PHW staff members led the Draft Committee members to consider financial matters seriously. On August 14, the fifth meeting of the First Subcommittee was held. To cover a large amount of necessary expenses, Kondo said, “As a matter of convenience, it is necessary . . . to categorize Japanese people.” If the First Subcommittee was willing to adopt a flat-rate premium contribution, it was not necessary to “categorize Japanese people.” Kondo intended to categorize them so that he could change the current flat-rate premium contribution to an income-related one. In addition, Shimizu proposed to amend the flat-rate contribution clause of the Second Draft. “How about making three different contribution rates for employees, the self-employed earning less than a certain income, and the unemployed?” (Shakai Hoken Seido Chosakai, 1962, p. 69).

Shimizu submitted “An Amendment Opinion for the Second Draft” in writing in which he proposed to divide Japanese people into three categories. “We will have three premium contribution rates for employees, those self-employed and the unemployed (excluding their family members) whose incomes are below the certain amount, and whose incomes exceed it” (Shakai Hoken Seido Chosakai, 1962, p. 74).

On September 18, 1947, the sixth meeting of the First Subcommittee was held where the officers submitted an Officer’s Draft (*Kanjian*). As for the premium contribution, the stipulation in the Second Draft was amended and returned to the version of the Second Subcommittee: “the contribution is largely proportionate to income.” As mentioned above, opinions and proposals by Kondo, Shimizu, and others in the fifth meeting of the First Subcommittee led to this amendment (Shakai Hoken Seido Chosakai, 1962, p. 72).

On September 22, 1947, the seventh meeting of the First Subcommittee was held where an Officer’s Second Draft (*Dai 2 Kanjian*) was examined. As for the premium contributions, the clause remained the same, and there was no move to revise this clause at the meeting (Shakai Hoken Seido Chosakai, 1962, pp. 78–79).

On October 8, *Dai 2 Kanjian* was submitted and examined at the fourth general meeting of the Committee for the Investigation of the Social Insurance Systems. Hara Taiichi, the chairman of the First Subcommittee, made a brief introduction of discussions on “the issue of premium contributions and benefits” at the Subcommittee.

First, under this system, the premium contribution is proportional to income, while the benefits are flat. Some Subcommittee members strongly insisted that we should not adopt an income-related premium

contribution system because it would be theoretically consistent to adopt a flat-rate contribution and flat-rate benefit system just like the British social security. The flat-rate contribution and flat-rate benefit system should be a main principle. (Shakai Hoken Seido Chosakai, 1962, p. 86)

Hara introduced another opinion that “we should make three or four stages for different amounts of contribution and benefits with setting maximal contribution and benefits” (Shakai Hoken Seido Chosakai, 1962, p. 86).

In his explanation of the Draft, Suetaka said, “The purport of this Draft largely follows the British social security system. . . . We employed few distinctively Japanese features” (Shakai Hoken Seido Chosakai, 1962, p. 88). However, as for the method of premium contribution, this Draft clearly deviates from the main principle of the Beveridge Report. Suetaka himself recognized this point.

What is different from the British system is that the British system, unlike ours, adopts the flat-rate benefits and flat-rate contribution system. At the time, we felt that we should also employ this system; however, a large amount of money would be necessary to operate our social security system. We pondered how we could prepare this fund. In the end, we have come to the conclusion that we have to rely on insured people’s premium contributions. If we adopt a flat-rate premium contribution approach, we will in fact face a lack of funds.” (p. 89)

Suetaka continued, “Social security benefits are a kind of ration to guarantee people’s minimum standard of living. Consequently, it is quite reasonable to adopt a principle of people’s capacity-related contribution system to secure adequate social security funds” (Shakai Hoken Seido Chosakai, 1962, p. 89). Suetaka revealed that “in the Second Draft, we employed a flat-rate contribution system. [In fact, this flat-rate contribution system was first adopted in the First Draft] . . . in today’s draft [the *Dai 2 Kanjian*], we advocate a contribution system proportionate to income” (Shakai Hoken Seido Chosakai, 1962, p. 90).

Noguchi Shozo, an executive director of the Life Insurance Association, harshly criticized the income-related premium contribution method.

I wonder if it is reasonable to have premium contributions proportional to income. As you explained, benefits are flat, while the premiums are widely different depending on income. If this is insurance, we must maintain an unalienable equilibrium between benefits and contributions. You just said that the Subcommittee also studied these points; however, because I do not know the contents of the study, I still have doubts, and there may be some room for further study. (Shakai Hoken Seido Chosakai, 1962, p. 97)

Noguchi was also apprehensive that this method might have bad effects on the individual-state relationship. “I hope you will pay serious attention to the establishment and operation” of this new social security system “so that it will not increase people’s dependence on the State greatly, nor will it discourage people from doing their best to come back from the bottom for themselves” (Shakai Hoken Seido Chosakai, 1962, p. 97). Noguchi worried about welfare dependence.

Losing a sense of discipline, the Japanese people as a whole might feel that they could have easy lives by receiving benefits from social insurance, rather than getting jobs or making an effort. This situation would be quite lamentable. If we plan to establish a social insurance system in the future, you’d better observe this issue seriously. (Shakai Hoken Seido Chosakai, 1962, pp. 97–98)

In response to Noguchi’s reasoned criticism, Suetaka was extremely illogical and mumbled incoherently,

According to the principle of equilibrium of benefits and contributions and, as Beveridge advocated, the idea of flat-rate contribution for flat-rate benefits, it is wrong to make contributions proportionate to income. However, on this point, Japan will foster a unique and new social security system. . . . Japan will have a unique social security philosophy in this respect and implement it. If we think this way, it is not wrong. You may consider it wrong, but it is not wrong at all. (Shakai Hoken Seido Chosakai, 1962, p. 99)

What Suetaka intended was to realize equality of outcome through income redistribution. Everyone should make a contribution in accordance with his or her capacity [income]. As a result, we will be able to guarantee people's living standards on an equal basis. This is a new philosophy, a guiding spirit in our Draft. This is, I believe, quite reasonable" (Shakai Hoken Seido Chosakai, 1962, pp. 99–100).

Kondo made a little more logical explanation. "Health Insurance adopts this [income-related premium contributions] principle: In today's Health Insurance, premium contributions are not flat, while the benefits are flat. You do not question this system, do you?" (Shakai Hoken Seido Chosakai, 1962, p. 104). Kondo's justification may also be flawed. Indeed, it was true that Japanese prewar health insurance systems failed to adopt a flat-rate contribution system, but Japan sought to establish a new social insurance system in the postwar era, and it was widely accepted that the Beveridge Report had a great impact on establishing new postwar Japanese health insurance programs. Nevertheless, "the flat-rate contributions for flat-rate benefits" principle, one of the Report's core principles, failed to register in postwar Japanese society. Discovering the reasons for this may make it possible to analyze the qualitative difference between the Beveridge Report and the postwar Japanese health insurance systems.

In the end, Kondo said, "judging from the current Japanese situation, we have come to the conclusion that it is reasonable to adopt income-related contributions for the flat-rate benefits" (1948, p. 338). Later, Kondo provided a more detailed explanation,

Today, we cannot afford our country's social security in the form of redistribution of income among workers demonstrated by the Beveridge Report. We have to move further to "reduce profits." Moreover, it is better to implement this directly through insurance premiums. Consequently, we have come to this conclusion. (1948, p. 339)

Kondo's meaning here is that income-related contributions were a means for income redistribution among social classes.

The fourth Committee for the Investigation of the Social Insurance Systems general meeting approved a provisional version of the Essence of the Social Security System mentioned above, the so-called Japanese version of the Beveridge Report, and submitted it to the Health and Welfare Minister on October 8, 1947. This was the first official social security plan in the postwar era. As for the premium contributions, it was stipulated that "the contributions should be essentially proportional to income" (Shakai Hoken Seido Chosakai, 1962, p. 115). Indeed, the Beveridge Report had a strong impact on the ideas that guided the development of Japan's postwar health insurance systems, but in contrast to Beveridge, premiums were to be designated in proportion to income.

The next section of this article analyzes the reasons why postwar Japan did not adopt a "flat-rate contribution," one of the central principles recommended in the Beveridge Report.

EMPHASIS ON PUBLIC ASSISTANCE IN EARLY POSTWAR JAPAN

In the prewar era, Japan had only a limited poor relief system. The government spent only a limited amount of subsidy for poor relief, without granting people the right to request relief. The

government assisted only those who could not survive on their own (Ishida, 1984, pp. 11–13). Because of defeat in the Asia-Pacific War, the Japanese people as a whole, regardless of prewar social status, were in desperate financial trouble immediately after the war.

In the face of massive war devastation and miserable living conditions, the Japanese government had to take emergency relief measures. Japan suffered from a lack of food during the war, and its troubles were compounded by a poor harvest in 1945. After the war, the problem of food deficiencies became much more serious. SCAP emphasized the importance of taking adequate measures to prevent the deterioration of Japanese living standards from developing into social upheaval. Facing Japan's serious situation immediately after the end of the war, SCAP had no choice but to start to provide the needy and poor with emergency relief services (Sakayori, 1960, pp. 104–105).

On October 16, 1945, SCAP sent a directive to the Japanese government in which SCAP presented “the principle of indiscriminate equality,” that is, assisting all the people based on the degree of their need without giving priority to military personnel (Suganuma, 2005, p. 108). In November, SCAP ordered the Japanese government to cease paying out for military pensions. This directive was a seismic event for the Ministry of Health and Welfare because 5.7 million military-related people stood to suffer a devastating loss of public support (Matsuzaki, 1993, p. 15). The Japanese government had to devise some means to aid demobilized soldiers to prevent them from engaging in postwar social agitation. Taking advantage of the new principle laid down by SCAP to extend assistance to the needy demobilized soldiers, the government implemented public assistance policies to cover all people indiscriminately (including the demobilized soldiers) (Anderson, 1996, p. 122). One of the biggest problems for the Ministry of Health and Welfare immediately after the war was a measure to assist the needy and poor (Hori, 1999, pp. 21–22). Postwar Japanese social security began as public assistance that eventually became a core of social security (Kojima, 1950, p. 7). SCAP also put an emphasis on public assistance in the postwar Japanese social security system (Kondo, 1960, p. 9–10).

On December 8, 1945, SCAP sent an Instruction Note (SCAPIN) 404, an official order concerning relief and welfare plans, to the Japanese government.

Imperial Japanese Government will submit to this headquarters, by 31 December 1945, a detailed and comprehensive plan for providing food, clothing, housing, medical care, financial assistance, and welfare services to unemployed and other needy persons in Japan during the period January-June 1946. (SCAPIN 404, December 8, 1945)

The Ministry of Health and Welfare tried to exclude the unemployed from a relief program; however, SCAP stepped further from the principle of indiscriminate equality in relief, regarding the unemployed who were capable of working as subjects for relief (Suganuma, 2005, pp. 117–120).

Mobilizing available economic resources in Japan on behalf of the poor and needy, SCAP aimed to establish a comprehensive relief policy by the first half of 1946. The SCAP Welfare Division that was responsible for welfare policies insisted on ensuring a relief budget even if the Japanese budget was in the red (Suganuma, 2005, pp. 118–119, 129). Devastation and miserable living conditions in postwar Japan along with SCAP's strong demands increased the importance of public assistance (Sorifu Shakai Hosho Seido Shingikai Jimukyoku, 1980, pp. 16–17).

On December 15, 1945, as an interim emergency measure, the Japanese government created a new relief program called the Emergency Life Assistance Guidelines for the Needy based on four principles: national responsibility for public assistance, indiscriminate equality, distinction between private and public matters, and unlimited necessary funds. Due to the lack of time to enact a new law, budgetary measures were used to create this relief program (Suetaka & Yasui, 1970, pp. 133–135). To prevent the poor and needy from turning into rabble that would engender social instability,

SCAP stressed the importance of the public assistance measures (Sakayori, 1960, p. 105). After receiving a series of directives from SCAP, the Japanese government drew up the Emergency Life Assistance Guidelines, one of the most important policies for guaranteeing a universal egalitarian minimum standard of living (Koyama, 1969, p. 15). The government implemented the Guidelines on April 1, 1946, providing assistance to 12.6 million people or 17 percent of Japan's population (Sorifu Shakai Hosho Seido Shingikai Jimukyoku, 1971, p. 59).

On February 27, 1946, SCAP sent SCAPIN 775 (an official order concerning public assistance), a request to the Japanese government to observe the four basic principles of the Emergency Life Assistance Guidelines (Sugiyama, 1995, p. 95). Accepting these four principles, the 90th Imperial Diet promulgated the Daily Life Security Law in September 1946, which was put into practice on October 1. This law assisted some 2.7 million people (Sorifu Shakai Hosho Seido Shingikai Jimukyoku, 1971, pp. 59–60).

Japan's postwar social security system began with public assistance programs that constituted the core of the system. SCAP played a primary role in creating these assistance programs (Amakawa, 1996, p. 4). During the war, the government ran a controlled economy and mandated equalized living standards (Sho, 1998, pp. iii–iv). In the postwar years, Japan pursued a social security system based on thorough egalitarianism, putting emphasis on achieving equality of outcome. In other words, the postwar social security sought to make sure that there would be no remarkable distinctions based on social class or income (Shakai Hosho Seido Shingikai Jimukyoku, 2000, p. 95). This principle of equality of outcome became a defining characteristic of Japan's postwar social security system.

The Ministry of Health and Welfare valued the Daily Life Security Law as a measure that replaced discontinuation of the military pension (Kondo, 1960, p. 11). This Law had a great impact on postwar Japanese social insurance. Postwar social disorder and inflation disturbed the operation of the social insurance programs. The Emergency Life Assistance Guidelines for the Needy and the Daily Life Security Law were meant to be a temporary measure (Murakami, 1987, p. 274). They, however, became the basis for the later development of social security, instilling a strong strand of public assistance into the postwar social security system.

Social insurance during hard times tended to acquire the nature of public assistance. As Beveridge (1942) correctly points out, the State should implement redistribution of income through taxation. Using insurance as a means of providing mutual assistance among specific group of people should not be used as a means of income distribution because it misses the core purpose of insurance. Beveridge's principle of "flat-rate contributions for flat-rate benefits" assumes that the insured people are independent minded and have an equal duty to make premium contributions and an equal right to receive benefits. The State plays the role of coordinating this duty and right on a national level. But this is much different from having a centralized, government-run public assistance program on which people come to depend, which Beveridge opposed.

The principle of personal responsibility runs through the Beveridge Report. The presumption is that the State will not provide people with free social security benefits. In contrast to the principles and ideas contained in the Report, Japan's income-related premiums clearly demonstrate that the principle of State responsibility has become fundamental to postwar Japanese health insurance systems. In the Japanese case, the State is responsible for guaranteeing people's right to life and a national minimum standard of living. The degree of people's dependence on the State intensifies to form a larger-scale and more centralized government. This state of dependence as it has developed in Japan stands squarely against one of the core principles of the Beveridge Report (Takafuji, 1986, pp. 4–5).

The Beveridge Report advocated flat-rate premium contributions for flat-rate benefits. It assumed the existence of independent-minded people making premium contributions. Nevertheless, postwar Japanese health insurance proposals allegedly influenced by Beveridge were strongly tilted in the direction of public assistance despite using the same term *social insurance*. Starting

with Tomono's proposal in 1944, the idea of taking advantage of social insurance to give people security in their lives ran through the thinking that guided the development of Japan's social insurance system in the postwar years. This postwar system sealed off the principles of insurance and self-help that were intrinsically inherent in social insurance; it only emphasized the public assistance aspects of social insurance.

CONCLUDING OBSERVATIONS

Allegedly, outside of Great Britain, no other country was more influenced by the Beveridge Report than Japan. However, after World War II, Japanese health insurance systems adopted flat-rate benefits and earnings-related contributions, a clear rejection of the flat-rate premium contributions for flat-rate benefits advocated in the Report. This is not just a simple difference from the premium contributions method; it leads to fundamental questions concerning the power of the State and the relationship between the State and the individual.

Facing Japan's serious situation immediately after the end of the war, SCAP had no choice but to start to provide the needy and poor with emergency relief services. One of the biggest problems for the Ministry of Health and Welfare immediately after the war was a measure to assist the needy and poor. Postwar Japanese social security began as public assistance that virtually became a core of social security. Postwar social disorder and inflation disturbed the operation of the social insurance programs. Although the Emergency Life Assistance Guidelines for the Needy and the Daily Life Security Law were meant to be a temporary measure, they became the basis for the later development of social security, instilling a strong strand of public assistance into the postwar social security system.

Social insurance during hard times tended to acquire the nature of public assistance. Using insurance as a means of providing mutual assistance among specific group of people should not be used as a means of income distribution because it misses the core purpose of insurance. Beveridge's principle of "flat-rate contributions for flat-rate benefits" assumes that the insured people are independent minded and have an equal duty to make premium contributions and an equal right to receive benefits. The State plays the role of coordinating this duty and right on a national level.

The principle of personal responsibility runs through the Beveridge Report. The presumption is that the State will not provide people with free social security benefits. In contrast to the principles and ideas contained in the Report, Japan's income-related premiums clearly demonstrate that the principle of State responsibility has become fundamental to postwar Japanese health insurance systems.

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