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## A bogus two-party system

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The 43rd general election on Nov 9 resulted in the establishment of a so-called "two-party" system in Japan. The Liberal Democratic Party (LDP) won 237 seats, an increase of four seats. The New Conservative Party (NCP) won only four seats, a decrease of five seats.

On the day following the election, the NCP decided to dissolve the party and merge with the LDP. Consequently, the LDP will have 241 seats, constituting a majority of seats in the House of Representatives. The Democratic Party of Japan (DPJ) increased its seats by 40, attaining 177 seats. In the proportional-representation constituencies, the DPJ defeated the LDP by three seats.

On the surface, Japan now has a "two-party" system, but is it comparable with the American two-party system? As demonstrated by the current heated debate on medicare reform in the United States, the Democrats and the Republicans tend to show clear ideological differences in terms of domestic policies, especially on issues of how much the state can intervene in the economic and social fields.

Turning our attention to Japan's "two-party" system, is there any clear ideological difference between the LDP and the DPJ? Let's take healthcare policies as an example. Do these parties show a clear difference such as we see between the Democrats and Republicans in the United States?

Total medical expenses in Japan reach over 30 trillion yen, and one third of this amount is generated by the aged (over 70 years old). Per capita medical expense is over 230,000 yen and that of senior citizens (over 70 years old) exceeds 730,000 yen. The number of over 70 year-olds will double by 2025 when the expenses for the aged will reach around 80 trillion yen. If this trend continues, the health insurance system itself will go bankrupt.

Currently, the state assumes approximately 30% of the medical expenses for the aged. Chikara Sakaguchi, Minister of Health, Labor and Welfare, said that the government should establish a separate health insurance only for people over 75 years old financially supported by the state (50%), other insurance groups (40%), and the aged themselves (10%).

Consequently, this new insurance program will inevitably increase the degree of state control. While the state spends more tax money on healthcare, Prime Minister Junichiro Koizumi asserts that the national contribution ratio combining taxes and social insurance premiums may also increase up to 50% of the people's income. He also considers a possible increase of the consumption tax in the future. With the system on the verge of financial collapse, the LDP only makes adjustments here and there of the existing system without questioning the fundamental essence of the system: the overwhelming state dominance of the system.

The DPJ makes a similar argument. The DPJ's Manifesto says, "We will work to create a living environment ... developing preventative medical care that ensures the early detection and early treatment

of illness." For this purpose, the DPJ promises that it will return the rate of co-payment for the insurance program's principal holder (not family members) from 30% to 20%, and reduce the rate for children to 10% until they graduate from elementary school.

Moreover, the Manifesto continues, "We will develop 350 emergency medical centers for infants, and reduce the proportion of child medical expenses borne by parents or guardians to 10% until graduation from elementary school." Well, these are wonderful promises, but the DPJ's Manifesto precipitates the increase of state power over health insurance programs.

There are no "conservative Republicans" in the Japanese political arena. State dominance over health insurance programs results from historical developments in Japan. In 1922, Japan established its first health insurance system, even though it covered only factory workers and mineworkers in corporations with over 300 full-time employees.

In the 1930s and the 1940s, the so-called reform-minded civil servants on the Cabinet Planning Board (CPB), including the later Prime Minister Nobusuke Kishi, who were greatly influenced by Socialism and Nazism, insisted on introducing effective economic planning and national control over economic activities. These civil servants were primarily responsible for reforming Japan's healthcare system in the 1930s and the 1940s. They dismissed market-oriented, free and fierce competition and emphasized cooperative work and equal distribution of its fruits among the Japanese people in order to preserve social harmony and to prevent possible social dropouts.

Militarism and healthcare services developed in tandem in Japan. The Ministry of Health and Welfare (MHW) expanded its power over healthcare policies during wartime to meet military demands for healthier men in the Army. The government was enthusiastic about expanding this national health insurance program throughout the country. The fundamental structure of the Japanese civil service was preserved in the postwar era because the Allied occupation resorted to indirect rule over Japan.

In the MHW, there was a strong continuity in personnel before and after World War II, especially technical personnel. Because health insurance was not critically important to the Supreme Commander for the Allied Powers, the task of redeveloping this service was largely left to Japanese officials. The war provided the Japanese officials with a great deal of power, knowledge, experience, and confidence to run a welfare state. The MHW continued to expand its influence over Japanese lives.

This legacy is powerful enough to overwhelm any market-oriented solutions in healthcare policies. Within the LDP, however, some forces emerged who aim to balance "public social security" and "people's freedom of choice." They advocated that the most important goal in social security is to secure a large disposable income in the future and freedom of choice about how to use it, while at the same time maintaining the civil minimum.

We should keep this civil minimum as low as possible. The welfare state is a monster: it grows bigger and bigger, and finally consumes all the resources of the state. Nothing is more fearsome than big government.

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