

Protecting welfare in Japan

- Keeping Article 25 of the Constitution of Japan alive

社会福祉の発展と日本国憲法25条の果たす役割

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Abstract

This paper is based upon a lecture that will be given by the author at the invitation of Professor Kenneth Ruoff of the Japanese Research Center of Portland State University on April 28, 2016. Professor Ruoff is very knowledgeable about Japanese politics and is a world authority on the Japanese imperial system, and there are also many other professors who have a deep knowledge about Japan at the university. The paper begins with a discussion of Article 25 of the Japanese Constitution and its relationship to social welfare. It is proposed that we need to re-think whether Article 25 of the Constitution which states that “All people shall have the right to maintain minimum standards of wholesome and cultured living” really provides security to those who need it. Furthermore, last year, which happened to be the 70th Anniversary of World War II, the Japanese Government introduced new security bills, very much in contradiction to Article 9 of the Constitution which renounces war and aspires for peace. It is argued that a nation that seeks war is at odds with expanding or bettering its system of social security. The author will outline why social security and welfare are necessary, and the processes in which they came to be guaranteed under article 25 of the Constitution, and finally hint at the future of social security in Japan through a discussion of concept of success through cooperation with others.

Key words: Article 25 of the Japanese Constitution, renouncement of war and peace clauses, life-structure, success through collaboration

要約

本論文は、米国ポートランド州立大学日本研究センターにおいて行う講演（2015年春、センター長のケネス・ルオフ教授 [Professor Kenneth Ruoff] より講演の依頼があり、2016年4月28日に同センターで講演することとなった）の原稿である。ルオフ教授は、日本政治に関して極めて高い見識を持っており、日本の天皇制に関する研究では世界的権威である。また、その他にも

日本を熟知する先生が多くおられる。

さて、今回、日本国憲法25条と社会福祉（社会保障の一領域）に関して講演することになった。しかし、憲法25条が規定する「すべて国民は健康で文化的な最低限度の生活を営む権利を有する」は、本当に保障されているのかしばしば疑問に思う。戦後70年の昨年、日本では安全保障法制が可決成立し、憲法9条（非戦・平和条項）から大きくかけ離れた方向性を目指すようになった。戦争をする国への方向は、社会保障の拡大とは相容れないと思われる。

社会保障・社会福祉がなぜ必要なのか、また、日本に社会保障・社会福祉が定着したきっかけとなった憲法25条の成立過程、また、今後の社会保障発展のヒントとしての「能力の共同性」に関して検討したい。

キーワード：日本国憲法25条、非戦・平和条項、生活構造、能力の共同性

Introduction

It is my pleasure to have the opportunity to speak before you today, at the invitation of the Japanese Research Center of Portland University. Professor Ruoff is very knowledgeable about Japanese politics and is a world authority on the Japanese imperial system. There are also numerous other professors who have a deep knowledge of Japan, which makes me a little nervous as I give my talk!

Well, I am here today to discuss Article 25 of the Japanese Constitution and social welfare, specifically, social security, but my master's degree was actually on the issue of nuclear reactors and regional communities. My field was originally quite different, so first, I want to tell you how I became interested in social security.

I had just got accepted into the PhD program, and my daughter, who was three at the time, was diagnosed with an acute brain tumor. It is an extremely rare condition with just 70 people in all of Japan being diagnosed each year, and it is almost always fatal with less than 1/2 of a percent of people surviving beyond five years once they have been diagnosed. I wanted to be with my daughter when she passed, and so every day after work I would go to the hospital to spend time at her bedside. My daughter had eight operations on her brain by the time she was 5 years old, and was administered anticancer drugs, and radiation therapy. Having my own daughter go through this ordeal spurred my interest in medical treatment issues and social security, so I changed my PhD field to social security. So to a large degree, my daughter's condition affected my future research field.

Very sadly, my daughter passed away in 2006, at the age of 22. My son is with me here today, but it has taken a long time for me and my family members to recover from this tragedy. During the extremely painful 19 years of her terrible condition, we had always hoped that she might recover. In some respects, we were supported during those years by the Japanese social security system (Japanese health insurance and low co-payment burdens, etc.). However, I think we need to question whether Article 25 of the Japanese Constitution, which states: "All people shall have the right to maintain minimum standards of wholesome and cultured living?" really provides security to those who required it.

The Ministry of Health, Labor and Welfare announces the number of homeless people each year in Japan in January, and on April 28, 2015, they pronounced that there were 6,541 homeless people in the whole of Japan. However, these numbers are probably vastly underestimated. They arrive at these numbers by having municipal workers go out into their local municipalities to observe those who they assume are homeless. There is no doubt that under this system, many homeless people are simply not counted, as there are many who are dressed in suits, or who stay in internet cafes

(net-cafe refugees) as has been picked up by various media outlets in Japan. However, it is not only a question of numbers of homeless people, and despite the existence of Article 25, there are many people who are, for various reasons, unable to “live wholesome and cultured lives”.

Last year, which happened to be the 70th Anniversary of World War II, the Japanese Government introduced new security bills, very much in contradiction to Article 9 of the Constitution, which renounces war and aspires for peace. I think that a nation that seeks war is at odds with expanding or bettering its system of social security.

Today, I am going to talk about why we need social security and a social welfare system, how Article 25 of the Constitution became associated with social security and welfare, and finally, hint at how we should put our resources together to consider the future of social security in Japan.

1. The Meaning of Article 25

At the end of World War II, Article 25 of the new Japanese Constitution was a cornerstone to enhance social security in Japan. However, unfortunately, there is a commonly held belief that the Americans forced the new Constitution upon the Japanese people.

Figure 1: The Constitution of Japan Article 25.

All people shall have the right to maintain the minimum standards of wholesome and cultured living.

In all spheres of life, the State shall use its endeavors for the promotion and extension of social welfare and security, and of public health.

Source: The Constitution of Japan, 1946.11.3

There were already moves afoot to revise the constitution of the time right at the end of the War, in September 1945. The then Director General of the Bureau of Legislation, Irie Toshiro started a non-public inquest to revise the constitution, and on the September the 18, presented his report to the Secretary of the Bureau, entitled, “The End of the War and the Constitution”. In the memo, he outlined the need for a new article that would forbid a military system, and deleting the words, “supreme command, martial prerogative and the people’s duty of military service”.

And on 11 October the same year, the newly appointed Prime Minister Shidehara Kijyuro made an official visit to greet General MacArthur. MacArthur commanded him to make five major changes to the Constitution of Japan in order to make the nation more peaceful.

The first one was to liberate Japanese women by providing them the right to vote. The second was to encourage the setting up of labor unions. The third was to ban the use of child labor. The fourth was to liberate schools so they would be able to provide freer education. Finally, the legal

system of forced interrogations and torture was to be abolished. Freedom of thought, speech, and religion were to be maintained. Sixth, The Japanese economy was to be democratized. Seventh, in order to prevent a disaster the government was to provide adequate housing, food and clothing to all, forthwith [MacArthur, D. (1964), pp. 438-439].

However, even though MacArthur desired to make Japan into a democratic country, he had no plan to force an American style constitution upon the country. We can understand this from his following words:

“It was never my intention to command that Japan introduce an American style constitution. The Japanese people themselves should make revisions to the constitution. I happened to be a conqueror with supreme authority, but decided to step back passively and not demand that the Japanese reform their constitution, and to let the Japanese people reform their own constitution.” [Ibid, p. 450].

After issuing his directive of five major reforms The Shidehara Cabinet held a special meeting on the state of the constitution (with Matsumoto at the head), and began debating revisions.

On January 24, 1946, Mr. Shidehara, after having received penicillin from MacArthur and as a token of his gratitude, paid a visit to the GHQ to pay his respects. There, Shidehara recommended that any new constitution should include an article denouncing war and that at the same time, should state that Japan was not have a military capability. If they did this, they would remove the option for the old imperial Japanese Army to gain power, and furthermore, Japan would convince the world that they would never cause war again, which achieved a dual purpose [Ibid, p. 456].

In addition, in response to Mr. Shidehara’ recommendation, MacArthur was astonished. “It had been by wish many years that war be abolished as an instrument to resolve disputes among nations.” [Ibid, p. 457].

Additionally, Mr. Shidehara recalled the following regarding the denouncement of war suggestion:

“I remember riding the train, when I was Prime Minister and observing the beautiful scenery. I resolved that I had to do something to realize the will of the people crying out from the fields. I decided to change how politics was carried out, and to make sure that there would be provision in the constitution to never again allow for war. In other words, I don’t know about anybody else, but regarding the renouncement of war and the removal of military capabilities, this was my conviction, as I previously stated. I don’t know if it were a kind of magic, or some divine intervention that commanded me to do it. The Americans had come to Japan, and people had asked me if the GHQ was going to impose a new constitution in response to Japanese requests for a new constitution, but as far as I knew, nobody had planned to do such as thing [Shidehara, K. (1987), p. 230].

I think that we need to take into consideration the fact that proposed changes to the Japanese Constitution regarding the article denouncing war came from the Japanese side and can be seen from the words of the two above important characters who were involved in the rebuilding of Japan

following the War.

On February 1, 1946, the Mainichi Newspaper ran an exclusive on the recommendations for changes to the constitution by the governmental panel examining the issue of the constitution, the report stating that the Japanese government's recommendation was a democratic constitution based on minor revisions to the Meiji Constitution. The GHQ Chief of Government Section, Whitney Courtney reported this to MacArthur who instructed him to create a draft of a new constitution.

On February 3, Whitney assembled Colonel Charles Kades, Major Alfred Hussey, and Major Milo Rowell to the GHQ Headquarters and told them that the proposed changes to the constitution put forward by the Japanese government were too conservative, and the Emperor still retained his position as the source of all government authority. There was no way MacArthur would accept the draft as it was, and so they were to prepare a model constitution that would then submitted to the Japanese Government for revision [Suzuki, N. (2014), p. 20].

The above groups were then instructed to prepare a draft constitution by February 12, in just nine days. A team of 25 was assigned to the task of creating the new draft and they worked around the clock, to complete what was certainly an arduous task [Suzuki, N. (2014)].

To create their draft, they referred to other countries constitutions, proposals from Japanese political parties, and independent research groups. In fact, the GHQ draft is famous for including language and from these sources, and, in addition the Japanese Parliament further modified it, and so it is very shortsighted to say that the document was a "foreign" document pushed upon the Japanese people by the Americans.

And regarding, Article 25, it is often said that it has same wording as the original GHQ draft, however, the wording of the post-War systematic Social Security Bill, "All people shall have the right to maintain the minimum standards of wholesome and cultured living" that contributed to Article 25 can not be found in the GHQ version (Corresponding Article 24 of the GHQ Draft Constitution).

Figure 2: Japanese Constitution GHQ Draft, Article 24

<p>Constitution of Japan</p> <p>Article xxiv.</p> <p>In all spheres of life, laws shall be designed for the promotion and extension of social welfare, and of freedom, justice and democracy.</p> <p>Free, universal and compulsory education shall be established.</p> <p>The exploitation of children shall be prohibited.</p> <p>The public health shall be promoted.</p> <p>Social security shall be provided.</p> <p>Standards for working conditions, wages and hours shall be fixed.</p>

Source : 1946.2.26. Draft Japanese Constitution distributed to the Extra-ordinary Cabinet Meeting. Article 24 corresponds to the present Constitution of Japan.

The article was put into the constitution though debate in the Japanese parliament, proposed by the opposition party based upon various sample constitutions that came from Japanese sources. At the time, the Constitution Research Group released a draft constitution (December 26, 1945) and in this is the wording: “The people of Japan shall have the right to maintain the standards of wholesome and cultured living”, which is very close in wording to Article 25 of the present constitution [Takayanagi, K. (1972)].

However, in Article 25, Clause 2 of the draft, regarding the wording, “In all spheres of life, the State shall use its endeavors for the promotion and extension of social welfare and security, and of public health.” there has been very little verification, and many Japanese believed it was the responsibility of the State to enhance social security. Regarding this, Kondo, an expert of the time on social security in Japan, said the following: “In Clause 2, regarding the responsibility of the State to protect the right to a certain standard of living, the State has the responsibility to endeavor to protect, not absolutely project. This has been overlooked.” [Kondo, B. (1959), p. 6], and in Clause 2, it states no more than the State shall make an “effort”. The government of time felt remorse at having overlooked this wording.

The view of the time was that the government agreed to the form of the constitution. On September 9, 1946 in the Meeting of the House of Peers in meeting to decide on revisions to the constitution, Kawai Yoshisuke, Minister of Welfare, in response to Eiichi Makino’s provision to make social security the responsibility of the State stated the following, “In response to the question by Dr. Makino, regarding revisions to Article 25, well, let’s put aside whether there a problem with the wording, I think this is a provision that people should have the right to a minimal level of support in their lives, and the word, “right” means that the State should maintain that right, and it is not necessary for it to become enshrined in law... and the State can do nothing other than try its best to

make all efforts in this regard.” From this we can see that the government at the time understood the Article 25 provision as promising that the State would “make an effort”.

However, in the Human Rights meeting at the GHQ, they wanted to have it stipulated that it was the State’s responsibility to project the basic rights of its citizens. In the minutes from the meeting, Lieutenant Colonel Peter K. Roast says the following:

“The reason social security was included in the constitution was that in recent years, many constitutions in many European countries include such provisions. I think in particular, Japan needs such a provision; because until now Japan has lacked a notion the State should have responsibility for the welfare of its citizens. I think that there needs to be such a provision in the constitution in order that the notion gains wider acceptance in Japan [Suzuki, N. (2014), p. 277].

I think that the wording, in Article 25, “the State will use its endeavors” still does not lessen article’s importance to its contribution to the development of social security in this country.

2. The Structure of Japanese Social Security

When used in the political or by scholarly spheres, the term social security is an internationally recognized basic concept. Social security is involved in many issues of our daily lives, and solving or moderating these problems are reflected in public policy structure.

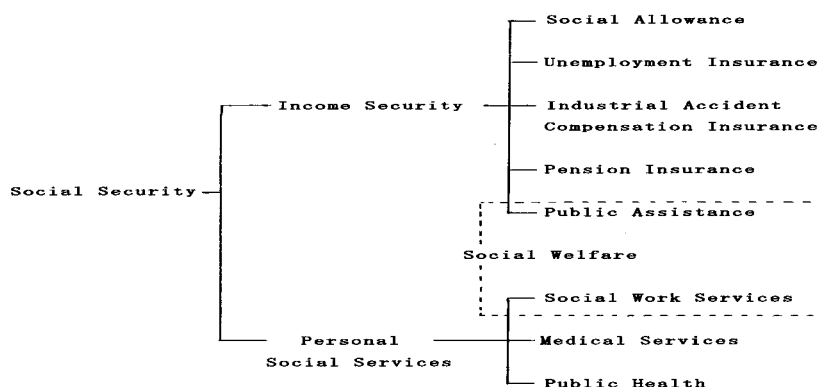


Chart 1: The Structure of Japanese Social Security

Source: Author

The structure of the Japanese Social Security System is outlined in **Chart 1**; it can be broken down into two main groups; the first one, “Income Security” and the second, “Personal Social Services”. Income security is social allowances, unemployment insurance, industrial accident compensation insurance, pension insurance, public assistance. “Personal Social Services” include social work services, medical services, and public health. However, these categories are only applicable to

Japan, and other countries such as England, Australia, New Zealand or European Countries often include housing and education. Social security is a public or governmental or system or policy that lessens the burden or alleviates problems that occur in people's lives, and makes these problem public responsibility.

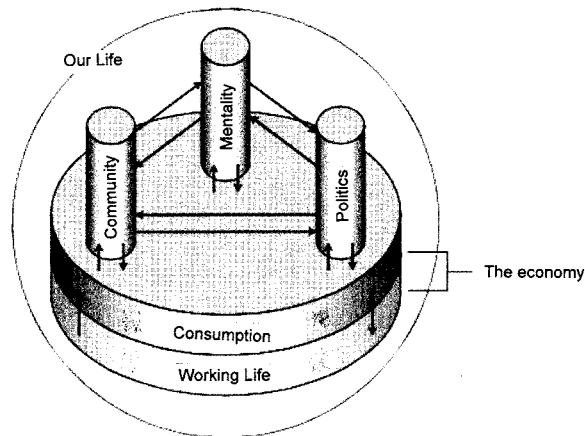


Chart 2: Our Life Structure

Source: Author

As shown in **Chart 2**, in our democratic society, most people are wage earners, employed by companies and don't have direct access to the means of production (including materials, machinery, tools, factories). This act of working is called "Working Life". From the act of consuming their labor through their working lives, they are able to buy goods through the wages they get that labor. This act is the consuming of money from their working lives, and is called, "Consumption". Consumption is positioned on top of Labor, and through these two tiers representing the movement of money, they become known as "the economy". The economy has become the basis of our lives. Positions on top of the Economy are Community, Mentality, and Politics, and if the base of this unit, the Economy is not viable for some reason, then three pillars of our lives become unstable. Here, "Community" means human relations through the smallest unit of society, blood ties, ties with communities or schools, and ties with companies. For example, Family A receives some baby gifts for their new baby. Following that Family B has a baby, however, in the meantime, Family A's breadwinner has lost their job, and is unable to give a return gift to Family B, and in that case, it is possible that Family A may become segregated by their community. The Mental pillar represents living a cultured life, or spiritual love through things learned at school, or hobbies. However, losing one's job, or being faced with economic hardship means that one will be unable to achieve this pillar.

In other words, if the Economy Disc, which is an integral part of our lives, should become

weakened or unstable, this is going to destabilize the three top pillars of Community, Mentality, and Politics. This is where social security comes in. Social Security is a system or policy to prevent against a collapse of the Economic Disk.

3. In Which Direction is Japanese Social Security Headed?

The Abe Government has been actively pushing for changes to the social security system since its inauguration on 26 December 2012. Under programs of reform, the government introduced the Act on Promotion of Reform to Establish a Sustainable Social Security System on December 5, 2013, in order to recognize the importance of citizens helping themselves, and proposed changes in the social security environment aimed at self-help and autonomy, the government aiming to reduce the burden state support. However, I think this burden has instilled in people a strong sense that they should provide self-support and be autonomous in providing their own social security, and that social security system in Japan has made a leap toward including industry and market influence. So let us examine what the reforms to the social security system under the Abe Cabinet are hoping to achieve.

1) The risks of self-responsibility and Increase in the Differential Costs of Medical treatment

Following a meeting on industrial competitiveness and reforms to nursing system on March 3, 2014, the unit chief Mr. Masuda Hiroya, put forward his proposal to the Ministry of Health, Labor and Welfare. In the proposal, it was suggested that insured people should be able to get reduced insurance costs and medical treatment burden costs should they undertake plans to take responsibility for keeping healthy, and announced that it would be a good idea to give cash incentives to companies that promoted good health [Masuda, H. (2014), p. 1]. Additionally, Mr. Masuda also stated that if they were able to reduce the cost of health insurance by moving the responsibility toward the individual for their own health, people would take incentives to take care of their own health [Masuda, H. (2014), p. 1]. Some examples of people taking responsibility for the betterment of their health, are as outlined: those that took regular health checks, if people smoked or not (and if they did, had they attended sessions on quitting); if people did physical activity (and were in programs), how much people (and their families) spent on medical costs, the rate at which they had taken health examinations, and how often they got sick through everyday activity [Masuda, H. (2014), pp. 1.2]. However, none of these examples are good predictors of self-responsibility toward the individual, and are highly related to things such as working hours, stress, commuting time, or low wages, among other things.

There are many people who have irregular employment and who are on low wages who would

not be able to afford to go to a fitness club, and who might not be able to go to health checks at specified intervals. For example, the Ministry of Health, Labor and Welfare puts out a annual white paper: “The State of the Nation’s Health and Nutrition” and in the 2010 paper, it break down annual wages into three groups: families earning below 2 million yen, 2-6 million yen and those earning more than 6 million yen, and examines obesity and lifestyle in each. Women who make more than 6 million yen have an obesity rate of 13.2% but those earning less than 2 million yen have a rate of 25.6% or almost twice the obesity rate. Concerning those that don’t have breakfast, both men and women in the lower income brackets have much higher instances of not having breakfast compared to those of higher incomes. And, those with higher incomes are also more likely to belong to a fitness club. It is clear that there is an inextricable link between the state of people’s lives and their incomes.

I think it should not be perceived as a problem of individual responsibility, but the responsibility of all of society. If the recommendations for reform to the social security system outlined above are implemented, it is only going to increase the gap in health between different socioeconomic groups in Japan. And the plan to place the burden of health and insurance on the individual will have a high likelihood of being used as an excuse to make the move from a public system to a private system of medical insurance.

2) Reforms to the Social Security System and Commercialization of medical fields

As outlined above, the Abe government is pushing through various reforms to the social security system. Laws that have already been enacted are the Innovation and Competition in Medicine and Health Bill that was enacted on May 23, 2014, and on the same day, the Incorporated Administrative Japan Agency for Medical Research and Development Bill, laws related to implementing infrastructure to secure medical practice and nursing in the regions (June 18, 2014), Competition in Medical treatment and Health (July 22, 2014); A basic plan to secure coverage of medical treatment and nursing in the regions (September 12, 2014); A law to amend the plan to ensure the long-term viability of the National Medical Health Insurance system (Amendment to the Medical Insurance System) (May 27, 2015). As outlined in the above, these programs are “self-help and independence” reforms to social security.

(1) Commercialization of Health and Medicine and Human Rights

The Act for the Promotion of Competition in Health and Medicine plans to contribute to the conception of a healthy, long-living society, by creating new industries and living environments... through putting these things in place to promote economic growth in the Japanese economy, medicine and health have become tools for economic development. The commercializing of those

things that are the essential for survival and to living a fruitful life, will just widen the gap between those who are able to afford care and those who cannot, and only push forward a tendency toward ill-health among the populace. Surely, there is a lack of respect for human rights under such a system.

In order for the government to improve the health of society, it is promoting the creation of new industries, allowing the commercialization of the results of medical research and integration of government and industry, and has shown that it is only interested in working to serve the interests of making a profit. In the end, those medical and health sectors that lose money will be cut.

Under the same bill, it was specified that the government would establish “health and medical strategies” and this was passed by the Cabinet in July 2014.

(2) Health and Medical Treatment Strategies

① A Strategy to Ruin the Japanese People’s Health

The strategy is to make health and medical industries to “nurture strategic industry and have it contribute to the economic growth of the Japanese economy to create an advanced medical welfare state based on safety and well-being”. The plan is to expand the commercialization of health and medical sectors beyond Japan and to have Japanese companies profit from other countries peoples.

The creation of new commercial health services, outside of the public insurance system to support the prevention of disease or chronic illness, is a strategy to worsen the Japanese people’s health. It is widely known that prevention is very important in dealing with disease. Language that suggests that we should commercialize the prevention of disease to companies outside of the public health insurance system will only serve to accelerate economic disparity in the health sector, and is unforgivable. “Outside of public insurance” doesn’t just mean that some fields will be commercialized, but rather suggests that in the future, the public insurance will not apply to many services, and will become commoditized.

② Lifting the ban on Treatment Partially Covered by Insurance

The first thing is changes to the current system, under which the use of treatment partially covered by insurance are banned for insurance purposes, to one where patients will be able to make requests to use certain services that have until now not been covered under public health insurance. The Abe Administration passed the Patient Request on June 6, 2014, included under “new growth strategies”. Following this, a revision to the plan to ensure the long-term viability of the National Medical Health Insurance system (Amendment to the Medical Insurance System) came into effect on May 5, 2015, and the Patient Request law will come into effect from April 1, 2016.

Usually, under the public insurance system, if there are items that are not covered by the

insurance, the patient has to cover the entire cost themselves (including the items that would have been covered under the public system). So in Japan billing for treatment partially covered by insurance is not allowed. However, if a patient receives treatment that is not covered under the public insurance, patients can receive treatment partially covered by insurance if they pay all medical expenses of mixed medical services beforehand, as specified under “patient care choice” or “evaluation of coverage”. Under the “evaluation of coverage” system, there are 100 types of permissible advanced medical activities that a patient can be reimbursed from. “Patient care choice” includes extra room charges for inpatients, hospital food, linen, etc.

The system of Patient Request is if they want to use medicine or medical equipment not covered by the national health insurance scheme, such as clinical research core hospitals they can make a request to have the non-approved product covered, with the approval process taking up to six weeks, or 2 weeks if they have previously been approved for similar treatment. And in the future, it is planned to expand this for low-risk procedures at regional hospitals. However, I think that the result will likely be that the patients will be burdened with the costs under the “private practice” and that it will be the end of the ban on mixed medical services in Japan.

Five of the largest ten pharmaceutical companies in the world are American and they would welcome any move toward treatment partially covered by insurance, with profit from any medicines sold under treatment partially covered by insurance flowing to them.

The TTP was approved on October 6, 2015 with the Americans seeking to extend the usual 20 years of medicine patents beyond the usual 20 years [Shibata, H. (2014), pp. 36-54].

In addition, bio-drugs will be given a maximum of 8 years’ projection (Australia sought 5, and America 12). Data projection for Clinical trials of biopharmaceuticals is where bio similar makers submit the clinical trial data to regulators for a period to protect it from copycats. Usually a patent period begins from the time of submission to the regulators, but in the case of biopharmaceutical clinical trial data, begins from the time it is approved for sale. Since it takes time to develop these drugs, if the time of application for sale is also a long period, the patent period will too long, and generic drug makers will be unable to develop cheaper alternatives, so this was the perfect outcome for the drug companies. What it means is that for people of many countries, they will have to buy expensive drugs for a long period of time, while the US drug companies make a lot of more profit.

③The Wellness Industry is Sucking Up The People's Money

Health and medical strategies celebrate the fact that they are matching the needs of business and medical sectors by securing and cultivating experts and innovators but what is the real meaning? We can say that companies are cultivating people who will bring them profitable business. The government has basically said that it will cut medical sectors that fail to make a profit. In a model in

which medical companies have to make a profit or face the axe, it is certainly going to negatively impact the health of the people. In reality, I am rather suspicious as to whether the real intention is actually aiming to make people unhealthier. Pilzer and American economist, mentioned that health care businesses in the U.S. Had sales of 20 trillion dollars and that it occupied $\frac{1}{5}$ of the entire US economy? Other wellness related businesses are at the moment 50 billion dollar businesses, and he predicted that within 5 years this would balloon to 100 billion, making this industry the largest industry growth in the US [Pilzer, Z. (2007)].

In Japan, by 2025, the now elderly generation will then be super aged, and is there an agenda to increase the size of the wellness industry to take advantage of the comparative wealth of the elderly population.

④ The Combining of My Number with Medical Information and the Increasing of Penalties

The government is promoting the development of high tech digital for profit efficient medical services or health care services outside of National Health Service, and has linked these to the new national My Number Scheme (social security, tax number system). Through the use of the information recorded by the My Number Card of medical examinations or records of payments, the government will be able to provide this to health care providers. It is also possible that they will link health care and tax payment records and penalize use of certain social services, health care services or nursing care services.

3) The Meaning of the “Provision Healthcare 2035”

On June 6, 2015 the Cabinet accepted the “Basic Policies for Economic and Fiscal Management and Reform” or “Big-boned (Honebuto) Policy”. Under this policy, fiscal reform will go ahead at all cost and the government will deal with important sectors of reform of the social security system, with the Abe Government already curbing spending by 1.5 trillion yen over the past years, with the promise to continue this to at least 2018. Costs have been increasing at an incremental rate of 8,400 billion yen in 2013; 9,000 billion in 2014; and 8,500 billion yen in 2015. However, there have been cuts of at least 5,000 billion yen to each of the above years. That means that there have been spending cuts of about 16,000 billion yen over the past three years alone on social security.

And within the next three years, there will be a total of about 1,000 billion a year, or about 3,000 billion yen over the three years, which means that in order to achieve these targets of 1.5 trillion yen, it is going to cut half of the natural increase in costs. Additionally, the same policy says that the increased cost maintaining the social security system by 2020 for an increase in the elderly population will be offset by an increase in the consumption tax, therefore in addition to not taking

into account costs other than that of the increased elderly, the government is bullying the Japanese people into accepting a tax increase if they want to have a decent social security system.

As today's group of elderly reach super aged in 2025, and a third of all elderly will be over the age of 65, in 2035, Japan is going to be faced with an unprecedented demographic crisis, the first nation to experience such a situation. The system of social security that was introduced in 1962, a universal system in which all could access, a system in which "anybody, anytime, anywhere had access to medical facilities" must be projected at all cost. Let's look at some of the problems with the "Provision Healthcare 2035" Recommendation.

The Ministry of Health and Labor held a series of eight meetings over 2015, and on June 9th, produced a summary of their endeavors, in a proposal entitled "Provision Healthcare 2035". The basis of this report was included in the "Provision Healthcare 2035 Taskforce" in their first meeting on August 6.

The Provision lays out the necessity for a vision regarding the Provision Healthcare 2035, "We are faced with the stagnation of the economy and changes in demographics and predictions of substantial rises in medical costs, the country's finances will be dire, and there are worries regarding the sustainability of the social security system. The Japanese social security system which has until now had a series of reforms based on a patchwork series of partial optimizations, is going to have to be extensively reformed over the long haul" [Provision Healthcare 2035, Planning Commission. (2015), p. 1]. In addition, "In 20 years, along with the advancement in an aged society, and a falling population, there will be an increase in and a variety of medical needs and there will be an increase in needed resources... In this situation, as the junior baby boomer generation hits 65 years old in 2035 we will need to have developed one advanced system of healthcare [Ibid, p. 6], meaning that the government recognizes the dire straits Japan is headed for.

So, let's examine what their vision aims are. In the proposal it states: We aim to have it a period in which uniform services are provided in volume that reach people in all corners of the country, it to be a period in which we have obtained the necessary health care system that will be of the highest quality and efficiency [Ibid, p. 10]. There has been as shift, and they are aiming to break the universal social insurance system whilst increasing efficiency. However, it is known that the universal health insurance system was built upon providing a high standard of medical care at a low cost, so the question is doing there need to be reforms made to the in the system under the pretext of "efficiency".

In the name of the securement of a stable medical insurance revenue, "In addition to the public insurance system as a base, we plan add new optional employee insurance or regional services and allow some of these services to be used outside of the public insurance scheme." "Some services that are low risk to life or serious and low cost, yet effective will be optional." [Ibid, p. 34], "Some services

that are unnecessary, yet carry low cost burdens will become user pays, and some non-serious illnesses such as colds will have increased co-pays, and serious sickness, lower co-pays, with the co-pay now determined depending on the seriousness of the illness.” [Ibid, p. 35]. Basic service provisions will remain covered by public health insurance, but other additional services will be covered by private insurance (Under the Two Tiered Insurance System Plan), which until now has not been official policy under public insurance. What these additional services will entail will likely be made at the discretion of the government of the day, and the result will be that more and more public insurance services will be cut and those with low incomes who will be unable to afford private insurance to pay for the non-covered services will be likely to be unable to access public insurance services.

At the moment, employee’s health insurance premiums depend on the amount of taxes they pay, but as with the national health insurance, “In regard to patient co-payments, and premiums, from the standpoint of the a fair burden determined by the bearing capacity, these will be determined on not only income but also assets” (ibid., p. 35). So, in this way, the employee health insurance system is also in for some serious revisions. Since these words are mentioning patient’s assets, and this means turns the original public health insurance system upside down.

However, it is dangerous to argue that we have until 2035 to debate the content of this plan. On May 27, 2015, in the revised Article 2 of the Act for Part Revisions of the National Health Insurance in Order to Build Sustainable Medical Health Insurance System it states: “From the perspective of building a sustainable medical health insurance system, the government after having established this law, shall, to use money for medical treatment effectively, consider the future of premium payments in response to the level of payment of insurance proceeds in medical treatment and the insured person’s burden capacity, and depending on the findings, will take measures to introduce necessary changes”.

We can see from this that the government is looking to introduce revisions to insurance payments and copayments earlier than we may have been thought.

The proposal also touches on long term care: “Concerning the long term care system, considerations should be made concerning introducing having patients cover costs of using care management services, and a re-examination of the current system of free access to benefits by patients” [Ibid, p. 35].

From the beginning, the condition that led to the creation this proposal was, as I outlined previously, a feeling of the threat of crisis regarding a large increase in numbers of elderly, but is an increase in the elderly population the reason for increased medical costs? It is accepted in the proposal: “Regarding medical costs, these are being drawn along by increased costs of innovations in technology” [Ibid, p. 6], so to use the increase in elderly as a fear tactic is little more than

propaganda.

4. Hitting back at Suppression of the Social Security System and Success Through Collaboration

1) The Raising of the Consumption Tax as a Strategy for Economic Growth

According to the Revised Consumption Tax Law of 2012, which was enacted to secure stable funding for social security, in Article 1 it states: “From the standpoint of aiming to attain both a secure stable finances for social security and return it to health, there will be transparency regarding use of the consumption tax, as well as a tax increase.” Use of the consumption tax for social security was specified, and in the same year, the tax revisions were passed into law. In Article 1, clause 2 of the Tax Revision Law, it is made clear the intended use: “Concerning revenue from the consumption tax, it is outlined as specified in the Local Allocation Tax Act that it will be used as a revenue each financial year, the established social security pension payments, medical and nursing care benefits and measures to stop the reduction in births.

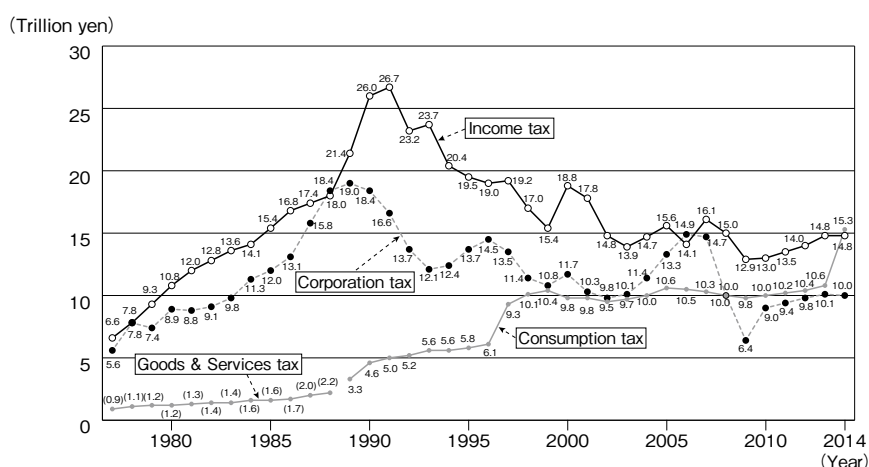


Chart 3: Changes in Revenue for Main Tax Sources

Source: Ministry of Finance, “Changes in Revenue for Main Tax Sources”, www.mof.go.jp, accessed: May 5, 2015.

Since the Establishment of the Consumption Tax, in 1997 it has gone from 3% to 5%, and in 2014, to 8%, and as a result tax revenues have risen (Chart 3). So, has there been a corresponding increase in the spending on social security related costs in response to the nation’s needs?

In 2015, the annual government expenditure budget, included a 2.27% reduction in nursing care, living assistance, housing assistance payments and heating assistance were cut, government subsidies to the Association of Health Insurance were cut for a total of 17,000 billion yen in cuts.

Living assistance subsidies, the pillar of living assistance was cut in 2013, for a third year in a row,

pension payments were cut across the board (only went up 1% increase even though consumer costs and wages went up by 2.4%). In long-term care insurance, from August 2015, copayments increased from 10% to 20% for those on fixed incomes, and for those between 70-74, the copayment costs doubled, to 20% beginning for people who became 70 from April 1st, 2014.

As I mentioned, the increase in consumption tax was supposed to be used for social security. However, not nearly enough of this revenue has been actually used for social security purposes. Examining the 2012 Supplementary Provisions of the Revised Consumption Tax Act, Law Number 64, Article 18, Clause 2 their intentions become clear: "According to the concrete revisions to the tax system, the possibility of flexibility in the use of finances, an increase in consumption tax, based on the influence on the economy regarding the supply and demand situation of the Japanese economy, can be appropriated for use for growth purposes and disaster prevention and natural calamities."

So, that proves that the real reason for the 8% increase in the consumption tax is for economic growth purposes.

2) From the Beginning, the Use of Consumption Tax Revenue for Social Security Funding was opposed

One of the most important objectives of social security is to effect redistribution of income. For the people, the primary distribution, "wages from work and income from self employment", and whether the type of employment is full-time or part-time creates a big gap. Modern societies have been undertaking measures to reduce the income gap by redistributing taxes, or social security services, and reduce the gap through primary distribution of income. Especially tax burdens and social security burdens have been developed to take from those who have a lot to give to those who have few to reduce the burden these people or provide free services, and ability to pay. However, consumption tax does not discriminate on income levels and those with low incomes end up paying a lot more through this so called regressive tax. According to Yamamoto Yasuo of Mizuho Bank's Comprehensive Research Unit, the burden of the consumption tax rate on different income levels is high for those with low incomes and low for those with high incomes. For example, with a consumption tax of 5% the actual rate of consumption tax on somebody on less than 3 million yen is 4.1%, and for those on over 10 million yen, just 1.7% with the difference between the two of 2.4%. With the consumption tax at 8%, the burden is 6.5% on a person with less than 3 million yen, and 2.7% on a person with a more than a 10 million yen income, a difference of 3.8%. Should the consumption tax rise to 10%, this will rise to 8.1% for the person with 3 million yen, and 3.4 for the person on the higher income of 10 million yen, for a difference of 4.7%. As it is clear, as the consumption tax is raised, the actual burden on lower income earners gets higher. In other words, a consumption tax was never the appropriate tax for social security.

3) Tax Burdens According to “Success through Collaboration”

Those on high incomes (including companies) say they work hard to make their money and that it is not acceptable that they pay such high taxes. They believe that a tax levied at the point on the sale goods is a fairer tax. Until 1989, when the consumption tax in Japan was first introduced, the highest tax bracket was 75%. Now the highest rate is just 45%, down 30% since the introduction of the consumption tax, and there are talks to reduce this even further, since it is thought to be too high. For example, Mr. A works extremely hard, and as a result of his labors, goes to top schools, and graduates from a top university and lands a good job. Following this, he establishes his own company with his savings, and despite making a lot of profit, declares that 45% tax means society is thankless for his hard work.

However, this logic is missing a perspective. That is the “success through collaboration”. People’s ability does not just come from their own hard work, nor does it get better without help.

In actuality, people interact with each other and through collaboration, comes the capacity to succeed. So, the thinking that one has worked hard and profited on one’s own hard work is a mistake. For example, even if one enters a top university, they probably went to a cram school or had a private tutor if they were from a well off family, in other words, it may seem like the person got them through their own effort, but they have help a lot of help from those around them, economically, and spiritually and were therefore able to achieve the things they did. The point is, the person who worked hard and profited from their hard work overlooks the fact that they received support (cooperation and collaboration) from those around them. That is the “success through collaboration”, is it not? In other words, those who have profited and make a lot of money, should pay higher taxes to repay the collaboration and cooperation to others that enabled them to achieve their dreams.

The same can be said for companies. An Automaker has been the top selling brand of new cars since the 311 disasters, and it is also well known that this car company was the top seller of a new high brand hybrid model in 2012. Despite the disaster, the carmaker made a lot of profit, and has accumulated a lot of retained earnings. However, was the company able to make such vast profits by itself? A lot of employees of the company might think that is the case. However, I want you to think about the following: If we suppose that the company makes its cars at its headquarters in Prefecture A, they get the parts from subsidiaries all over Japan and thus rely on road and rail infrastructure. Did the Company develop this infrastructure? Of course not! It is well known that this infrastructure was developed through public works projects. Even though the infrastructure was laid out by public works, and the funding comes from public money, for the company, the cost for this infrastructure is very small. Then, the finished cars are exported overseas via ports, and did the company make those ports? Of course not! These ports were created with the people’s taxes.

Like this, it is illogical that the company demands lower corporate taxes because they say that they profited through their own hard work. The company could only make so much profit and be successful due to collaborative performance. Many people worked hard, and through their cooperation, the company was able to perform well. Of course, under a capitalist system it is OK that companies are allowed to profit, but in order for profit to reward cooperation and collaboration, there should be a high corporate tax bracket to give back to the people. This is their duty.

4) The Strengthening of Progressive Taxes

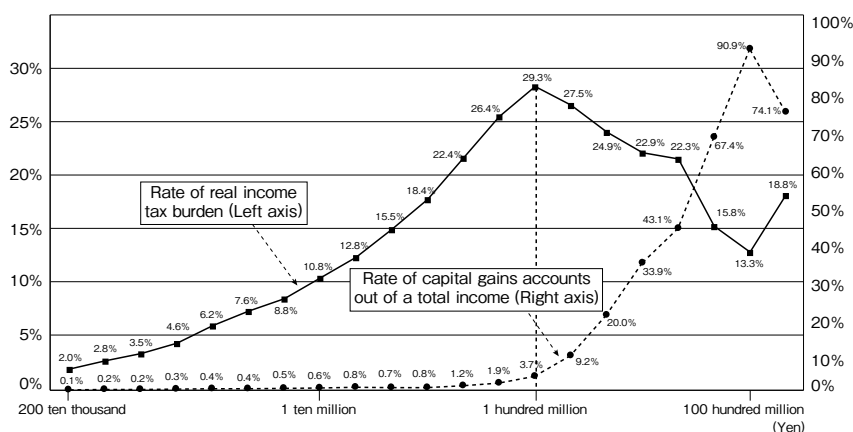


Chart 4: The Real Income Tax Burden (2008)

Source: National Tax Agency, "Assessment of Income Tax for Fiscal 2007 Survey Results"

The above table shows the real income tax burden (**Chart 4**). We can see that for incomes over 100 million yen, the rate drops considerably. At present, the highest tax bracket is 45%, and the highest income bracket is an income more than 10 billion yen, which is an actual tax burden of just 18.8%, which is extremely low. As it is clear in the table, stocks comprise most of the high-income bracket. Rather than income tax rate, the stock transactions related to the taxes on stocks (taxes on publicly listed share distribution, and income from transfer of shares. Tax deducted at source is 20.315%, and dividends on unquoted securities 20.42%) and these are legitimately passed over by the taxation system. At the very least, income from non-labor sources should be given preferential treatment under the taxation system, and nobody would think that low-income earners should be burdened more than high-income earners. At the very least, the securities taxation system should be abolished, and dividends from shares and the like should be included as income, and taxed accordingly.

In November 2014, Nomura Research Institute released some surprising results of an investigation. In that year, there were 1 million households in Japan with more than 100 million yen financial

assets, minus debt from property. This was up more than 20% from the last survey in 2011 and of those, 2%, one in 50 were extremely affluent. This extremely wealthy class has combined financial assets of 241 trillion yen, up 28.1% from 2011. On the other hand, those with no financial assets were 5% between 1970-80, but following the collapse of the bubble have increased and in 2003, were 20%. By 2013, 30% of households in Japan had zero financial assets.

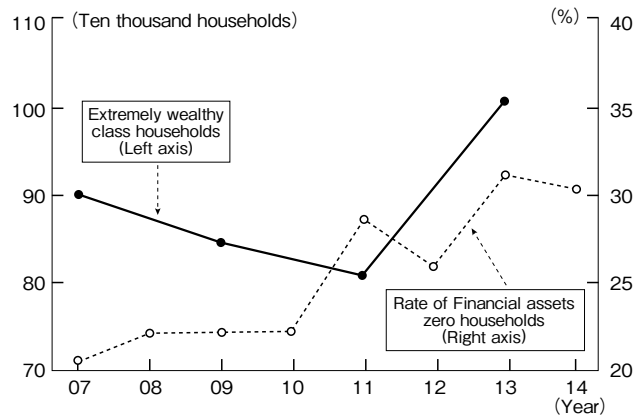


Chart 5: Movement in Percentage of Numbers of Households with zero assets vs. affluent households

Source: Asahi Newspaper, November 28, 2014

Once again, one feels that relying on a consumption tax to provide financing of the social security is unreasonable. We need to be aware the society we live in is unfair with a large gap between classes. If using a consumption tax for social security is going to increase the gap between rich and poor, what we should seek now is to strengthen the progressive tax to target the super rich.

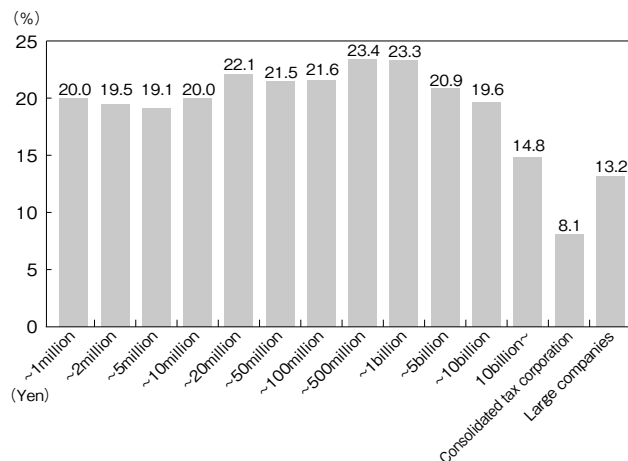


Chart 6: Actual rate of tax share of Corporations by Stock Capitalization

Source: The Office of Akira Koike (Member of the Diet), 2013

The Ministry of Finance in a pamphlet aimed at general consumption, revealed, “Just 30% or so of Japanese corporations in Japan that are making large profits pay taxes”. [Ministry of Finance (2013), p. 5]. The year in which the consumption tax was introduced in 1989 was the year in which corporate taxes were the highest, at 19 trillion yen. And since then this has continued to drop and was just half of the 1989 figure, at 10 trillion yen in 2014.

Since February 1991 when the bubble economy began to collapse, during the so-called lost 20 years of economic stagnation, corporations have increased their internal reserves despite the fall in wages over the same period for the general populace (**Chart 6**). In other words, the large corporations have failed to pass on their increase in value to their employees in higher wages.

According to the Ministry of Health and Labor “2014 General Survey on the Diversification of Working Patterns”, the ratio of those in non-permanent employment was 19.1% in 1989, 32.6% in 1999; 32.6% in 2005; 34.4% in 2010; and 40% in 2015. This has increased dramatically since the beginning of this century. If we think about how 40% of the labor forces are in non-permanent work, there is a big relationship between this number of non-permanent workers and the internal reserves of corporations.

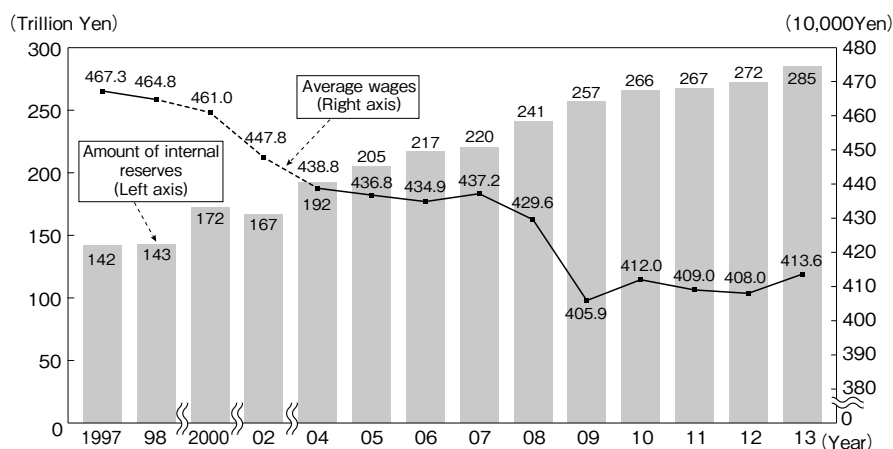


Chart 7: Changes in internal reserves of corporations and private wages

Source: Red Flag News, December 29, 2014

In the same survey, the reasons that corporations have increased the number of part-time workers was, 41.5% said it was to “save wage costs” the largest number. In this regard we can see that corporations have been able to increase their internal reserves through the utilization of non-permanent, cost saving labor.

For Japanese society, if we want a high-skilled healthy populace, who don’t have to worry about an uncertain future and who live in peace, in the end companies will have to secure a healthy, skilled

workforce. In other words, the better the level of social security, education and public services, the more we can provide safety and security to the populace, the benefits of which are passed onto corporations. To achieve, this corporation also need to shoulder part of the burden.

Conclusion

The 20th Century was one of war. And in the 21st century, people believed that we could transverse race and religion to create a peaceful world. However, in reality, there are wars in many countries and regions, and terrorism is rampant. And despite many countries implementing social security, the gap between rich and poor continues to worsen.

Let's put all our wisdom and knowledge together to build a peaceful world and a sustainable society.

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