# Electoral System Reform and the Politics of Policy Change: The Case of Universalistic Child Care Reforms in Japan

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# Electoral System Reform and the Politics of Policy Change

## *The Case of Universalistic Child Care Reforms in Japan*



**ABSTRACT**

As women's participation in the workforce expands, many countries seek to reform child care support by changing the gender division of labor. Japan also attempted universalistic child care support reforms, though these were not always successful. The electoral reforms of the 1990s prompted the major political parties to make universalistic reforms, and the major party leaders advocated similar ideas. Still, they failed to extend benefits to all children. Agreement on the expansion of funding was particularly challenging. By analyzing coalition formation within and among political parties, I show that the electoral reform led to stiff competition, which made it difficult for parties to agree. The change to a majoritarian electoral system not only intensified inter-party rivalry but also made it difficult to persuade intra-party groups that perceived a threat to their electoral success.

**KEYWORDS:** electoral system, universal program, child care, gender division of labor, change of government

WHETHER CHILD CARE SERVICES are privately secured by families or actively provided by the government is an important social issue that concerns people's economic interests and political values. Like many conservative welfare states in Europe, Japan has historically called on families to provide child care

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services, but the Japanese government was forced to revise its systems due to the nuclearization of the family and progress in women's labor participation. Greater women's labor participation is urgently needed to maintain a country's overall workforce, particularly in countries that are reluctant to increase immigration, such as Japan. And this requires universally accessible (rather than selective and limited) child care.

Comprehensive reform of child care services may alter the division of labor established during the period of rapid economic growth, when men (as the breadwinners) provided an almost unlimited labor supply, even accepting relocations to workplaces where they had no previous connection, while women stayed at home and were responsible for child care. The increase in public nursery centers has often been the focus of discussions on expanding child care support. However, child care does not only take place at public nursery centers that require public funding. If women's access to nursery centers allows them to work longer hours, the division of labor between men and women in the home will be reorganized, which will demand changes in the way men work. Governments should also consider providing parental leave and short-term work to give parents enough time to care for children.

Even in Japan, where traditional family norms prevail, the political reforms of the 1990s brought about significant changes (Rosenbluth and Thies 2010). The clientelist politics of the long-standing Liberal Democratic Party (LDP), which allocated particularistic benefits to its supporters based on their fragmented organizations, such as factions and supporters' associations (*koenkai*), have been strongly criticized. In the LDP, power was increasingly concentrated in the hands of the party executive, and the importance of factions declined (Takenaka 2019). The Democratic Party of Japan (DPJ) emerged as an opposition party to the LDP, and electoral reform encouraged both parties to adopt universalistic policies to attract support from urban voters, who were becoming increasingly important (Catalinac 2016a, 2016b; Noble 2010).

The DPJ, which came into power in 2009, attempted to reform child care services in a market-friendly fashion by introducing a universal child allowance (*kodomo teate*). However, the DPJ was not the only party to advocate such reforms; in fact, similar proposals were made by the LDP administration before and after the DPJ took office. The failure of the DPJ to pursue comprehensive reform is often highlighted (Funabashi and Nakano 2017; Kushida and Lipscy 2013; Maeda and Tsutsumi 2015), even though the leaders of the two major political parties broadly share the same line of argument for

such reforms. The studies just cited focus on the DPJ leaders' poor party management and the LDP's thorough resistance, but they do not adequately clarify the political structure behind them.

This paper explains the failure of child care reform by focusing on the need for a coalition to agree on the expansion of funding needed for universalist reforms. Previous studies emphasize the strengthening of party leadership and the conflict between the two parties due to changes in the electoral system. However, party rivalry alone cannot adequately explain this failure. Within each party, there are influential groups that can be punished in elections for tax increases; plus there are certain stakeholders' commitments, such as conservative forces that do not want to change the gender division of labor and bureaucrats that want to maintain the current framework of segmented service delivery. The conflict between universalism and particularism is found not only in the LDP, which was shaken by Prime Minister Koizumi's reforms (Pempel 2010), but also in the DPJ, which proposed universalistic reforms against the strong objections of the LDP. Since the electoral reform, conflicts within political parties have become an obstacle to policymaking in a new way.

This paper sheds light on Japan's struggle with child care reform using an analytical perspective that draws on accounts of universalist reform efforts in Europe. To this end, we conduct a comparative analysis of Japan's child care policies before and after the electoral reform, drawing on a range of primary and secondary sources. Specifically, we consider how the LDP government provided child care benefits in a particularistic manner, based on need, and how this approach changed after electoral reform. We then turn to how the DPJ attempted and finally failed to reform child care services. We explore why leaders were unable to reach a consensus within the DPJ regarding the funding needed for universalist reforms, and how they sought a partial coalition with the LDP, but achieved only small-scale reforms. Through these case studies, we identify the key factors that contribute to the success or failure of child care policy reforms in Japan.

## ANALYTIC PERSPECTIVE

Advanced democracies, suffering from slow population growth and scarce fiscal resources, face the challenge of shifting from traditional social services, which primarily target the working class, to universal social services. Welfare

programs to date have been consumer spending aimed at meeting specific short-term needs, which many taxpayers are likely to see as wasteful spending. In contrast, universal social services related to education and child care are characterized as investments with long-term returns. Middle-class taxpayers who expect their taxes to be spent for their benefit to provide a long-term return to society will demand that the government make such a shift.

The political process concerning the transformation of social services is very different from what has been observed in the past (Beramendi et al. 2015; Häusermann, Picot, and Geering 2012). In many countries, traditional electoral politics have been characterized by a contest between the Left, which favors greater government spending and intervention in society, and the Right, which favors less government spending and more respect for the market. However, the success or failure of universalist reforms can hardly be ascribed to such left–right competition, since the universalism-versus-particularism dimension is independent of the left–right dimension. Universalist reform happens when several social groups and their representatives, each with different preferences, successfully form a coalition along both dimensions (Beramendi et al. 2015).

With respect to the universalist program, Japan is an interesting case in which the traditional left–right dimension has a different character than it has in Europe. The LDP, a catch-all political party, has been in power in Japan for a long time. Although it is perceived as a right-wing party, it has expanded welfare spending concomitant with Japan's economic growth. The opposition parties are left-wing parties that advocate greater spending, but rarely support tax increases to finance it. They have criticized the corruption and wasteful spending of the LDP governments, and argued that they would spend tax revenues more effectively.

The one-party dominance of the LDP created a unique political playing field, with smaller groups (called factions) within the parties being possible coalition members. Leaders seeking a majority in the Diet need to consider not only the other parties but also the groups within those parties. Legislators may decide to leave a party if the ruling power loses its ability to attract votes, and rank-and-file legislators may form groups to oppose the leadership, especially when the government proposes to ask the voters to pay higher taxes (Kato 1994; Kato and Yamamoto 2009). Party leaders may also seek consensus with other parties when they find it difficult to consolidate their own party, as was the case in the latter part of the DPJ's administration.

Prior to the electoral reform, when LDP governments reformed social services, they often asked expert councils for new policy ideas, and decisions were made based on those councils' reports. Although the function of such councils was to coordinate and mediate the various interests in society (Schwartz 2001), the meetings were attended by representatives of businesses and other sectors, and drastic reforms were rarely proposed. In the case of child care services, the representatives of major organizations (employers' organizations and labor unions) were mostly men, while women represented minor and peripheral organizations.[1] Thus this way of making decisions tended to affirm the division of gender roles that required men to work longer hours and women to accept child care responsibilities (Boling 2015).

Although major reforms did sometimes happen, it was not because the Left had won elections and secured a change of government but because the LDP made concessions for fear of electoral defeat (Lambert 2007). Even though business organizations opposed the change, the LDP government in crisis tried to change its policies to gain new support. A notable example is the creation of a child care leave system, which was vehemently opposed by economic organizations. In the mid-1970s, when the ruling and opposition parties were competing fiercely, the LDP accepted the opposition's proposal and implemented child care leave for women working in the public sector as teachers, nursery teachers, and nurses—a long-standing support base of the opposition party.[2] The LDP's defeat in the 1989 House of Councillors election (due to the introduction of a consumption tax) triggered the 1991 enactment of the Child Care Leave Law, which is still regarded as highly generous today.[3] The LDP overcame opposition from business groups, which argued that child care was the responsibility of the family, by forming a coalition with groups toward the left of the political spectrum.

Margarita Estévez-Abe (2008) argued that the introduction (since the late 1990s) of universalist programs such as long-term care insurance was due to

1. The councils in which the women's labor problem was discussed, such as the Labor Policy Council and Women's and Children's Problem Council, were composed of representatives of workers, employers, and public interests (academics, journalists, etc.).

2. The former child care leave law considered it a major social loss that women in these positions retired due to marriage and childbirth and were not reinstated afterwards. It should be noted that private institutions were obliged to make efforts to provide child care leave for workers.

3. Yokoyama (2002) and Horie (2005) describe the details of the policy process. Business organizations disagreed, arguing that child care leave was solely a labor-management issue within individual companies.

electoral reform and the creation of coalition governments. In Japan, where urbanization has progressed, the middle class, removed from their traditional communities, increasingly favored universalist programs. LDP members in traditional rural areas resisted universalist reforms, but changes in the electoral system due to political reforms in the 1990s strengthened the influence of party executives over rank-and-file members, and executives who cared about the interests of their unorganized urban voters became receptive to universalist programs. The LDP's failure to gain a majority in the Upper House resulted in a stable coalition government, and leftist parties that had previously been in the opposition, such as the Japan Socialist Party and Komeito, formed a partial coalition with the LDP. In addition to long-term care insurance, these parties advocated improving the employment environment and child care services to help people balance work and family life.

The DPJ, which has its roots in leftist parties, won the general election in 2009 and worked for universalist reform of child care services, but failed to build a coalition for change. The reason this reform failed to materialize despite being the most important item in the DPJ's manifesto was not that the right-wing LDP maintained strong support for the traditional division of gender roles. The DPJ had an overwhelming majority of seats in the House of Representatives, and moreover, as will be discussed later, the LDP had been oriented toward reforming child care services before the change of government. However, the reform would have required agreements to increase funding to broaden child care coverage, and a willingness to change the gender-role division of labor. Because of electoral threats, the DPJ failed to consolidate the standpoint within the party and to form effective coalitions with other parties.

## CHILD CARE SERVICES IN THE AGE OF LONG-TERM LDP GOVERNMENT

### Reinforcement of Gender Division of Labor

A prominent characteristic of postwar Japanese child care services is the segmentation of eligibility, and the provision of different services according to need. That is, mothers were required to care for their children at home, except where such care was not possible. While male workers put in long

hours, child care was regarded as a private matter that was not subject to public support (Yokoyama 2002), and mothers were expected to be the main provider of child care in each household. Although the Child Welfare Law of 1947 stipulated the provision of child care through public nursery centers regardless of parents' income, a 1951 amendment narrowed the provisions to children "lacking day care": that is, when the parents or guardians are unable to care for the child during the day because they are working or ill. Families with sufficient income and where one of the parents (essentially the mother) is able to care for the child are not considered eligible for services. This effectively means that only low-income families and their children can receive welfare services. Also, kindergarten, which provides early childhood education, was defined as "a facility that provides services only to families who want to educate young children by fully paying the admission fee to kindergartens,"[4] and as a result, the users of kindergartens were generally in a higher income class than users of nursery centers.

The division of functions between the two facilities meant that they provided different services. The users of nursery centers could not pay much, because the concept of "lacking day care" meant they were mostly low-income people. But such care is expensive, especially for very young children, so the government needs to cover the costs with public finding. It is difficult for private corporations to manage nursery services without government subsidy. As a result, nursery center users could not pick a location; municipalities would assign children to centers based on the economic and social situation of the applicants. By contrast, kindergartens were established mainly by private educational corporations certified by the Ministry of Education and provided educational services at market rates. Kindergartens can set their price according to their services, and parents can pick a kindergarten based on the price and the services (a free-contract system). Since kindergarten enrollment was optional (not compulsory like elementary school), kindergartens could provide various value-adding functions, such as bus service. Thus, competition among kindergartens could be intense, especially in urban areas.

During periods of rapid economic growth, the rate of women's employment increased, and the number of children using nursery centers increased

4. Explanation of the director of child affairs of the Ministry of Welfare, 1951, quoted in Yokoyama (2002, 52).

dramatically (Lambert 2007). The growing private sector demanded a female labor force to meet the labor shortage, and from the 1970s the Japanese government expanded social welfare spending in response to complaints about the distortion brought about by rapid economic growth. However, after the oil crisis of 1974, many companies replaced regular women's work with non-regular employment, such as part-time jobs for women who were free from child care duties. Many Japanese companies provided guaranteed long-term employment with relatively high wages to male workers, while women had non-regular employment that was easy to terminate during a recession. They treated the female labor force as a buffer for Japan's economic slowdowns.[5]

Two distinct ideas contributed to the suppression of child care services during the low-growth period following the oil shocks and the maintenance of the segregation of child care and early childhood education, based on the gender division of labor. First, mandating the responsibility of mothers suppressed the demand for child care support. As some reports of the Central Child Welfare Council of the 1960s show, the government repeatedly recognized discourses that praised mothers who raised their children and that deprecated women's labor (Fujita 1989; Yokoyama 2002). In such a social environment, the child care leave system was not thoroughly institutionalized for women who tried to continue their work, and many women who got married and gave birth were forced to retire. Gender discrimination in employment continued, and women who wanted to continue working had to make great efforts to overcome it, even resorting to lawsuits.

The treatment of housewives in the tax and social security system was based on the idea that women should stay at home, so it also affected the demand for child care services. Although in principle the unit of taxation was the individual (ever since the tax reform led by the Supreme Commander for the Allied Powers, based on the Report on Japanese Taxation by the US's Shoup Mission), a spousal deduction was introduced in 1961to recognize the contribution of housewives to household income through (unpaid) domestic labor in the family[6] A household with a full-time housewife could reduce its

5. For women who had children and worked part-time to augment their household income, child care was provided not only by public nursery centers but also by companies, at the workplace (Lambert 2007).

6. The spousal tax deduction was originally introduced to even out the tax burden among farmers, the self-employed, and salary earners. Both the LDP, which emphasized traditional values,

taxable income and therefore its tax bill. In 1987, with the introduction of a special spousal deduction meant to improve fairness between salary earners with housewives and self-employed persons who employ their spouses, the tax benefits of housewives became even larger. The 1985 pension system reform defined "category III insured persons" to enable housewives to obtain pension entitlements without contributing insurance premiums, which further increased the benefits for women choosing a full-time role as a housewife. Given this system, the spouses of salary earners tended to limit their working hours so as to still be considered full-time housewives, rather than paying more taxes and higher social insurance premiums (Abe and Oishi 2009; Abe and Otake 1997). It was not easy to earn income that amounted to more than the preferential treatment one earned by maintaining one's housewife status. And by causing women to limit their work hours, the system also reduced the demand for child care.[7]

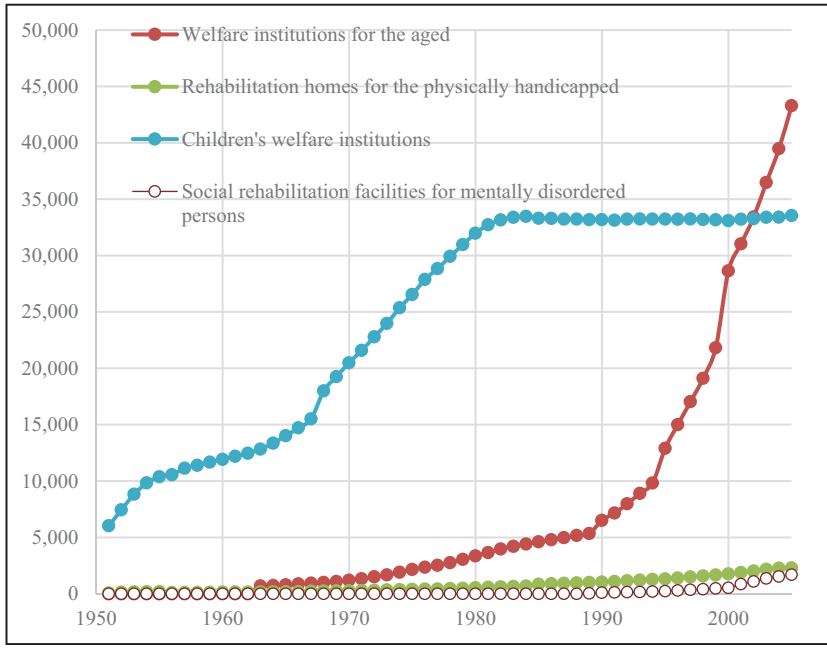
Second, the reduction in subsidies from the central government to municipalities that implemented nursery services significantly reduced child care services. Although the central government initially subsidized 80% of the project cost of public nursery centers,[8] this fell to 50% under the Second Provisional Commission for Administrative Reform (*dai ni rincho*) in the 1980s. Instead, the Japanese government increased funding to facilities for the elderly (Figure 1). Local governments, care workers, and service users vehemently opposed it, but the LDP, which had a majority in the Diet, decided to reduce the subsidy with the support of the business sector. Consequently, the number of children using nursery centers declined in the 1980s (Lambert 2007). Unlicensed private nursery centers did not replace public centers because they could not get government subsidies and thus were too expensive. The average household used such services only as an emergency measure, when public services were not available.

and opposition parties called for the expansion of spousal deductions because they would lighten the burden on salary earners (Toyofuku 2017).

7. Horie (2005) points out that the new systems did not necessarily produce the intended preferential treatment for housewives, and the tax and social security system was not regarded as a matter related to gender equality.

8. For local governments, even with the subsidies from the central government, it was not enough. For instance, the Settsu case resulted from conflict between the central government and Settsu City (in Osaka Prefecture), in which the city lodged a complaint because the subsidy for the construction of the facilities was insufficient.

FIGURE 1. Number of Social Welfare Facilities, 1951 to 2005




SOURCE: Ministry of Health, Labor, and Welfare, Survey of Social Welfare Institutions (data available at http://sunaharay.sakura.ne.jp/as_fig1.csv).

### Child Care Reform after the Electoral System Reform

The electoral system that came into effect in the 1990s corrected the imbalance that had existed until then in the distribution of seats between urban and rural areas, making it important for political parties to respond to the demands of urban voters. During this period, especially in urban areas, child care services were in short supply, while women's participation in the workforce expanded, and children without access to services, known as "waiting children," were seen as an issue the government should address. Urban voters objected to the traditional rural-centered allocation of resources and demanded the allocation of sufficient resources to cities, including expanded child care services. In the 2000 general election in particular, opposition parties benefited from the dissatisfaction of urban voters. And in a policy speech just after his inauguration, Koizumi Junichiro became the first prime minister to mention child care policy. He made the resolution of the waiting

children problem one of his main goals. Since the Koizumi administration, although the LDP government refused to introduce a free-contract system such as with kindergartens, it emphasized the deregulation of child care services provided by the government, and delegated services to local governments to expand nursery centers.

The Deregulation Committee (*kisei kanwa iinkai*), established in 1998, strongly advocated the deregulation of child care services.[9] The committee's first report urged allowing private corporations to operate licensed nursery centers with government subsidy.[10] It called for fair competition between licensed public nursery centers and unlicensed nurseries operated by private corporations without government subsidy. In 2000, the LDP government abolished restrictions on the establishment of nursery centers and allowed the entry of educational corporations, nonprofit organizations, and private enterprises into nursery services.[11] Subsequently, the Regulatory Reform Committee (*kisei kaikaku iinkai*) and the Council for Regulatory Reform (*sogo kisei kaikaku kaigi*) issued similar reports and urged allowing new entrants in nursery services and stimulating competition. These reports recommended relaxing regulations on the establishment of nursery centers, promoting the entry of private corporations, and delegating the operation of public nursery centers to private corporations. As a result, since 2000 the number of private nursery centers has increased, and the number operated by public corporations has decreased.

The change these advocates of deregulation strongly emphasized was to remove the "lacking day care" condition and introduce the idea of the free-contract system (Nishioka 2018). In the Council for Regulatory Reform and the subsequent Council for the Promotion of Regulatory Reform (*kisei kaikaku minkan kaiho suishin kaigi*), expert members called for a review of the "lacking day care" condition. Bureaucrats in the Ministry of Health, Labor,

9. The Deregulation Committee is the successor to the Deregulation Subcommittee (*kisei kanwa sho iinkai*) established under the Administrative Reform Committee (*gyosei kaikaku iinkai*) in 1995. No mention of child care appeared in the final opinion of the Administrative Reform Committee (December 1997).

10. Public corporations include social welfare corporations whose establishment is permitted by the Social Welfare Act.

11. This reform was carried out as part of the Basic Structural Reform of Social Welfare System of 1997. Although it was opposed by some child welfare worker organizations, the bill passed relatively easily. Yano (2009) commented that child welfare worker organizations and labor unions supporting them were not adequately prepared to oppose the proposal.

and Welfare (MHLW) repeatedly responded that the concept was flexible enough to respond to changes in Japanese society. During the first Abe administration (2006–2007), the Economic and Fiscal Advisory Council and related bodies chaired by the prime minister started to deal with the declining birthrate problem under the jurisdiction of the MHLW.[12] Reports from these bodies first proposed efforts to improve the work–life balance of male workers, and then called for building a universal service provision framework for all children.[13] In February 2009 the Social Security Council's Special Committee on Declining Birthrate, which was considering detailed institutional design, published a report that advocated deleting the "lacking day care" condition. The report also said that municipal governments should coordinate the supply of nursery services while evaluating the "necessity of nursery care" for each child. The Social Security Council advises the MHLW and tends to reflect its policy intentions. This means that the MHLW was forced to compromise, but the ministry rejected the introduction of the free-contract system, and the allocation of child care services fell to municipalities.The unification of kindergartens and nursery centers was another important issue. With women's social advancement, the demand for kindergartens with a short child care day dwindled in less populated areas, where the birthrate continued to decline, and many kindergartens extended their child care hours to meet parents' needs. The provision of care for children three and older by kindergartens increasingly overlapped with the services of nursery centers, and kindergartens were expected to absorb the growing demand for nursery care. Thus reformers recommended collaboration between nursery centers and kindergartens. In particular, advocates of decentralization argued that weakening the central government's intervention through subsidy would lead to local consolidation of subsidies that had been under the separate jurisdictions of the MHLW and the Ministry of Education, Culture, Sports, Science and Technology (MEXT), improving the integration of child care services.

12. After the inauguration of Prime Minister Abe, YashiroNaohiro, who had appealed for a review of the "lacking day care" condition in the Council for Regulatory Reform, joined the Economic and Fiscal Policy Advisory Council as a member.

13. Boling (2015, 130—37) noted that the bureaucrats of the MHLW emphasized improving the work–life balance of male workers as an important part of the countermeasures to the declining birthrate. Even in the report of a body led by the prime minister, it was impossible to ignore the policy intention of the ministry bureaucrats who wrote the report.

Kindergartens and nursery centers began to collaborate with each other, such as by sharing facilities, ensuring consistency in child care services, and holding joint training programs for kindergarten and nursery teachers. Based on long-familiar collaboration efforts, in 2006 the LDP and the Komeito coalition established newly certified Centers for Early Childhood Education and Care (CECECs; *nintei kodomo en*) and provided a new framework for the relationship between nursery centers and kindergartens. The new CECEC was a facility that would provide education and nursery care for preschool children regardless of the "lacking day care" condition. However, the CECECs had to satisfy two different sets of rules—those governing both kindergartens and nursery centers—because the MHLW and the MEXT could not agree on new integrated rules. For example, private corporations could operate nursery centers but not kindergartens (with the exception of educational corporations), because the MEXT strongly opposed the deregulation. And because two ministries did not allow the interchangeable qualification of nursery school and kindergarten teachers, the number of CECECs did not increase as expected.

After the electoral system reform, while the major parties pursued universal programs, the LDP–Komeito coalition was reluctant to raise taxes because they feared it would hurt them in the next election (Estévez-Abe 2008). In the case of long-term care insurance for the elderly, it was possible to secure funding for the social insurance system because subscribers first paid insurance premiums, and then received care services. However, in the case of child care, people would be paying premiums who no longer required such services. Thus the LDP government aimed to meet the demand for child care by expanding the supply through deregulation and the use of existing kindergartens.[14] Deregulation occurred to the extent that the MHLW could accept it, but nursery centers could hardly integrate with kindergartens that were under the control of the MEXT and based on a free-contract system. The vertical split observed in the newly established CECECs shows the difficulty of this integration.

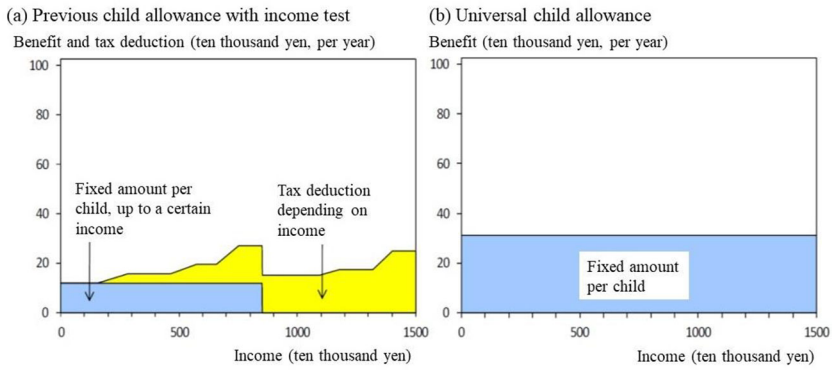
14. It should be noted that the funding for nursery center development has been expanded. For example, the Fukuda and Aso administrations set up a fund using national grants, and tried to maintain nursery centers in a flexible manner.

## REFORM UNDER THE DPJ

### The Universal Child Allowance and the DPJ's Comprehensive Reform

The DPJ, which took power in 2009, aimed to provide universal child care services by integrating fragmented services, benefits, and deductions. The core idea was a universal child allowance (*kodomo teate*) of 26,000 yen (US$ 250) per child per month, regardless of the parents' income. The DPJ said that the program would cost 5.5 trillion yen (US$ 52 billion) annually, so funding it was an urgent need. In its manifesto, the DPJ said it would revise not only the existing child allowance (with an income test) but also tax deductions related to families, such as spousal and dependent deductions, to generate funding for child care. Hagiwara (2017) lists three features of the promised program: universal qualification (without income tests); making taxation more progressive by emphasizing benefits rather than deductions; and making it not just a stand-alone policy but the core of a larger package. She points out that the proposal the proposal called for not just a policy change but a bold shift in the fundamental thinking underlying service delivery. Figure 2 shows that before the reform, income-tested child allowance were not provided to higher income groups, while they benefited from tax deductions. The DPJ proposal aimed to eliminate the deductions and provide universal benefits regardless of income.

FIGURE 2. Diagram Contrasting the Existing Child Care Allowance with the Proposed Universal Child Care Program




SOURCE: Adapted from Nobe (2011).

Spousal deductions that increase the tax benefits of being a housewife might shrink the women's labor force and strengthen the gender division of labor. The previous (LDP) government had treated such issues in taxation, social security, and service provision as separate and covered by different ministries. The new (DJP) government wanted to consider social service provision and income deductions as part of the same package. The DPJ aimed to move these issues beyond ministerial jurisdictions and revamp redistribution by abolishing deductions. Households that needed child care services would purchase them from the market, using the universal allowance, regardless of whether their children were "lacking day care." And by helping with child care, the allowance would help rectify the gender division of labor. The unification of child care support services was an essential part of the DPJ's new social initiative.

But the program did not go through. First, the government failed to secure enough funding (Hagiwara 2017). Some was found through a comprehensive government spending review (*jigyo shiwake*), but not nearly enough. In addition, in trying to move away from the income-tested allowance (*jido teate*), the DPJ could not reach an agreement on how to treat contributions from local governments and companies (employment insurance). Local governments sought to eliminate their contributions, and some DPJ legislators agreed. Next, the idea of promoting women's labor by abolishing spousal deductions was not unanimously supported within the party; some members insisted that it would increase the burden on taxpayers. As Okada Katsuya, a party leader, said, "A growing number of people within the party felt that we ought to value full-time housewives. Their way of thinking resembled that of the LDP" (quoted in Hagiwara 2017, 103). The DPJ had gained many new members through its victory in the general election, but lacked consensus within the party. Finally, the political support for unifying child care services was insufficient. The DPJ's manifesto promised to integrate the MEXT and the MHLW to create a new ministry that would deal with children and family issues. However, bureaucrats strongly opposed this idea, and the minister for declining birthrate countermeasures did not provide adequate leadership. The minister was Fukushima Mizuho, the leader of the Social Democratic Party (a DPJ coalition partner at that time), who was most concerned with issues related to the US base in Okinawa, and who later resigned after repeatedly making strong criticisms of the DPJ leaders. Such fragmented political leadership was not able to overcome the bureaucrats' resistance.

The LDP government had formed a consensus through discussion in expert councils within the ministries, and made critical political decisions based on bottom-up agreements; the DPJ government tried to make a significant policy change based on top-down decisions by a few leaders. While the leaders announced their intentions publicly, efforts to share important ideas within the party or with coalition partners were so weak that it was difficult to obtain agreement from many stakeholders. The leaders did not have specific ideas to for how to overcome problems, such as how to allocate the burden among stakeholders and how to coordinate the different services between kindergartens and nursery centers. Finally, the DPJ government, which could not raise the necessary funding by abolishing deductions, abandoned these fundamental policy changes.

### The New Child Care System under the DPJ

As the DPJ aimed to establish cash transfers based on universalism, giving parents the purchasing power to freely choose child care services, it also needed to address the pressing shortage of child care services. The DPJ leaders needed to respond to calls from within the party for immediate action (Izumi 2010). In October 2009, the DPJ launched a new organization to formulate new policy guidelines for the reform of service provision. Published in January 2010, the guidelines emphasized "children first": that is, caring for the existing child first rather than tackling the declining birthrate (Cabinet Office 2010). The document stated that the government would expand child care services by using existing social resources more effectively to solve the "waiting children" problem, and emphasized that the reform that aimed at unified provision of early childhood education and nursery care would provide appropriate services to all children.

An outline compiled in June 2010 by the Council on Measures for Society with Decreasing Birthrate presented the DPJ's social vision for how to integrate the various child care services. First, it called for primary benefits for all children, not just those "lacking day care." The central benefits were universal child allowances as direct cash benefits, plus some in-kind benefits such as temporary nursery care for needy children. Other integrated cash and in-kind benefits would be based on a family's situation. Kindergartens, nursery centers, and CECECs would be required to integrate with the new centers for children (tentative name: *sogo kodomo en*, General Child Care Centers) and to

provide in-kind benefits for all children. Second, the funding contributed by the central and local governments and private companies also required integration. Municipalities that receive financial grants would bear responsibility for the provision of child care services in their jurisdictional areas. Kindergartens had long been operating under the supervision of the prefectural governments, but this proposal asked kindergartens to provide new child-rearing services under municipalities.

This program of newly integrated in-kind benefits had many elements mentioned in the report by the Social Security Council's Special Committee on Declining Birthrate, published in February 2009 under the LDP administration (Hagiwara 2017). As in that report, the focus was on providing nursery services for all children, not only those "lacking day care." The most significant difference between the two documents had to do with the unification of the three types of child care facilities. From the perspective of kindergarten managers, this unification meant greater government involvement in kindergartens that had been operating based on the free-contract system. Although kindergartens had received government subsidy to encourage early childhood education, each kindergarten could set its own prices. But the new outline said that the price of child care services would be set by the government. It also allowed private unlicensed nursery centers, as well as private corporations, to establish new centers for children. This was unacceptable to the MEXT, which had always rejected the entry of private corporations into the field of education.

The government continued its considerations based on the outline, and published a final report in March 2012. However, this involved certain compromises. First, the idea of establishing primary benefits was abandoned, because the method of distributing the universal child allowance (*kodomo teate*) changed due to strong opposition from the LDP and Komeito. They opposed sending allowances to high-income households, and the DPJ, which had lost the majority in the Upper House, finally agreed to restore the income test. Second, financial resource integration failed, because the DPJ could not engineer a consensus on the burden on private companies, which had contributed through the employment insurance scheme. Private companies' contributions were regarded as a necessary burden to improve employee welfare, and integration would dilute the relationship between the benefits and the employee's contribution. The government failed to design a new scheme to answer this criticism.

The only challenge left to the DPJ was the unification of child care facilities. It continued to insist on integrating the subsidies from the MHLW and the MEXT, and founding new centers for children that would provide integrated child care services. The DPJ said it would let private corporations that operated nursery centers to establish new centers for children, and encouraged kindergartens to move to these new centers. However, kindergarten managers tended to oppose unification because they did not want to be compelled to extend their hours or to accept any child that applied. Representatives of nursery centers also opposed the proposal, saying that the regulations for kindergartens were insufficient and might reduce the quality of care. Ultimately, a policy that emphasized the necessity of child care and early childhood education for "all children" could not reach consensus. The final proposed system allowed the separation of contracts and admissions between children who received local government certification and would mainly enter nursery centers, and children who did not receive the certification and would enroll in kindergartens.

### Child Care Reforms and Fiscal Reforms

Insufficient funding has sharply restricted the institutional design of child care reform since the LDP administration. After the economic bubble collapsed and debt rapidly increased due to economic stimulation, the Japanese fiscal crisis became a serious matter of public debate. Since 2001 the Koizumi administration had adhered to strict spending cuts and started "integrated expenditure and revenue reform," whose goal was to achieve a primary balance surplus by the early 2010s. Social security spending, which was predicted to increase in an aging society, was strictly limited under this fiscal reform, but child care services were exempted because they were regarded as the core of the declining-birthrate countermeasure. Prime minister Abe Shinzo, who succeeded Koizumi, emphasized the importance of securing funding for both social security and declining birthrate countermeasures,[15] and the subsequent

15. Ota Hiroko, who was the minister for economic and fiscal policy in the Abe administration, criticized this address in her book (Ota 2010). She argued that the division of "social security" from "declining birthrate countermeasures" might relax fiscal discipline by giving politicians and bureaucrats a reason to over-budget for the countermeasure. After the Koizumi administration, there were severe conflicts in the LDP between those who insisted on spending cuts and those who supported tax increases (Shimizu 2013).

Fukuda and Aso administrations insisted that a hike in the consumption tax would help. Yosano Kaoru, the minister for economic and fiscal policy in Aso's cabinet, insisted on the tax hike while rejecting severe spending cuts. The idea of expanding public finances through tax increases became increasingly influential in the government, and the LDP government relaxed the goal of spending cuts and argued for strengthening the functions of the social security system, which was funded by the consumption tax hike (Shimizu 2013). The LDP government ranked child care as one of the most important of these functions, along with pensions, medical care, and long-term elderly care.

The DPJ government initially rejected the consumption tax hike because the party's 2009 general election manifesto had not mentioned it. The government tried to provide funding via a comprehensive government spending review, but the results were limited. Although the DPJ managed to overcome intra-party disagreements to pass the FY 2010 budget, the prospects of permanent funding for child care were not clear. In June 2010, Kan Naoto, who had been the minister of finance since January and had become an advocate of the consumption tax hike, became prime minister (after Hatoyama Yukio's resignation) and proposed raising the consumption tax to 10%. In campaigns for the Upper House election, the LDP pledged to raise the consumption tax, and Kan wanted to take advantage of the LDP's proposal. However, many DPJ members sharply criticized Kan for making the decision without sufficient discussion within the party, and the DPJ and its coalition finally lost their majority in the Upper House.

The Kan cabinet, in crisis after the defeat in the Upper House election, sought cooperation with the LDP to determine the new system of child care. In January 2011, Kan appointed Yosano (who had left the LDP for a new party, Tachiagare Nihon or Sunrise Party) minister for economic and fiscal policy and entrusted him with negotiating with the LDP to realize fiscal reforms. Yosano, who served concurrently as the minister of declining birthrate countermeasures, continued to argue for strengthening the functions of the social security system and funding that with a higher consumption tax, and at the end of June he succeeded in obtaining the Cabinet's consensus on fiscal reform. In this process, the Ministry of Finance insisted that the funding generated by the consumption tax hike should be allocated only for pensions, medical care, and long-term elderly care, while the MHLW argued that benefits for the working generation should take priority (Shimizu 2013,

200). Yosano finally adopted the approach of the MHLW and raised 700 billion yen (US$ 6.2 billion) from the tax hike for the new child care system. In the summer of 2011 the DPJ government decided on the framework of a new system based on this funding.

The final legislation could not avoid the idea of separate providers of child care services, though the DPJ had emphasized the unification of child care services more than the LDP government had. In the negotiation process, the LDP and Komeito demanded major revisions to the new system before they would agree to the tax hike. They opposed the unification, and the DPJ was compelled to compromise by retaining the divided system of nursery centers, kindergartens, and CECECs. And although the government had planned to allow private corporations to establish CECECs, the new agreement among the three parties eliminated this provision. Furthermore, although the DPJ had proposed to allocate child care subsidies for nursery centers without government certification, the new agreement prioritized certified public nursery centers, and further strengthened support for them. Ultimately, the new agreement eliminated the core features of the reform proposed by the DPJ and was mostly in line with the scheme set up by the LDP administration.[16]

## THE NEW LDP GOVERNMENT

After defeating the DPJ in the 2012 general election and returning to power, the LDP prepared a new child care system based on agreement among the three parties, but it did not approach the goal of unified child care proposed by the DPJ. The new council body, located in the Cabinet Office, discussed policies for the unification of child care facilities, the legal criteria for the necessity of child care, and the new benefits and costs for users. The most controversial topic was the official price for child care, because higher official prices would encourage more private kindergartens to shift to the new system and accelerate the integration of child care facilities. The council initially considered setting higher prices, especially for CECECs, to encourage integration, but the organizations that represented existing child care stakeholders opposed this,

16. Sakurai (2014) notes that the revision of the original bill was based on the proposal of Komeito (2012). Komeito highly valued the practices of CECECs and acknowledged the importance of certification for child care facilities, but also mentioned that private corporations should be allowed to open CECECs. This means that the LDP strongly opposed the entry of private corporations into the field of infant education.

demanding "fair prices" for all facilities, and in the end, the proposal failed to reach an agreement at the council.[17] By the end of March 2015, just before the new system began, more than three-quarters of private kindergartens had decided not to move to the new system (Cabinet Office 2015).

The LDP government could not secure funding because of the postponement of the consumption tax hike (from 8% to 10%, which the three parties had agreed to) and Komeito's request to introduce multiple tax rates at the time of the hike. Although the funding for the new system was assumed to be approximately 700 billion yen (US$ 6.2 billion), when the new system started it had only 521.7 billion yen (US$ 5 billion). The Council for Children and Child-Rearing explained that the estimated 700 billion included kindergarten transition, so it would not all be needed if the transition did not happen. And it was unlikely that many kindergartens would shift to the new system unless the official prices were raised.

Another important reason the transition had not advanced was the emphasis on the distinction between child care and early childhood education. The LDP legislators had discussed new subsidies to make early childhood education free of charge since the Koizumi administration, and the LDP–Komeito coalition agreement after the 2012 general election mentioned the promotion of free early childhood education. Under the Abe administration, the minister of education, Shimomura Hakubun, took the lead in the debate on the free education program as part of an educational reform. He insisted on making education free for five-year-olds, and in June 2013 decided to aid households with multiple children as the first step. If the LDP realized free early childhood education, kindergartens that operated within the free-contract system would benefit substantially and would be all the more reluctant to shift to the new system.

In contrast to the emphasis on unification under the DPJ government, the new Abe administration took a negative attitude toward transitioning to a new, integrated system. However, the Abe administration confronted the challenge of a shrinking population and considered women's labor force participation an essential pillar of policy, regardless of the "true intention" of the prime minister himself, who was supposed to maintain traditional values. Both the government and the LDP Council on the Taxation System (*zeisei chosa kai*) argued for the reconsideration of spousal tax deductions that

17. *Asahi Shinbun*, May 23, 2014.

had failed under the DPJ government, and the abolishment of "category III insured persons" under the national pension system, which incentivized housewives, was on the table. The treatment of housewives in the tax and social security system and the traditional gender division of labor have been seriously reconsidered, even in the LDP government. However, public funding for child care had not drastically increased, and the expansion of supply through the integration of facilities had stagnated. Parents who could not use nursery centers strongly criticized the current administration, while low-income families were losing their access to child care services because the removal of the "lacking day care" condition had intensified competition over child care services without also expanding funding.

## CONCLUSION

Universalist social services reform became a key issue as electoral reforms made party leaders more sensitive to the preferences of urban voters who embraced changes in the gender division of labor. While leaders in the LDP government sought to promote such reform, they could not ignore the influence of stakeholders who want to preserve the traditional fragmented social services. The result can be seen in the creation of complex institutions like CECECs and the protection of kindergartens during the second Abe administration. Overall, the LDP had incorporated limited universalist child care services while respecting the segmented framework of existing services, subject to severe financial constraints. There seemed to be two camps within the LDP: one that aimed for universalistic services, and the other that wanted to retain traditional particularism. Still, they apparently formed a coalition as one party to make decisions.

The DPJ, after winning the 2009 general election, tried to change child care policies comprehensively by introducing a universal child allowance. But it soon found that legislators did not share the new social vision, and financial restrictions were too severe. In particular, Prime Minister Kan's suggestion to raise the consumption tax and his defeat in the Upper House election made party consolidation critically difficult. Although the DPJ somehow managed to pass legislation in agreement with the LDP and Komeito, this legislation did not reflect the initial ideas. Instead, it implemented ideas already discussed in the LDP era through the appointment of experts who had played significant roles under the LDP administration.

The findings of this study illustrate the difficulty of implementing universalistic reforms under a majoritarian electoral system. Even if the major parties had similar policy preferences overall, they feared asking voters to bear the financial burden. Opposition parties such as the DPJ often try to consolidate their party by criticizing the policy of the governing party (Sasada, Fujimura, and Machidori 2013) and by seeking the support of interest groups, at the expense of consistency in their own policies (Maclachlan 2014). Such behavior can constrain the future decisions of the opposition. Regarding child care, since the DPJ had sharply criticized the Koizumi administration, in the beginning of its tenure it could hardly propose policies that agreed with the LDP. It was only after internal coordination became difficult that the DPJ began challenging negotiations with the LDP.

Finally, despite its limitations, this study has shown that theories on universalist reform developed in Europe may apply in Asian countries. The implementation of universalist programs will be an important issue in Asian countries, where economies continue to grow and welfare programs are being expanded, just as they have been in Europe. While urban voters are likely to be more supportive of reforms, realizing these reforms will depend on coalitions among political parties. Intense competition among the major parties for urban voters, as in Japan, may make coalitions difficult and undermine the realization of reforms. The original party constellation and the consensus on the fiscal burden will affect the likelihood of reform.

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