Social Problems and Welfare State Transformations in Japan: From the Point of Welfare State Theory\textsuperscript{1)}

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Abstract

This paper analyzes the features and dynamics of the Japanese welfare state from the point of welfare state theory; there has been considerable debate on the subject matter. Due to institutional characteristics, some have insisted that Japan’s model is conservative. Given dependence on self-reliance and help from family, others have asserted that it is familiaristic. The low level of public social expenditure has caused some to maintain that Japanese welfare is residual and therefore liberal regime. These debates capture some aspects of the Japanese model.

However, these arguments have some limitations. First, they ignore “social policy by other means”\textsuperscript{(Castles 1989)} in Japan. Although the central government has not developed social policy adequately, it has provided citizens with employment security through subsidies, public investments, and market regulations. Moreover, some scholars have overlooked informal kinds of welfare (e.g., provided by families and businesses). Second, others have ignored the state’s role in the Japanese model. Certainly, Japan’s welfare regime depends on informal welfare and employment security. However, these systems did not develop automatically but were rather created by those in

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power. Finally, some scholars seem unable to grasp the dynamics of the Japanese model. Along with socio-economic transformations, this model has transformed radically. However, the above-mentioned debates assume continuity and do not explain recent changes.

In this paper, I explore the values and problems of the existing welfare state theory. Moreover, I propose new theoretical frameworks to understand the features and dynamics of the welfare state. I define the welfare state as a mechanism of social integration through public policy for social protections under particular socio-economic circumstances. This definition implies that the welfare state (1) consists of social security and employment security systems, (2) is altering in response to socio-economic changes, and (3) is considered a political project. Thus, we should examine its synchronic and diachronic characteristics. In addition, we should focus on the interaction of political interests, institutions, and ideas to explain why Japan’s welfare state looks the way it does.

The post-war Japanese model emphasized employment security and informal welfare. In other words, conservative governments in Japan have provided social protection not through formal social policy but rather through other means. Moreover, the welfare state’s features were produced by the Liberal Democratic Party (LDP)-led government under a multi-member constituency system. The LDP holds conservative values focused on economic growth and social order. Hence, it has not improved the gender inequality and dualism found in Japanese society. Finally, the post-war model had its own vulnerabilities. The mix of employment security and informal welfare could not be sustained in new socio-economic situations. As a result, globalization and
post-industrialization gave politicians the opportunity to reform the model. Neoliberal-minded governments under a single-member constituency system, such as Hashimoto and Koizumi, transformed it into a more market-friendly model. In short, the Japanese model of welfare shifted from a non-market type based on employment security and informal welfare to a more market-friendly type through political competition among actors in specific political institutions.

1. Introduction: Debates on the Japanese welfare state

The performance and appraisal of the Japanese model are changing radically and rapidly. Nowadays, Japan faces many social problems. These include an increase in the poverty rate, inequality, a declining birth rate, an aging population, an expanding financial deficit, stagnating economic development, a rise in atypical employment, and a shortage of the working-age population. Despite policy actions, there have been many social problems since the 1990s (especially the collapse of the bubble economy), which led to what some have deemed Japan’s “Lost Two Decades.” If we look back at the 1970s, performance and appraisal were the opposite. Japan’s governments accomplished rapid economic growth, which improved living standards and promoted equality among its citizens. Scholars around the world have considered the Japanese model to be one of economic and social development (such as the book *Japan as No. 1: Lessons for America* by Ezra F. Vogel). However, the post-war model had its own biases, such as gender inequality and dualism.

How can we understand the gap between poor performance (and appraisal)
nowadays and good performance (and appraisal) in the post-war era? To answer this question, we should re-examine the post-war Japanese model. While good performance in the post-war period derived from its virtuous cycle, poor performance resulted from its dysfunction and failure to adapt to socio-economic changes. Thus, we focus on the many debates surrounding the Japanese welfare state in order to comprehend its features. There are many discussions on Japanese Welfare State².

First, there are diverse understandings of the post-war Japanese model. If we explore its institutional characteristics, Japan could be classified as conservative regime (cf. Esping-Andersen 1990, 1999). However, if we investigate the low level of public social expenditure, we can see Japanese welfare as residual (i.e., liberal regime). Moreover, if we look at some indicators of performance (such as a high level of equality and a low level of unemployment), we may consider Japan social democratic regime. Some studies provide a more complicated picture. For example, Esping-Andersen (1997) claimed Japan was a hybrid model consisting of liberal and conservative moments. In this context, while liberal moments came from a low level of de-commodification (and de-familiarization), conservative moments emerged out of high levels of stratification. Shinkawa (1993, 2005) stated that the Japanese welfare state is residual, containing dualism, and developed due to the weak power of labor class. Osawa (2002, 2007) insisted that the post-war Japanese welfare model consisted of corporate and family welfare. Recent studies have revealed the hidden aspects of Japan’s model. For example, Uzuhashi (1997), Miyamoto (2008), Estévez-Abe (2008), Miura (2012) and Kim (2010) found that the post-war Japanese model focused not only on developing a social security system, but also on employment security through subsidies, public
investments, and market regulations. Kim (2008, 2017), Li (2011) and Takekawa (2007) demonstrated that Japan was a latecomer in terms of being a welfare state; since it experienced rapid growth and built its welfare state at the same time, such scholars think that Japan’s governments prioritized economic growth over social policy. Shinkawa (2005) and An, Lin and Shinkawa (2015) illustrated other aspects of the post-war Japanese model from comparative perspectives. They classified Japan as familiaristic regime containing a low level of de-familiarization and de-commodification. The above-mentioned diverse evaluations imply that the post-war welfare model has unique attributes.

Second, there are diverse understandings of Japan’s most recent welfare reform. While new social policies (such as gender equality and long-term care insurance) were introduced in the 1990s, old social policies (such as pensions and healthcare) were reduced. However, if we focus on employment policy, we see that liberalization was occurring quickly and radically (e.g., cuts in subsidies, lower public investments, and deregulations). Thus, scholars have made different assessments of recent changes. Although every scholar paid attention to both aspects, Shinkawa (2005) and Miura (2012) stressed liberalization in old social policies, Miyamoto (2008), Estévez-Abe (2008), and Tsuji (2012) placed importance on the modernization of social policies (such as care for the elderly and young children, and gender equality). These discussions show that recent reform in Japan contains unique aspects.

Finally, scholars have examined the multifaceted political background of Japan’s welfare state. For example, modernization theorists such as Wilensky (1974) claimed that the development of Japan’s welfare state could be
explained through socio-economic factors such as demographic changes and economic growth. Shinkawa (1993) underscored the weakness of labor power and the political left based on power resource theory (cf. Korpi 1983, 1985). Estévez-Abe (2008) investigated political institutions, such as the electoral system and chief executive system, which impact political competition (cf. Tatebayashi, Machidori and Soga 2008). In addition to interests and institutions, recent studies have highlighted ideational factors, such as political discourses and policy ideas (Miyamoto 2008, Tsuji 2012, Miura 2012). Other scholars have focused on the psychological context of unpopular pension reforms (Shizume 2015). These findings imply that the Japanese welfare state emerged based on many factors.

There are many arguments on the features and dynamics of the Japanese welfare state, some of which are captured precisely. However, scholars might not understand the characteristics and political foundation of the Japanese model as a whole. Thus, in order to portray it accurately, I return to the welfare state theory and consider its values and problems.

2. The values and problems of welfare state theory

This section reviews the points and limitations of existing welfare state theories. I especially explore Esping-Andersen’s (EA) welfare regime theory, which remains a classical work in this area. EA’s theory (and subsequent studies influenced by it) focussed on social policy in a narrow sense, ignoring the dynamics of welfare state development derived from socio-economic changes. He dismissed ideational elements of forming political interests, building political coalitions, and gaining political support. Thus, I suggest some
implications for new theoretical frameworks.

The progress of welfare state theories emerged along with the development of the welfare state. In the 1960s and 1970s, modernization theory was formed to explain the development of the welfare state (cf. Wilensky 1974). This theory views the welfare state as a result of socio-economic transformations, such as demographic shifts and economic growth. In other words, modernization theory indicates the convergence of each state through changes in the above-mentioned factors. Power resource theory (cf. Korpi 1983, 1985) maintains that politics matter and that the expansion of the welfare state depends on the political left and labor class. This theory underscores the differences among welfare states. However, power resource theory shares linear images of welfare state development with modernization theory. Compare to the above-mentioned hypotheses, EA (1990, 1999) revealed the qualitative diversity of the welfare state based on 3 indicators; in 1990, he emphasized de-commodification, and social stratification, later adding de-familiarization in 1999. In other words, he highlighted the divergence of the welfare state. Moreover, he explained the diversity of the welfare state from the point of political coalitions. Afterward, some scholars (cf. Pierson 1994, Rothstein 1998) examined political institutions that impact welfare state development (especially in terms of continuity). Other scholars (cf. Schmidt 2002, Beland 2005) explored political ideas such as policy ideas and political discourses that could reform the existing model. These studies signal the existence of many theoretical positions on the welfare state. While they focus on different factors in capturing and explaining the welfare state, they share some academic stances, revealing two main research concerns: (1) how to characterize particular welfare states; and (2) how to explain them. We consider EA’s
theory as a typical case.

EA was considered the pioneer of the comparative welfare state. He provided two theoretical frameworks for the previously mentioned research questions (EA 1990, 1999). As for how to depict the qualitative diversity of welfare state, in his book *The Three Worlds of Welfare Capitalism*, he portrays the liberal, conservative, and social democratic regimes based on de-commodification, social stratification, and de-familiarization. He explains such diversity from the point of political coalitions, which advanced the project of welfare state building. He suggests that the three worlds of welfare capitalism differ in terms of their qualities, which are sustained based on political coalitions and policy legacies.

EA opened up a new phase of comparative welfare state studies through these two theoretical frameworks. However, he had some critics (cf. Arts and Gelissen 2002, 2010). For example, some scholars claimed that he overlooked gender inequality (cf. Lewis 1992, Orloff 1993). Others asserted that there is the fourth world of welfare capitalism (for the southern European model, see Ferrera 1996; for the Oceania model, see Castles 1985, 1988).

More importantly, EA was unable to capture the welfare state’s qualitative diversity, which was his own goal. Due to his focus on social policy in the traditional sense (e.g., pensions, healthcare, family policy), he ignored the diversity of social protections (e.g., employment security through public policy). In addition, he (and subsequent scholars that he influenced) neglected the importance of time in social science research. Because EA and the scholars he impacted investigated diversity at the time and the related continuity of it,
they were unable to precisely represent the transformation of the welfare state as a whole, and hence to explain the strengths and weaknesses of the post-war model. Moreover, EA dismissed the significance of ideational factors in building political coalitions.

To verify these problems, I demonstrate how the Japanese model is considered in EA’s theory. As for indicators, de-commodification was low (implying low generosity of social policy), social stratification was high (resulting from occupational divisions of social insurance), and de-familiarization was low (due to dependence on family welfare). Thus, EA viewed the Japanese model as a hybrid of conservative and liberal regimes (1997). He implied that these features emerged from the weakness of the political left and trade unions, as well as the long-term reign of the LDP.

While EA clarified some aspects of the Japanese welfare model, there are some limitations to his analysis. First, he ignored the hidden aspects of Japanese welfare model. According to previous studies, LDP governments prioritized economic growth over social policy. However, they provided “social protections by other means” (cf. Miyamoto 2008, Estévez-Abe 2008, Miura 2012, Kim 2010). For example, they lowered corporate taxes for companies in productive sectors and income taxes for workers. In turn, these tax reductions promoted economic activity at the macro level and increased disposable income at the micro level. Moreover, LDP governments provided employment security through subsidies, public investments, and market regulations for non-productive sectors. In addition, they imposed care burdens on families through policy inductions (e.g., gender-biased social insurance and acceptance of social discrimination in the workplace). As a result, LDP governments were able to
accomplish high growth, high equality, and small government.

Second, EA failed to examine changes in Japan’s welfare model. Economic and social shifts (such as globalization and post-industrialization) eroded the foundation of the post-war welfare model, leading to problems at its core. The post-war Japanese model has been changing since the 1990s. However, due to questioning whether the Japanese model fit within his typology, EA focused on its continuity. In other words, he ignored its dynamics.

Third, EA’s analysis has difficulty explaining the Japanese welfare model. Under a multiple member constituency system, the LDP maintained political power during the post-war era (1955–1993). Thus, political interests cannot account for why the Japanese model – which is distinguished from conservative regime – has its own characteristics, such as those mentioned earlier. Moreover, political institutions changed radically in the 1990s. The political and administrative reform changed the constituency system from having multiple members to single members plus a proportional system. This concentrated power within the chief executive. In addition, coalition governments have been the norm since the 1990s. Thus, it is difficult to distinguish between the causal power of political interests and that of political institutions, and to explain changes in the Japanese welfare model through them. In other words, we should not only take political interests and institutions into account, but also ideas.

In short, since EA’s theory examined social policy in a narrow sense, it was unable to express the features of the Japanese welfare state as a whole. Moreover, because EA emphasized continuity, he ignored the dynamics of the
Japanese welfare state, which derived from socio-economic shifts. In addition, he dismissed the ideational aspects on forming political interests, building political coalitions, and gaining support. In other words, we need new frameworks to represent the welfare state as a whole and to grasp its dynamism, as well as to describe the political bases of welfare state development.

3. Theoretical frameworks: Political bases and synchronic and diachronic characteristics

This section introduces two new theoretical frameworks: (1) one for understanding the welfare state’s synchronic and diachronic features from a holistic perspective; and (2) one to explain the political bases of welfare state development. To build new frameworks, we must return to the definition of the welfare state.

I define the welfare state as a mechanism of social integration through public policy for social protections within particular socio-economic circumstances. This definition has some implications. First, the government in general takes diverse measures to provide citizens with social protections. Thus, we focus not only on social policy in a narrow sense, but also its functional equivalents (e.g., employment security, corporate and family welfare with policy inductions) (Castles 1985, 1988, 1989, Estévez-Abe 2008). Second, if socio-economic situations change, the welfare state also transforms. The welfare state has its own economic, social, and political bases. However, this does not mean that socio-economic circumstances determine the features of the welfare state; the welfare state is closely related to them and was created by political
decisions. Thus, we consider the social, economic, and political bases of particular welfare states (Jessop 2002, Pierson 2008). Third, we should take political factors seriously. The above definition shows that welfare state development has been viewed as a political project. Political actors, with their own interests, have made decisions on welfare state development within the context of specific institutions. However, political ideas have also deeply influenced decision making through the formation of interests, coalition building, and obtaining support (Blyth 2002, Hay 2002, Campbell 2004). Thus, we should investigate the interaction among political interests, institutions, and ideas based on particular economic-social conditions.

Regarding the frameworks for depicting the welfare state’s synchronic and diachronic components as a whole, the above definition reveals social protections consisting of social security and employment security systems created by political decisions. In this context, the social security system is primarily comprised of traditional social policies for citizens such as pensions, healthcare, social assistance, unemployment benefits, and family policy. The employment security system mostly consists of public policies to help people maintain employment and to enhance welfare through corporations; this includes subsidies, public investments, and market regulations to help people maintain employment, in addition to the functional equivalents of social policies provided by companies. In other words, we should analyze the blend of social and employment security to grasp the welfare state’s characteristics as a whole.

Second, we explore diachronic features. The above definition suggests that the welfare state is closely tied to socio-economics. Previous studies show that the
welfare state changed radically and quickly. For example, Jessop (2002) claimed that the Keynesian welfare national state became a Schumpeterian workfare post-national regime. Armingeon and Bonoli (2005) revealed the shift from the industrial to the post-industrial welfare state. Morel et al. (2012) investigated the change from a Keynesian to a social investment welfare state. Bonoli and Morel insisted the rise of the new welfare state (Bonoli and Morel 2012). These imply globalization and post-industrialization as critical junctures; thus, we examine the socio-economic bases of the welfare state before and after these points in time. Before globalization and post-industrialization, during its golden age, the welfare state was based on (1) the embedded liberalism (Ruggie 1982); (2) Fordism (Boyoer 1990); (3) the sexual division of labor grounded in stable employment and family (Lewis 1992); and (4) a political consensus on economic growth and the redistribution (Ono 2000). Given these conditions, each welfare state has provided its citizens with social protections through social security and/or employment security. After globalization and post-industrialization, during its silver age, the welfare state was based on (1) de-embedded liberalism (i.e., neoliberal globalization, Steger 2017, Steger and Roy 2010); (2) post-Fordism (Boyer 2007, 2011); (3) floating employment and diversification of the family (Armingeon and Bonoli 2005, Tayler-Goody 2004); and (4) a decline in the political consensus on redistribution (Ono 2000). In its silver age, the welfare state faced new social risks, which bring to need such as re-commodification and de-familiarization (Tayler-Gooby 2004, Armingeon and Bonoli 2005). Each state had many choices to make when handling these problems.

Third, we examine how to pinpoint synchronic characteristics. In the golden age of the welfare state, each state chose a level of social and employment
security based on how to cope with old social risk such as the loss of income. There were some options ranging from self-help (i.e., a low level of social and employment security) to the socialization of old social risks (i.e., a high level of social security), in addition to managing risks themselves (i.e., a high level of employment security). Four types of social protections emerged (cf. Miura 2012):

(1) A high level of both types of security (e.g., as with conservative regime): Full employment among males which implies a high level of employment security – induced by government interventions – was able to sustain generous social insurance which means a high level of social security. However, underdeveloped social services made family welfare more important. In other words, a strong male breadwinner model prevailed.

(2) A high level of social security and a low level of employment security (e.g., as in social democratic regime): Generous unemployment insurance and an active labor market policy mitigated the risk of unemployment which implies a low level of employment security. Generous pensions and social service were work incentives, which show a high level of social security. In other words, despite distinctions of gender and generation, all members of society should

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commit to economic growth and social development.

(3) A low level of both types of security (e.g., as in liberal regime): This results from a lack of both kinds of security. People depended on the market and self-help. The state played a limited role in welfare. Thus, there are many social divisions.

(4) A low level of social security and a high level of employment security (e.g., as in Australia): Employment security induced by governments provided full employment among males. Family welfare were able to reduce the need for social care. Hence, governments focused on pensions, healthcare. Thus, while this mix was able to be small government, gender inequality was severe.

In the silver age, each state faced new social risks such as prolonged unemployment, a rise in youth unemployment, and an increase in female labor, which led to difficulties in sustaining family welfare. Hence, the new welfare state tried to achieve re-commodification and de-familiarization. Previous studies demonstrate policy alternatives. As for re-commodification, there are various options, from workfare in a narrow sense to activation or social investment policy (Theodore and Peck 2000, Jensen and Saint-Martin 2003, Morel et al.)

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<td>1) re-commodification: 1] workfare which brought to retrenchment, 2] activation or social investment which brought to modernization of the welfare state</td>
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<td>1) modernization of welfare state by governments.</td>
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<td>2) retrenchment of welfare state by introducing market mechanism.</td>
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2012, Miyamoto 2013). In this context, while workfare implies introducing market mechanisms into social policies (especially those related to unemployment), activation or social investment policies entail enhancing employability through education, vocational training, and social care. As for de-familiarization, there are several paths to follow, from giving citizens cash to providing care services and facilities (Kato 2012, Miyamoto 2013, Lohmann and Zagel 2016). If we focus on the role of the state and the market, we find an affinity between both policy areas. While activation or social investment policy and the improvement of care services and facilities requires the state to play a positive role in welfare policy, workfare and cash benefits do not need the state to play a positive role, revealing dependence on the market or self-help. Moreover, neoliberal globalization made it more difficult to use employment security (Steger and Roy 2010). For example, subsidies, public investments, and market regulations were considered to hinder market mechanisms and unfairness. Thus, traditional employment security was no longer effective or legitimate in new socio-economic situations. Given the above discussion, we see two types of social protections in the silver age: (1) Governments modernizing the welfare state, including activation or social investment policies, along with improvements in care services and facilities; and (2) The retrenchment of the welfare state, which implies workfare and the introduction of market mechanisms into social policy areas.
Hence, we turn to the frameworks to explain welfare state development. The above definition shows that welfare state development has been seen as a political project. Thus, we take political factors seriously. In terms of political science, three factors (interests, institutions, and ideas) have been important in portraying social phenomena. According to welfare state theory, power resource theory paid attention to the political left and labor class power, focusing on political interests (Korpi 1983, 1985, 2001, Esping-Andersen 1990, 1999). Meanwhile, historical institutionalism emphasized the role of policy legacies and political institutions (Skocpol 1992, P. Pierson 1994, 2004, Thelen and Steinmo 1992, Rothstein 1998, 2005). Recently, some scholars have examined ideational factors, such as policy ideas and political discourse (Béland 2005, Schmidt 2002). The three above-mentioned elements – interests, institutions, and ideas – have often been considered exclusive in explaining welfare state development; however, they are not. We can combine each factor into one framework (Kato 2012; see also Hay 2002, Campbell 2004, Parsons 2008). In other words, decisions on welfare state development were made by political actors who had particular interests in given political institutions and socio-economic situations. However, interests were not a given, but were rather constructed through political ideas. Moreover, political actors need support from citizens through political discourse. Thus, welfare state development was explained as the interaction of political interests, institutions, and ideas in particular economic-social conditions. Therefore, we should analyze the features of political actors who made decisions for welfare states, political institutions that determined
political competition, and political ideas, which construct interests, promote coalitions, and gain political support. In the next section, I use these frameworks in order to express the features and dynamics of the Japanese welfare state as a whole.

4. The Japanese welfare state from the perspective of new frameworks

This section covers the characteristics and dynamics of the Japanese welfare state based on new frameworks. First, I focus on the post-war Japanese model. Second, I explore the more recent model. Each clarifies the mix of social and employment security and shows the model’s political bases and biases.

4-1. The post-war Japanese model

The social security system in the postwar era has three features:

(1) Despite an early introduction, social policies were underdeveloped. For example, the Employee Pension Plan was established in 1941 and revised in 1954. Employee Health Insurance was introduced in 1926 and revised in 1958. The National Pension Plan and the National Health Service were founded in 1961. Social assistance through means test was created in 1946 and revised in 1950. Unemployment insurance was introduced in 1947 and changed into employment insurance in 1974. Thus, traditional social policies were introduced early (Kasza 2005). However, due to low social expenditure, their benefit levels were relatively low (Miyamoto 2008). LDP governments prioritized economic growth over social policies.
(2) Social insurance was divided along occupational divisions. For example, the Employee Pension Plan and Employee Health Insurance only covered workers at large companies. Other people were protected by the National Pension Plan and the National Health Service. The gap in benefits between both systems was big. In other words, social policies promoted social stratification (Shinkawa 2005).

(3) Care and family policies were underdeveloped. For example, the family allowance was launched in 1971. However, it was low and restrictive. Care for the elderly and young children was also quite restrictive. For example, people in need only used care services. Thus, in general, families have to supply care services (Miyamoto 2008).

We now turn to employment security. We examine (1) Japanese-style employment and (2) industrial and employment policy. As for Japanese-style jobs, government initiatives made lifetime employment and seniority wages possible (e.g., long-term capital through public funds and the main bank system, peaceful industrial relations at the company level, collective wage setting systems for large companies and the diffusion of this into small companies and the public sector, a retirement allowance for retired workers, and tax exemptions for corporate welfare) (cf. Aoki 1984, Hall and Sockice 2001, Estévez-Abe 2008). Regarding industrial and employment policy for productive sectors, “partitioned competition” (Murakami 1984) or “bureau-pluralism” (Aoki 1984) provided market protections at the sector level in order to protect industry as a whole, but stimulated competition within sectors. This contributed to economic growth with employment security. As for non-productive sectors, governments provided employment through subsidies (i.e.,
for farmers), public investments (i.e., for rural construction) and market regulations (i.e., for small retailers and self-employed individuals) (cf. Miyamoto 2008, Estévez-Abe 2008, Kim 2010).

Thus, we can summarize the general features of the post-war Japanese model as (1) underdeveloped social security; (2) a male breadwinner model; and (3) overdeveloped employment security. Hence, the post-war Japanese model contains a low level of social security and a high level of employment security. LDP governments prioritized economic growth over social security. Thus, they dismissed the development of social policy and burdened families with care responsibilities. However, they provided employment security, which supported everyday living and promoted economic growth.

Moreover, we focus on the political bases of the post-war Japanese model (Shinkawa 2005, Miyamoto 2008, Estevez-Abe 2008, Miura 2012). These include (1) interests in the sense that long-term LDP governments had conservative values; (2) institutions in terms of the multiple member constituency system, which hastened political competition within the LDP to secure parliamentary seats; and (3) ideas regarding productive welfarism, which was more important than welfare nationalism in the LDP. Therefore, given political institutions, LDP governments – which emphasize economic expansion and conservative values – built the post-war Japanese model. They intervened to protect the non-market sphere.

Finally, we examine political bias (or social division). This consists of (1) Dualism, or the large social divide between insiders who have enough of security, and outsiders who do not have enough of it; and (2) Gender
inequality, by which women have mainly been considered care providers in – and supplementary workers for – the home. Thus, there are two structural inequalities (i.e., insider-outsider and gender). However, economic growth and employment security covered the dualism. Thus, people felt that Japan was equal society.

4-2. Recent changes in the Japanese model
Assumptions on the post-war model include elements such as economic growth based on manufacturing, full employment, the gender division of labor, family stability, a high number of working-age people in the population, political consensus for economic growth, and trust in LDP governments. However, socio-economic shifts such as demographic changes, economic globalization, and post-industrialization eroded these assumptions. For example, demographic transformation deteriorated financial conditions. Citizens could no longer depend on family welfare, leading to a new need for elder and child care. Economic globalization and post-industrialization made economic growth more difficult, leading to a more volatile labor market and raising the risk of unemployment. In addition, they made government interventions ineffective and illegitimate. Hence, the post-war Japanese model was vulnerable to socio-economic shifts. This explains why the performance (and appraisal) of the Japanese model changed rapidly and dramatically. However, socio-economic shifts did not determine policy choices, but rather constrained them. Thus, we should explore policy choices in some areas.

(1) To handle fiscal problems, retrenchment was ongoing. For example, benefits were reduced, and people came to be self-dependent in terms of pensions (for which reforms occurred in 1985 and 2004) and healthcare (for which reforms took place in 1984, 1997, and 2003). Moreover, governments emphasized self-reliance in social assistance (for which reform happened in 2005) and disabled welfare (for which reform occurred in 2006).

(2) To moderate new social risks, new social policies were introduced. For example, Insurance of the Elderly Care were introduced in 1998 to mitigate dependence on family welfare. Moreover, to counter the falling birth rate and promote active female workforce participation in 1994, 2000, and later years, governments tried to help women achieve work-life balance. Thus, to realize gender equality, some laws were passed (such as the Equal Employment Opportunity Law in 1985, which was revised in 1997 and 2007, and the Basic Act for Gender Equal Society in 1999).

In short, we find two trends in social security reform: (1) modernization and (2) retrenchment. However, fiscal problems constrained governments, making them unable to deal with new social risks adequately. In addition to other underdeveloped social policies in the post-war era, market-friendly social policies were also introduced (e.g., pensions, social assistance, and disabled welfare). As a result, people were more vulnerable in social security system.

Next, we turn to elements of employment security following socio-economic change (Miyamoto 2008, Estevez-Abe 2008, Miura 2012). First, we see a decline in Japanese-style employment. Globalization and post-industrialization
made economic competition harsher. Each company sought to contain labor
costs. As a result, the number of people working in Japanese-style employment
continued to fall. In contrast, the number of atypical workers rose (especially
in the service sector). Collective wage setting systems were changing, from the
diffusion of high wages to protecting insider worker. Second, we also find shifts
in industrial and employment policy. Globalization limited the government’s
options. Subsidies, public investments and market regulations were considered
to be ineffective and illegitimate. While employment creation through such
means was decreasing, trends consisted of liberalization (e.g., abolishing
market regulations for small retailers in 2006) and deregulation (e.g., labor
laws were revised repeatedly in the 2000s). Budgets for subsidies and public
works shrunk rapidly in the 2000s (especially under the Koizumi government).
In short, employment security – which had provided citizens with social
protections in the post-war era – was not working well. Thus, people generally
became more vulnerable in regard to employment security.

We can encapsulate general features of recent changes as (1) retrenchment;
(2) partial modernization corresponding to new social risks; and (3) a decline
in employment security. The LDP-Komei coalition governments sought to
address new social problems, such as care and gender equality policy.
However, in addition to other underdeveloped social policies, fiscal challenges
constrained the government’s choices. Citizens could not obtain enough social
protections through social security. Moreover, because socio-economic shifts
made state intervention ineffective and illegitimate, governments could not
sustain employment security in the post-war model. They tried to insert
market mechanisms into employment and industrial policies. Social protection
as a whole in Japan became very weak.
As mentioned previously, there are many social problems in Japan, stemming from both the characteristics of the post-war model and the policy actions taken in response to socio-economic changes. The post-war model consists of underdeveloped social policies with a male breadwinner model, plus overdeveloped employment security. While the latter is no longer working, the former went through some modifications that mostly implied retrenchment. The discussion above demonstrates that while employment security based on state intervention was vulnerable to globalization and post-industrialization, the underdevelopment of old social policies hindered the expansion of new ones. Moreover, governments after the 1990s chose market-friendly policies. Thus, the Japanese welfare model shifted from a non-market type based on employment security and informal welfare to a more market-friendly type grounded in policy legacies and political decisions.

The political bases of the new model consist of the following (Miyamoto 2008, Estevéz-Abe 2008, Miura 2012):

(1) Interests: The LDP-Komei coalition governments had conservative values.

(2) Institutions: Political institutions changed radically in the 1990s. Under the new institutions (single member constituency and proportional systems), power was concentrated in the chief executive.

(3) Ideas: Neoliberal ideas were more important among LDP elites such as Hashimoto, Koizumi, and Abe.
Thus, given new political institutions – which gave power to the prime minister –, LDP coalition governments that had neoliberal ideas and conservative values liberalized employment security and introduced market-friendly measures (and partially new social policies) into the social security system. In other words, they intervened to insert market mechanisms into society as a whole.

Finally, we explore political bias (or social division) in the new model:

(1) Enhanced dualism: The social divide between insiders and outsiders is increasing. While insiders received more security, outsiders became more vulnerable. In other words, a low level of economic growth and decline of employment security made dualism more clear.

(2) Partial improvement and deterioration of gender inequality: Gender equality and new social polices improved women’s circumstances generally. However, due to fiscal problems, care policies were not enough. Thus, women came to play the double roles in terms of labor at work and being care suppliers at home. Women who had enough money could use care services and get the liberation from care burden.

Under new competitive situation, structural inequality (insider-outsider and gender) was sustained and enhanced. Dualism had gradually been revealed. As for gender division, some women surely got improvements but many of them suffered from the double role.
5. Conclusion

This paper analyzes the features and dynamics of the Japanese welfare state from the point of welfare state theory. After considering the problems of EA’s welfare regime theory, I return to the definition of the welfare state. I define the welfare state as a mechanism of social integration through public policy for social protections under particular socio-economic conditions. This definition has some implications. First, the characteristics of the welfare state as a whole should be portrayed. Thus, we need to focus on the mix of social and employment security. Second, we should depict the dynamics of the welfare state; for that, we need to capture synchronic and diachronic characteristics. Given these two points, I develop new frameworks, such as the four types of the golden age and the two kinds of the silver age. Third, we should take political factors seriously. In other words, we should examine the interaction of political interests, institutions, and ideas based on specific economic-social circumstances.

According to these frameworks, we can condense the general features of the post-war Japanese model: (1) underdeveloped social security; (2) the male breadwinner model; and (3) overdeveloped employment security. Thus, the post-war Japanese model contains a low level of social security and a high level of employment security. LDP governments prioritized economic growth over social security, then dismissed
social policies and burdened families with care responsibilities. However, they provided employment security. Socio-economic transformations, such as globalization and post-industrialization, eroded the foundation of the post-war model. As a result, Japan’s welfare model changed quickly and radically. We can encapsulate general features of recent changes as (1) retrenchment; (2) partial modernization corresponding to new social risks; and (3) a decline in employment security. The LDP-Komei coalition governments sought to address new social problems, such as care and gender equality policy. However, in addition to other underdeveloped social policies, fiscal challenges constrained the government’s choices. Citizens could not obtain enough social protections through social security. Moreover, because socio-economic shifts made state intervention ineffective and illegitimate, governments could not sustain employment security in the post-war model. They tried to insert market mechanisms into employment and industrial policies. Thus, we move to a low level of both security. In other words, social protection in Japan became very weak.

The gap between poor performance (and appraisal) nowadays and good performance (and appraisal) in the post-war era derived from (1) socio-economic changes, which made the post-war model vulnerable; and (2) political choices (installation of neoliberal policy) in the face of new social risks, which arose due to socio-economic changes. In other words, the Japanese welfare model shifted from a non-market type based on employment security and informal welfare to a more market-friendly type through policy legacies and political decisions. Thus, while there are many social problems, structural inequality – which has lingered since the post-war era – remains.
Finally, we consider the theoretical implications of the new frameworks and analysis. First, they are useful in understanding its recent qualitative changes. Some countries such as continental welfare states, Australia and New Zealand, have been shifting dramatically (Palier 2010, Castles 1997, 2001, Kato 2012). The above-mentioned frameworks show why these countries experienced far-reaching modifications. They depended on employment security in the post-war era. Socio-economic transformations invalidated employment security. Hence, these countries advanced more radical reforms than other nations (e.g., social democratic and liberal welfare states). Second, these frameworks are helpful in explaining the political bases of welfare state development, and in analyzing the recent qualitative changes. For example, while labor governments in Australia (Hawke and Keating in the 1980s and 1990s) chose to modernize the welfare state, liberal coalition governments (Haward in the 1990s and 2000s) advanced retrenchment (Kato 2012). However, the labor government (Lange in the 1980s) in New Zealand chose retrenchment and the subsequent national government (Bolger in the 1990s) promoted radical retrenchment (Kato 2012). Despite the same type of welfare state in the golden age (Castles 1985), both countries followed a different path in the silver age. If we only focus on interest (partisanship) and/or institutions (a system of decision-making and policy legacies), we cannot explain this divergence. Hence, we should pay attention to ideas (especially policy idea and political discourses used by the elite) and the interaction of interests, institutions, and ideas. Third, the above analysis provides insight into the Japanese welfare state. Previous studies showed the features and political background of Japan’s welfare model from a comparative perspective. However, because they often centered on its golden or silver ages and lacked consistent frameworks, prior research was unable to grasp why Japan faces
many social problems today. The analysis revealed the importance of characteristics of the post-war model (dependence on employment security) and political choices (made by neoliberal minded politicians). Although this paper has some limitations (e.g., the sophistication of the frameworks, the details of empirical studies), it offers theoretical and analytical implications for Japan's welfare system and welfare state theory.

Notes
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3) For reviews and critical reflections on EA’s theory, see Abrahamson (1999), Powell and Barrientos (2004), Arts and Gelissen (2002, 2010), Ferragina and Seeleib-Kaiser (2011), and van Kersbergen and Vis (2015). In terms of critical reflections on welfare state theory generally, see C. Pierson (2008), Castles et al. (2010), Kato (2012), and Shinkawa (2014), and Shinkawa et al. (2004).

4) According to EA (1990, 1999), liberal regimes have a low level of de-commodification, a high level of social stratification, and a medium level of de-familiarization. Due to their focus on eliminating poverty, such regimes are based on minimum welfare by the state and market mechanisms. Conservative regimes have a high level of de-commodification, a high level of social stratification, and a low level of de-familiarization. Since they mainly stress maintaining social status, they emphasize subsidiarity and family welfare. Social democratic regimes have a high level of de-commodification, a low level of social stratification, and a high level of de-familiarization. Since they underscore equality and solidarity, they attach importance to state welfare.

5) EA stressed mobilizing the labor class, the political coalitions of class politics, and
historical legacies in the institutionalization of regimes (Esping-Andersen 1990, Ch. 1).
6) Kasza (2005) viewed the concept of “regime” as not useful analytically. According to him, there is diversity between policy areas and within regimes.
7) To understand the features of the Australian welfare state (the wage earner’s welfare state), the term “social protection by other means” was used by Castles (Castles 1985, 1988, 1989). According to him, Australia has used a protective economic policy (cf. high tariffs and immigration control) to achieve full employment.
8) For further discussion on this topic and detail reference, see Kato (2012, 2013, 2017).
10) David Garland who was sociologist defined the welfare state as “welfare for the poor”, “social insurance, social rights, and social services” and “economic management” (Garland 2016, pp.7-8). Pierson who was political scientist defined the welfare state as “state measures for meeting key welfare needs” in narrow sense, and “1) a particular form of state; 2) a distinctive form of polity; 3) a specific type of society” in broad sense. Both show that the welfare state exists not only for the poor but also every one. Moreover, the welfare state is the core of economic governance and political stability which accomplish the social integration in advanced capitalist society.
11) Ferrera called the period before globalization and after industrialization the golden age of the welfare state. Moreover, he called the era after socio-economic transformation the silver age of the welfare state (cf. Ferrera 2008).

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