

THE 1922 JAPANESE HEALTH INSURANCE LAW:

TOWARD A CORPORATIST FRAMEWORK



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ABSTRACT

The main research question addressed in this paper is: What was the primary impetus behind the emergence of corporate health insurance associations as health insurers in 1922? My hypothesis is that greatest proponents of the bill were chiefly concerned with the integration of major corporations into a corporatist framework established by the introduction of the Health Insurance Law. The government reined in the power of these corporations by providing them with financial, legal, managerial, and other incentives, while imposing legal constraints on the corporations so that the government was able to manage their behavior. The enactment process, initiated and led by the government, of the Japanese Health Insurance Law established a corporatist framework consisting of big corporations and the Japan Medical Association. This paper focuses on how big businesses were incorporated into this framework.

INTRODUCTION

What was the significance of the emergence of corporate health insurance associations (*kenkō hoken kumiai*; CHIAs) as health insurers in 1922? CHIAs are legally defined public corporations consisting of a committee of corporate officials and labor representatives that administers the company-based health insurance programs stipulated by the Health Insurance Law. My hypothesis is that the government integrated major corporations into a corporatist¹ framework established by the introduction of the Health Insurance Law. It accomplished this by providing these corporations

¹ Philippe C. Schmitter, among the most important of corporatism theorists, claims that “a system of interest representation (...) is recognized or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports.” Philippe C. Schmitter, “Still the Century of Corporatism?,” *The Review of Politics* 36.1 (1974): 93-4.

The above image, provided kindly by the National Diet Library, depicts the Ministry of Agriculture and Commerce, responsible for drafting the Health Insurance Law of 1922.

with financial, legal, managerial and other incentives, while imposing legal constraints on them so that the government was able to manage their behavior. Japan's health insurance system in the 1920s may be characterized as "corporatism without labor,"² that is, a corporatist socioeconomic system in which big labor does not play a significant role. The major components of the health insurance system in Japan consisted of big corporations and the Japan Medical Association, a special interest group initiated and led by the government. This paper focuses on how big corporations were integrated into this same framework.³ The corporatist framework had three major characteristics. First, participants were to contain their conflicts by sharing common interests. Both the state and big corporations sought to have stable labor-management relations and to secure a healthy labor force. Second, a coordinator was essential to manage participants' interests. The state played this role by providing the corporate managers with government subsidies, the legal authority to collect pre-determined premiums from workers, control of CHIAs' management, relief from the sole responsibilities for work-related accidents, and other benefits. Third, the corporatist framework was legally defined and participants were legally legitimate components of this framework. CHIAs controlled by corporate managers were legally defined public corporations with rights and obligations stipulated in detail by the Health Insurance Law. Shedding light on the government-business relationship in the enactment process of the Health Insurance Law, this paper seeks to verify that one of the primary significances of this law was to integrate big corporations into this corporatist framework.

Japanese health insurance comprised two programs: a government-managed health insurance program for which the government was the insurer and an association-managed health insurance program for which CHIAs were the insurers. The government licensed the CHIAs to be the sole insurers of the association-managed health insurance program. The

government provided these corporate managers with various incentives to transform their private mutual aid associations (*minkan kyōsai kumiai*; PRMAAs) into CHIAs. PRMAAs were company-based voluntary associations formed by workers and employers to provide workers and their families with insurance for various mishaps, such as sickness, injury, or death, and as a subsidy for childbirth costs. In return, the government imposed a legal requirement to observe the national standard of management systems and to raise the level of their current benefits legally stipulated by the Health Insurance Law of 1922. This paper analyzes the process and reasons for this transformation to verify and confirm the hypothesis that the government integrated major corporations into a corporatist framework by providing them with incentives, while imposing legal requirements on these corporations so that the government was able to manage their behavior.

PREVIOUS STUDIES

Japanese labor history in the early 20th century is an important topic of scholarly interest. Sheldon Garon emphasizes the importance of a new generation of "social bureaucrats" in the Home Ministry and *Kenseikai* (the Association for Constitutional Government), and later *Rikken Minseitō* (the Constitutional Democratic Party), which came into existence in 1927, and argues that they tried to establish representatives of labor as legitimate institutional authorities in modern society.⁴ Unfortunately, Garon does not apply his hypothesis to the evolution of Japanese health insurance. Andrew Gordon has researched the political role that Japan's working class played in the 20th century,⁵ but he does not analyze how the working class contributed to the development of Japanese health insurance. Although the enactment of the Health Insurance Law is a noteworthy development in Japanese history, it has been understudied in the English-language literature. Aside from a brief survey of the historical development of Japanese health insurance,⁶ there are very few

² T.J. Pempel and Keiichi Tsunekawa, "Corporatism Without Labor? The Japanese Anomaly," in *Trends toward corporatist intermediation*, ed. C.P. Schmitter and C. Lembruch (Beverly Hills: Sage Publications, 1979).

³ A prior study has examined in detail the process of how the Japan Medical Association was integrated into this corporatist system. Yoneyuki Sugita, "Washington Taisei to Kenkō Hoken Seido no Rendō – Seifu to Ishikai no Kōporatizumuteki Kankei Keisei Katei wo Chūshin ni shite" (Interconnectedness between the Washington System and the Health Insurance System – On the Formation Process of the Corporatist Relationship between the Government and the Japan Medical Association), in *1920 Nendai no Nihon to Kokusai Kankei* (Japan and International Relations in the 1920s) (Yokohama: Shumpūsha, 2011), 11-50.

⁴ Sheldon Garon, *The state and labor in modern Japan* (Berkeley and Los Angeles: University of California Press, 1987).

⁵ Andrew Gordon, *Labor and Imperial Democracy in Prewar Japan* (Berkeley and Los Angeles: University of California Press, 1991).

⁶ Naoki Ikegami, "Japan: Maintaining Equity through Regulated Fees," *Journal of Health Politics, Policy and Law* 17.4 (1992); Naoki Ikegami and Toshihiko Hasegawa, "The Japanese Health Care System: A Stepwise Approach to Universal Coverage," in *An International Assessment of Health Care Financing: Lessons for Developing Countries*, ed. David W. Dunlop and Jo M. Martins (Washington, DC: World Bank, 1995); Tetsuo Fukawa, *Public Health Insurance in Japan* (Washington, DC: World Bank

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English-language empirical studies using Japanese primary sources. In contrast, this paper focuses on the enactment process of the Health Insurance Law, Japan's first form of social insurance, primarily based on an examination of the official minutes of a series of important meetings during the process of formulating the Health Insurance Law and related edicts in the 1920s (compiled in *Kenkō Hoken Hō Shikō Keika Kiroku* [Documents Related to the Implementation Process of the Health Insurance Law] and *Kenkō Hoken Sanjūnen Shi* [A Thirty-Year History of Health Insurance]), along with other available sources.

Several distinguished scholarly works written in Japanese have examined why the Health Insurance Law came into existence. Takashi Saguchi's pioneering works straightforwardly assert that the main aims of the enactment of the Health Insurance Law were to mitigate fierce labor-management disputes and to implement rapid recovery of employees' capacity to work.⁷ Developing Saguchi's thesis more fully, Masayuki Sakaguchi argues in his monumental work *Nihon Kenkō Hoken Hō Seiritsu Shi Ron* [The History of the Creation of Japan's Health Insurance Law] that the health insurance system served primarily as an industrial harmonizing measure to advance labor efficiency, to promote a more congenial relationship between corporate managers and workers, and to foster national core industries.⁸ The passage of the 1922 Health Insurance Law is considered above all to be an important political development; it was a social policy, a conciliatory measure in response to the growing power of the working class, the rise of the labor movement, and the development of working-class consciousness.⁹

In contrast, some scholars have questioned whether the 1922 Health Insurance Law was truly a critical social policy development. It has been argued that although Japan's post-World War I labor movement was aggressive and broad-based, government officials were little concerned that increasingly frequent labor disputes would metamorphose into a revolution, because the country's industrial structure was still small, rudimentary, and centered on light industry.

Institute, 2002).

⁷ Takashi Saguchi, *Nihon Shakai Hoken Shi* (The History of Japan's Social Insurance) (Tokyo: Nihon Hyōronshinsha, 1957); Takashi Saguchi, *Nihon Shakai Hoken Seido Shi* (The History of Japan's Social Insurance System) (Tokyo: Keisō Shobō, 1977).

⁸ Masayuki Sakaguchi, *Nihon Kenkō Hoken Hō Seiritsu Shi Ron* (The History of the Creation of Japan's Health Insurance Law) (Kyōto: Kōyō Shobō, 1985).

⁹ Makoto Ikeda, *Nihonteki Kyōchō Shugi no Seiritsu* (The Formation of Japanese Cooperatism) (Kyōto: Keibunsha, 1982); Mariko Nishimura, "Nihon Saisho no Kenkō Hoken Hō (1922 nen) no Seiritsu to Shakai Seisaku" (The Formation of Japan's First Health Insurance Law (1922) and Social Policies), *Mita Journal of Economics* 83 (1990): 138-54; Sumiko Kōno, "Kenkō Hoken Hō Seiritsu Katei no Shiteki Kōsatsu" (The Historical Analysis of the Formation Process of the Health Insurance Law), *Shakai Kankyō Kenkyū* 1 (1996); Hidehiko Kasahara, *Nihon no Iryō Gyōsei* (Japan's Health Policy) (Tokyo: Keiō Gijyū Daigaku Shuppankai, 1999); Kenji Yoshihara and Masaru Wada, *Nihon Iryō Hoken Seido Shi* (The History of Japanese Health Insurance Systems) (Tokyo: Tōyō Keizai Shimpōsha, 1999).

This group was convinced that the Japanese government was not indifferent to labor agitation, but believed it could be constrained. According to this view, the government looked to advanced Western countries, especially Germany, to study precedents of dealing with the rise of labor disputes and devised the Health Insurance Law as a preemptive measure to contain radicalization of the labor movement.¹⁰

A third scholarly view, held by Michi Nakashizuka, a prominent political scientist, argues that because Prime Minister Takashi Hara had little sympathy for social policy ideas, what he actually had in mind in promoting the Health Insurance Law was, in large part, a political measure devised to curb the growing power of a major opposition party, *Kenseikai*.¹¹

Previous studies of the 1922 Health Insurance Law tend to attribute its passage to either government/corporate managers' desires to appease or preempt labor, or to conflict between political parties. This paper does not undervalue the importance of the rise of labor power or party politics; however, a focus on the emergence of CHIAs as health insurers, a process by which the government induced the corporations to convert PRMAAs into CHIAs, finds that the government aimed to integrate major corporations into a kind of corporatist framework to manage their behavior. Previous studies tend to pay much attention to labor-management relations or methods of containing the labor movement, while this paper examines an aspect of government-business relations.

Before the advent of CHIAs, PRMAAs played a pioneering role in the creation of health insurance. Big corporations tended to use PRMAAs since they began to appear in Japan in the late 1880s. Saguchi has offered an insightful suggestion about why the government endeavored to transform PRMAAs into CHIAs under the Health Insurance Law: "It is possible to imagine that the government introduced a new organization such as CHIAs in order to reorganize PRMAAs and place them under the supervision of bureaucrats."¹² This is a crucial point, but, unfortunately, Saguchi merely makes this observation without any elaboration. Agreeing with Saguchi's observation, Sakaguchi explains why this transformation and the intensification of supervision were necessary. He argues that stronger government supervision was necessary to secure the financial stability of the CHIAs and a legal guarantee of the insured workers' rights to receive their benefits, as well as to participate in the management and operation of the CHIAs. In other words, Sakaguchi insists that this transformation was necessary to accommodate the surge of labor movements and workers' increasing awareness of their rights.¹³

¹⁰ Kazuhiko Yokoyama and Hidenori Tada, *Nihon Shakai Hoshō no Rekishi* (The History of Japanese Social Security) (Tokyo: Gakubunsha, 1991), 45-6.

¹¹ Michi Nakashizuka, *Iryō Hoken no Gyōsei to Seiji* (Administration and Politics of Health Insurances) (Tokyo: Yoshikawa Kōbunkan, 1998), 78-9.

¹² Saguchi, *Nihon Shakai Hoken Shi*, 142.

¹³ Sakaguchi, *Nihon Kenkō Hoken Hō Seiritsu Shi Ron*, 190, 196,

Sakaguchi understands the significance of Saguchi's suggestion; however, he seems to exaggerate the growing power of the working class. Sakaguchi argues that the rise of labor power during the World War I period seriously and rapidly destabilized the labor-management relationship. In response to this grave situation, according to Sakaguchi, the government made every effort to expedite the passage of the Health Insurance bill as an important part of achieving industrial harmony.¹⁴ Indeed, the government accelerated the process of the examination and discussion on the Health Insurance bill to such an extent that it took just over four months from committee consultation over the new bill to the passage of the Health Insurance Law in April 1922. If the threat of rising labor power was imminent, the government should have implemented this law immediately; however, strangely, it took another four years and eight months to put this law into force on January 1, 1927.

If the government had truly feared an impending crisis due to the danger of the radical labor movement, it would have been forced to address the legalization of labor unions, the establishment of unemployment insurance, wage increases, and the reduction of working hours, in which workers had demonstrated a great interest, rather than health insurance, to which workers did not pay much heed.¹⁵ In reality, although workers did not make outright demands for the establishment of a health insurance system, the government nonetheless began to consider it.¹⁶ It was a top-down and preventive measure.¹⁷ Rather than control the rise of the labor movement, the government sought to manage freewheeling and paternalistic corporate managers' behavior through the enactment of the Health Insurance Law. The government co-opted major corporations under the umbrella of CHIAs. It achieved supervisory control by offering corporate managers incentives to transform their PRMAAs into CHIAs. At the same time, the government's other goal was to impose the legal requirement on corporate managers to observe the standard of management specified in the Health Insurance Law and to provide workers with appropriate insurance benefits as stipulated by the Law for companies that create CHIAs. In other words, by turning PRMAAs into CHIAs, those corporations were co-opted into a corporatist framework. The following sections analyze in detail the process and reasons for this transformation from PRMAAs into CHIAs.

208-12.

¹⁴ *Ibid.*, 6, 175.

¹⁵ Fumito Tsuchiana, *Shakai Seisaku Seido Shi Ron* (The History of Social Policies System) (Kyōto : Keibunsha, 1990), 463.

¹⁶ Tadashi Satō, *Hoken Seido to Kokumin Hoken* (Insurance System and National Health) (Tokyo: Ryūginsha, 1943), 101.

¹⁷ Ryōichi Miwa, "Rōdō Kumiai Hō Seitei Mondai no Rekishiteki Ichi" (Historical Significance of Issues of Enactment of the Labor Union Law), in *Ryō Taisenkan no Nihon Shihonshugi*, ed. Yoshio Ando (Tokyo: Tokyo Daigaku Shuppankai, 1979), 283. Miwa uses the term "a conceptual threat."

BACKGROUND OF JAPANESE HEALTH INSURANCE PROGRAMS

During the development of industrial capitalism in Japan, the sufferings of factory laborers were profound: extremely long working hours, ill treatment of children and female workers, and little if any compensation for work-related injury, disease, or death. The Japanese parliament (the Imperial Diet) enacted the Factory Law in 1911 to protect workers, especially children and women, from a variety of employment abuses and to stem labor unrest in factories employing 15 or more workers. One important requirement of the Factory Law was that employers were made responsible for the compensation of workers who suffered work-related health problems or death.

In the period after World War I, inflation stirred labor unrest in Japan. The number of labor disputes, as well as worker participation in these disputes, skyrocketed. In 1918, the last year of the war, there were over 400 labor disputes involving more than 66,000 participants. By 1919 the number of both labor disputes and participants in them quintupled.¹⁸ In this climate PRMAAs began to spread in Japan. By May 1919 a survey conducted by the Ministry of Agriculture and Commerce found PRMAAs at over 500 industrial and mining companies, including Mitsubishi Nagasaki Shipyard, Yahata Steel Works, and Fuji Paper Company. Because PRMAAs were managed primarily by corporate managers with little employee participation, benefits were provided not as employees' rights, but as relief, and they were substantially financed by the corporations; these associations were paternalistic organizations. In response to intensifying labor unrest after World War I, corporate managers tried to use the PRMAAs to restore stable labor-management relationships.¹⁹

Japan's organized political parties also responded to the labor unrest in various ways, eventually coalescing around health reforms. In February 1920 *Kenseikai*, a major opposition party, submitted a bill to the Imperial Diet to establish broad-based sickness insurance, the first proposed legislation of its kind in Japanese history. *Kenseikai's* objective was to promote the party's social policy and use the bill's submission to attract public attention and support the party's expansion in urban areas.²⁰ The bill designated the government as the only insurer; in effect, the party advocated a government-run health insurance program, a groundbreaking proposal for its time. The bill addressed the existence of not only PRMAAs but also public mutual aid associations (*kangyō kyōsai kumiai*; PMAAs), which were formed for the benefit of employees in government agencies and public-sector corporations. PMAAs included such associations as the Japan Railways Mutual Aid Association and the Japan Police Personnel Mutual Aid Association. *Kenseikai's* bill exempted both PRMAAs and

¹⁸ Fumito Tsuchiana, "Daiichiji Taisengo no Shakai Seisaku no Tenkai" (Development of Social Policies after World War I), *Takushoku Daigaku Ronshū* 115 (1978): 88.

¹⁹ Sakaguchi, *Nihon Kenkō Hoken Hō Seiritsu Shi Ron*, chapter 1.

²⁰ Kasahara, *Nihon no Iryō Gyōsei*, 81.

PMAAs from its sickness insurance program as long as they provided benefits that were equal to or better than benefits provided by the proposed government insurance.²¹ However, because Prime Minister Hara, head of the *Rikken Seiyūkai* (the Constitutional Association of Political Friends), dissolved the House of Representatives on February 26 to deflect legislative consideration of a universal male suffrage bill proposed by the opposition parties, *Kenseikai's* sickness insurance bill was never deliberated upon.

In May 1920 Japan held a general election. *Rikken Seiyūkai* won a landslide victory, taking the majority of seats in the Lower House (278 out of 464 seats). With this majority, the Hara cabinet, which remained in power, spearheaded the enactment of its own health insurance initiative, which passed and became the Health Insurance Law of 1922. Unlike *Kenseikai's* single insurer scheme, the Health Insurance Law created two insurers, the government and CHIAs. Consequently, under the Health Insurance Law, two separate insurance programs came into existence: government-managed health insurance and association-managed health insurance. Both programs provided insurance for work-related and non-work-related injury, disease, and death, and provided subsidies for childbirth costs. Also, both covered employees of mining and factory companies using the definition of mining and factory employees as set forth in Japan's Factory Law and the Mining Law, for a total of about two million workers. As stated in the new Health Insurance Law, those mining and factory companies with 300 or more employees were eligible to establish association-managed health insurance, while companies employing fewer than 300 workers were eligible to join government-managed health insurance. Choosing either health insurance approach was not mandatory for companies, but rather a voluntary decision. Under the Health Insurance Law the government provided financial incentives, including government subsidies, to encourage them to do so. The law also gave the government the authority to compel companies with 500 or more employees to establish their own association-managed health insurance at their own discretion.

The government provided subsidies for both programs – one-tenth of the actual insurance expenses, with an upper limit of two yen per person per year. The government explicitly intended this subsidy only for administrative expenses. Under the Health Insurance Law, both programs were required to fully insure the cost of medical treatment. The insurance covered up to 180 days of treatment for a single work-related injury or disease and a maximum of 180 days per year for a combination of non-work-related injuries and disease. In addition, the law required both programs to provide workers who were absent from work due to a single period of sickness or injury with 60% of their standard remuneration for up to 180 days or a maximum of 180 days per year of insurance

²¹ Ōhara Shakai Mondai Kenkyūjo, *Nihon Rōdō Nenkan Dai 2 Shū/1921 nen Ban* (Japan's Labor Year Book Vol. 2/1921 Version) (Tokyo: Hōsei Daigaku Ōhara Shakai Mondai Kenkyūjo, 1921), 487.

protection for non-work-related sickness or injury.²²

One of the major differences between the *Kenseikai's* sickness insurance bill and the *Rikken Seiyūkai's* Health Insurance Law was the treatment of PRMAAs. The former exempted PRMAAs from its proposed sickness insurance bill, while the latter transformed them into CHIAs instead of exempting them from the law. This transformation constituted one of the most heated debates in the process of enacting the Health Insurance Law. The following sections will explore why and in what ways the law transformed PRMAAs into CHIAs.

DENIAL OF EXEMPTION FOR PRIVATE MUTUAL AID ASSOCIATIONS

Around the same time that *Kenseikai* was advancing the campaign in support of national sickness insurance, Prime Minister Hara was working his way toward accepting the need for a comprehensive investigation of the lack of social insurance for workers, partly to mitigate economic hardship and socialist ideological tendencies that had gathered strength after the end of World War I and partly to offer a counter-proposal to *Kenseikai's* sickness insurance bill.²³ The Ministry of Agriculture and Commerce, the Home Ministry, and the Ministry of Posts and Telecommunications had each been studying labor and sickness insurance, but not at first with the intention of suggesting health insurance legislation. The Ministry of Agriculture and Commerce took the lead in studying the issue in a more systematic manner, establishing, in August 1920, a Labor Section within its Engineering Bureau to integrate the studies that had been done separately by different ministries. The Labor Section went on to assume exclusive responsibility within the Japanese government for the protection of workers by studying and preparing new laws for labor insurance and labor dispute adjustments.²⁴

The Hara cabinet examined various labor legislative proposals, including legalizing labor unions and health insurance. Because labor-related legislative initiatives other than the health insurance program were likely to precipitate severe labor-management disputes, the Hara cabinet decided to support a less controversial health insurance program that had been examined and promoted by the Ministry of Agriculture and Commerce.²⁵

²² Kōseishō Hokenkyoku ed., *Kenkō Hoken Sanjūnen Shi, Jōkan* (A Thirty-Year History of Health Insurance, Volume One) (Tokyo: Zenkoku Shakai Hoken Kyōkai Rengōkai, 1958), 494-5.

²³ Kyōchōkai ed., *Saikin no Shakai Undō* (Recent Social Movements) (Tokyo: Kyōchōkai, 1929), 794. The Hara cabinet did not simply adopt the *Kenseikai* bill although the government's health insurance idea was not fundamentally different from the *Kenseikai* bill. The government modified *Kenseikai* bill in a more conservative way. For example, the government's bill did not exempt PRMAAs from the law and provided only a 10 percent subsidy, while *Kenseikai* exempted PRMAAs and provided a 20 percent subsidy.

²⁴ Kōseishō Hokenkyoku ed., *Kenkō Hoken Sanjūnen Shi, Jōkan*, 180.

²⁵ Tadashi Satō, *Hoken Seido to Kokumin Hoken* (Insurance

The Ministry of Agriculture and Commerce, however, was poorly prepared to devise the nation's first-ever health insurance program because fundamental statistics necessary for drawing up a blueprint, such as data related to the number of workers, wages, and rates of illness, were largely unavailable.²⁶ Consequently, the ministry conducted demographic surveys from September 1920 to July 1921 to collect important pieces of missing health data. The ministry used it to formulate the outline of a health insurance bill (in effect, a draft bill) consisting of 94 articles in November 1921. This outline became the basis for the Health Insurance Law that was passed in 1922, but over the course of nearly a year prior to passage the draft bill was debated at multiple levels of government, resulting in the major changes discussed below.

In December 1921 the Ministry of Agriculture and Commerce established an Investigation Committee for Labor Insurance to seek advice on labor insurance, in which the Engineering Bureau, especially the Labor Section, played a key role. The Investigation Committee consisted of more than 30 members, including the Vice Minister of the Ministry of Agriculture and Commerce as its President, as well as other high-ranking officials such as the Director of the Engineering Bureau (Takahide Shijō), the Director of the Health and Medical Bureau of the Home Ministry (Shigenosuke Ushio), the Director of the Financial Bureau of the Ministry of Finance (Giichi Ono), Diet members such as Tasuku Egi (*Kenseikai*, a member of the House of Peers and a former Home Ministry official), and intellectuals such as Kiyosuke Awatsu, a business executive and insurance scholar, and Shōzaburō Mori, a Tokyo Imperial University professor.²⁷ The committee's first task was to examine the outline of the health insurance bill.

According to the outline, managers of big private corporations covered by the Factory Law or the Mining Law, with 300 or more employees and with PRMAAs, had three choices: (1) to transform their PRMAAs into CHIAs, as encouraged by the government's incentives; (2) to have their employees join the government-managed health insurance program; or (3) for those with 500 or more employees to become subject to the government's discretionary authority to order the conversion of PRMAAs into CHIAs. In other words, big corporations essentially had no option to exempt their PRMAAs from the Health Insurance Law. Some big corporations covered by the Factory Law or the Mining Law such as *Kanebō*, a major spinning and textile company, strongly opposed the conversion.²⁸ Conversion of PRMAAs into CHIAs thus became one of the most controversial issues

taken up by the Investigation Committee.

The debate in the Investigation Committee on this issue revealed that the Ministry of Agriculture and Commerce was unhappy with the low level of benefits offered by most company-based PRMAAs. The ministry's discontent is clear from a reading of various statements by ministry officials, who in general considered it imperative to compel corporate managers to improve the level of health insurance protection. Keinosuke Zen, the Labor Section Chief, said at a meeting in January 1921: "According to surveys conducted by the ministry in 1917 and 1920, there existed approximately 600 PRMAAs, but most of them are just like social clubs providing congratulatory or condolence payments. Only about 45 PRMAAs have appropriate systems and function as mutual aid associations."²⁹ In terms of range of coverage, many PRMAAs offered insurance protection against a wide variety of accidents such as sickness, injury, physical disability, family accidents, natural disasters, and military enlistment. However, in terms of sickness, Zen revealed that "very few PRMAAs offer benefits better than those of the health insurance" that was now under consideration by the Investigation Committee.³⁰ Consequently, the Ministry of Agriculture and Commerce began to discuss the possibility of raising the level of sickness benefits from the majority of PRMAAs up to the national standard set by the outline of the health insurance bill by converting them into CHIAs.

At the same time, the question of why the government would treat PRMAAs and PMAAs differently under the bill was raised inside the Investigation Committee. When Egi specifically asked why PMAAs were exempted from the bill, Zen replied that PMAAs "had extensive experience and their financial foundation was safe. . . . Because PMAAs have a solid [legal, financial, and organizational] base for their insurance system, we will not apply this law to them." Egi replied with a logical argument: "If the PRMAAs have a solid base . . . they should also be exempted."³¹ Agreeing with Egi, Awatsu said, "Some PRMAAs such as the *Kanebō* Association are excellent . . . [and] if the PMAAs are to be exempted, it is necessary to maintain a balance by exempting the PRMAAs as well."³² While the Ministry of Agriculture and Commerce was focused on the majority of PRMAAs that provided inadequate benefits, Egi and Awatsu argued for symmetrical treatment by focusing on a few exceptionally good PRMAAs that offered equal or better benefits than those contained in the outline of the health insurance bill. Because some PRMAAs and some PMAAs provided reasonably good insurance, Egi and Awatsu suggested that the key to resolving the controversy over compulsory conversion of PRMAAs into CHIAs was to exempt or not exempt both PMAAs and PRMAAs from the law on an equal basis.

The arguments of Egi and Awatsu quickly convinced the

System and National Health) (Tokyo: Ryūginsha, 1939), 101; Nishimura, "Nihon Saisho," 148.

²⁶ Shakaikyoku Hokenbu, *Kenkō Hoken Hō Shikō Keika Kiroku* (Documents Related to the Implementation Process of the Health Insurance Law) (Tokyo: Shakaikyoku Hokenbu, 1935), 23.

²⁷ Kōseishō Hokenkyoku ed., *Kenkō Hoken Sanjūnen Shi, Gekan* (A Thirty-Year History of Health Insurance, Volume Two) (Tokyo: Zenkoku Shakai Hoken Kyōkai Rengōkai, 1958), 1346-8.

²⁸ Saguchi, *Nihon Shakai Hoken Seido Shi*, 153-6.

²⁹ Shakaikyoku Hokenbu, *Kenkō Hoken Hō Shikō Keika Kiroku*, 117-8.

³⁰ *Ibid.*, 118.

³¹ *Ibid.*, 33-4.

³² *Ibid.*, 80.

Ministry of Agriculture and Commerce to change its tactics for realizing the goal of converting PRMAAs into CHIAs. The first important concession was offered by Shijō, Director of the Engineering Bureau. Shijō told the Investigation Committee that “Article Six [an article exempting the PMAAs from the Health Insurance bill] will be eliminated.”³³ In order to realize the goal, however, Shijō tried to win approval for his proposal to add a new article (Article 95) so that the ministry could maintain its discretionary authority over the handling of PMAAs. This proposed article was worded as follows: “The edict will stipulate how the law applies to workers employed in the public sector.” After proposing the elimination of Article Six, Shijō emphasized a special feature inherent in the PMAAs. Because public servants “already have legal security in terms of pension and remuneration,” the Health Insurance Law should exempt the PMAAs to avoid duplicating benefit payments.³⁴ Agreeing with Shijō, Kakichi Uchida, a member of the House of Peers and former Ministry of Posts and Telecommunications official, also reconfirmed the necessity of taking exceptional measures to deal with the PMAAs by illustrating decisive differences between the PMAAs and the PRMAAs. “PMAAs are legal entities that differ from the completely private PRMAAs,” said Uchida. “In principle, the PMAAs and the PRMAAs are treated on an equal basis, but taking these special circumstances into consideration, we have devised a new plan.”³⁵

The Ministry of Agriculture and Commerce stood by its intention of transforming PRMAAs into CHIAs. In contrast, Sanji Mutō, President of *Kanebō*, insisted on the importance of exempting PRMAAs that met certain standards. He referenced his long experience in dealing with workers to argue that a paternalistic in-company welfare program that contained health insurance would be “the most effective measure in managing workers.” Because there were about 600 PRMAAs, Mutō argued that “those managers who recognize this fact establish welfare organizations [PRMAAs] voluntarily.”³⁶

Seitaro Kubota, an officer of the administrative tribunal and a former Home Ministry official, disapproved of Mutō’s argument because, as the Health Insurance Law was an initial attempt to devise what would hopefully become a series of labor insurance programs such as disability, accident, and unemployment insurance in the future, leaving all or even some PRMAAs outside this first Health Insurance Law would set an undesirable precedent.³⁷ In the end, the Investigation Committee for Labor Insurance approved the proposal to apply the Health Insurance Law to both the PMAAs and PRMAAs in principle, but the treatment of the PMAAs would be at the government’s discretion as stipulated by Article 95. With this approval, the Ministry of Agriculture and Commerce forwarded the outline to the

Hara cabinet for presentation to the Diet. On March 13, 1922, the government submitted the health insurance bill to the Imperial Diet, where it was passed without much debate. The bill became law on April 22 of that year.

BENEFITS AND OBLIGATIONS

The *Kenseikai*’s proposed sickness insurance bill designated the government as a sole insurer, while the Health Insurance Law of 1922 stipulated both the government and CHIAs as insurers. Zen suggested that CHIAs be encouraged to be the principal insurers, while the government would act as a supplementary insurer.³⁸

As legal insurers, CHIAs were empowered to take a number of actions that strengthened the financing of insurance and the power of corporate managers. First, unlike the PRMAAs, the CHIAs had the legal power to collect predetermined premiums. This immediately put the CHIAs on much more stable financial footing.

Second, once a PRMAA was converted into a CHIA, the government subsidized one-tenth of the CHIA’s insurance costs, with an upper limit of two yen per person per year to cover administrative expenses.³⁹ This government subsidy was an important financial incentive that encouraged many corporate managers to undergo the conversion from PRMAAs to CHIAs.

Third, although workers acquired a stronger voice in CHIAs than they had in PRMAAs, the 1922 Law allowed corporate managers to retain legal control of CHIAs’ management, just as they previously controlled PRMAA management. The stronger employee voice was based on the structure of CHIAs mandated by the 1922 Law. A CHIA consisted of an assembly (*kumiaiikai*) as a decision-making body and an administrative board (*rijikai*) serving as an executive body. The assembly consisted of 12 or more members (but always an even number), half from the employer’s side and half from the workers’ side. The administrative board consisted of four or more (again, always even) members, half from each side. This arrangement increased the participation of employees in the decision-making process. Employers, however, retained ultimate executive power because the 1922 Law required that the administrative director of the CHIA be chosen by the employer. The administrative director had the authority to make a final decision whenever the vote was a tie in the assembly or the administrative board.⁴⁰ Thus, even though conversion into a CHIA meant acceptance of government supervision, corporate managers remained legally entitled to control the administration of CHIAs.

A fourth benefit for corporate managers was that the Health Insurance Law covered not only non-work-related

³³ *Ibid.*, 111.

³⁴ *Ibid.*, 119.

³⁵ *Ibid.*, 163.

³⁶ *Ibid.*, 163.

³⁷ *Ibid.*, 163-4.

³⁸ *Ibid.*, 32. Zen understood that in reality, it was likely that the government would become a major insurer. Kōno, “Kenkō Hoken Hō Seiritsu Katei,” 24.

³⁹ Kōseishō Hokenkyoku ed., *Kenkō Hoken Sanjūnen Shi, Jōkan*, 498.

⁴⁰ Shakaikyoku Hokenbu, *Kenkō Hoken Hō Shikō Keika Kiroku*, 584-8.

insured accidents, a normal practice for any health insurance, but also work-related accidents. Corporations had been solely responsible for compensating workers and their family members suffering from work-related injury, disease, and death. Once the Health Insurance Law was enacted, CHIAs were financially responsible for work-related accidents, and workers would have to make equal financial contributions to CHIAs.

While CHIAs acquired the kinds of benefits explained above, they also had to assume legal responsibilities in return. As CHIAs were recognized under the law as public corporations, they became subject to strict government supervision. They had to create bylaws that were subject to government approval. The government also had the authority to review CHIA administrative reports, examine programs and financial conditions, approve changes to bylaws or issue orders to amend them, and take disciplinary action to eliminate CHIA activity deemed inappropriate. Furthermore, the government could cancel CHIA assembly or administrative board resolutions, dismiss board members, or dissolve a CHIA if CHIA resolutions or board member actions violated Japanese law or the regulatory authority of the government, or if the CHIA acted in ways that damaged its members' benefits.⁴¹

Another obligation stipulated that if CHIAs did not make efforts to implement or improve preventive health measures, employers, rather than the state, would have to assume financial responsibility. Article 74 of the Health Insurance Law stipulated that, in principle, both corporate managers and insured employees had to contribute 45 percent of the insurance expense, but employee premiums should not surpass 3 percent of base salary. When it became financially necessary to collect more premiums, "corporate managers" had to assume responsibilities for paying all the necessary additional expenses.⁴² The background to adoption of Article 74 begins with the Industry Club of Japan (*Nihon Kōgyō Kurabu*), a representative group of the industrial world established in 1917 with strong political influence. In April 1922 this club lobbied the Japanese government to revise the Health Insurance Law by changing the term "corporate managers" to "state" in Article 74. This provoked Shijō to object:

Health Insurance not only aims to rescue insured people after an accident has taken place but also pays considerable attention to prevention. It is necessary to emphasize the importance of preventive measures. We have devised health insurance in such a way that, as accidents which are covered by insurance increases or decreases, premiums also increase or decrease. We believe

⁴¹ Kōseishō Hokenkyoku ed., *Kenkō Hoken Sanjūnen Shi, Jōkan*, 488-500.

⁴² *Ibid.*, 498.

that both corporate managers and workers should think for themselves, be responsible, and pay more attention to preventing disasters and sickness. Otherwise, if the state assumes financial responsibility for the lack of premiums, corporate managers ... would have no incentive whatsoever to take preventive measures or to improve sanitary provisions. Workers would consider it unnecessary to be careful.⁴³

Shijō's argument won and the "corporate managers" wording was left unchanged.

The implementation of the Health Insurance Law was postponed because of the Great Kantō Earthquake that struck Japan on September 1, 1923. In the end, on January 1, 1927, the Health Insurance Law came into force in full and the payment of benefits and collection of premiums commenced. In the fiscal year of 1926,⁴⁴ when the Health Insurance Law came into effect, Japan had 316 CHIAs, approximately half the number of the existing PRMAAs, with about 800,000 insured people in the Association-Managed Health Insurance group.⁴⁵ The government set the corporatist framework in such a way that a limited number of big corporations managed all their health insurance programs.

CONCLUDING OBSERVATIONS

After arising during the formulation of the Health Insurance Law, the debate over whether PRMAAs were to be exempted from the law persisted as a controversial issue. What this paper has demonstrated is the process and reasons for the transformation from PRMAAs into CHIAs. The government provided corporate managers with a number of incentives to transform their PRMAAs into CHIAs. In return, the government imposed a legal requirement to observe the national standard of management systems and to improve the level of their current benefits as stipulated by the Health Insurance Law. These newly converted CHIAs constituted an important component of a corporatist framework established by the introduction of the Health Insurance Law.

⁴³ Shakaikyoku Hokenbu, *Kenkō Hoken Hō Shikō Keika Kiroku*, 259-60.

⁴⁴ The Japanese fiscal year begins on April 1 and ends on March 31.

⁴⁵ "Association-Managed Health Insurance (F.Y. 1926-2003)," Statistics Bureau of the Ministry of Internal Affairs and Communications, accessed December 11, 2012, <http://www.stat.go.jp/data/chouki/zuhyou/23-10.xls>.

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