

Title	Welfare work and social security in business
Sub Title	
Author	庭田, 範秋(Niwata, Noriaki)
Publisher	
Publication year	1966
Jtitle	Keio business review Vol.5, (1966.) ,p.21- 44
JaLC DOI	
Abstract	
Notes	
Genre	Journal Article
URL	https://koara.lib.keio.ac.jp/xoonips/modules/xoonips/detail.php?koara_id=AA00260481-19660000-03919846

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WELFARE WORK AND SOCIAL SECURITY IN BUSINESS

by

Noriaki Niwata

1. Welfare-Work Expenses and Social-Insurance Expenses in Business;
2. Benefits of Welfare Work and Social Security in Business;
3. Wages, Welfare Work and Social Security in Business;
4. Social Costs, Welfare-Work Expenses and Social Security Expenses in Business;
5. Insurance, Welfare Work and Social Security in Business

1. Welfare-Work Expenses and Social-Insurance Expenses in Business

The term welfare work in a wider sense is taken to "imply generally all systematic and persistent efforts being practically made in the interest of those members of a society whose poor economic ability does not allow them to maintain their standard of living in terms of family budget, culture and health at the normal level prevailing in that society, its purpose being to complete, remedy or relieve their deficient living by any help from outside".¹⁾ On this definition welfare work includes social insurance as well as social security. Usually, however, under the name of welfare work we think of its narrower sense unless otherwise specifically remarked, in which it is construed to represent within-firm or within-business welfare work that could be defined as "systematic measures carried on by the chief of enterprise or of administrative public body for the benefit of workers under him, and that, on the responsibility of his own either voluntarily or under duress from laws or other outside influences; such measures make an element of labor conditions along with those concerning wages, labor hours and lay-off, taking substantial part in the improvement and betterment of employees' living in terms of cultural, physical and economic conditions".²⁾

In contrast to *social* welfare work, which is operated by outside-business person or body as humanitarian social work or governmental social policy,

1 & 2) Ichiro Ōtsuka, *Fukushishisetsu (Welfare Work)*, in *Keieigaku Jiten* edited by Yasutarō Hirai, Tokyo, 1952, pp. 346-347.

within-business welfare work (hereafter abridgedly written as W.B. welfare work or W.B.W.W.) purports the preservation of employees' labor power entirely from the standpoint of individual business and, although sometimes it was called "betriebliche Sozialpolitik", its purpose consists in performing efficient personnel administration rather than being a social policy. As for the preservation of labor power from the standpoint of the so-called "reason of capitalists", what lies in the central position is the social policy governed by the state, in the context of which social security comes into sight. Originally, for the purpose of welfare work within individual firm there is the provision of "welfare expenses" (in accounting items), which include legal and nonlegal parts. The former, legal welfare expenses, consist of such outlays to be charged on the enterpriser in pursuant to legal stipulations covering premiums³⁾ of Employees' Health Insurance, Workmen's Compensation Insurance and Seamen's Insurance and legal compensations⁴⁾ to accidents. The latter, nonlegal one, is voluntary expenses for welfare including housing, medical-sanitary-nursing provisions, economic arrangements, culture-sports-amusement facilities, credit-insurance provisions and the like. These legal and nonlegal expenses, plus subsidies to facilities outside firm's own operation, comprise the sum total of welfare expenses. Essentially so-called W.B. welfare work has the voluntariness of the enterpriser as the basic principle of foundation. Hence those programs stipulated in national laws or by local public bodies as obligatory, even if on employer's own responsibility, could be regarded as different in nature from those under firm's independent operation, and therefore, strictly speaking, the legal work cannot be taken as *firm's work*.

The employer-borne portion of various kinds of premiums of social insurance is obligatory, and in a sense might be deemed as, say, "social wages." So, including this, all programs of social security should be regarded as *outside-business*, to be distinguished from W.B. welfare work. As against social security programs, W.B. welfare work is the generic name of benefits in cash or in goods given by the employers to their workers on the former's voluntary bearing of costs and in principle independently of service of labor, for the aim of direct consideration on and control of the latter's living. It is of secondary significance to labor contract because it cannot be said to be an indispensable condition for production, and its distribution to individual workers is not proportionate to quality and quantity of labor. It has tended to be treated only as a secondary feature of personnel administration. But

3) Workmen's Compensation Insurance Act. (Art. 24-34). Employees' Health Insurance Act. (Art. 72-77). Employees' Pension Insurance Act. (Art. 59-60). Seamen's Insurance Act. (Art. 59-60).

4) Compensations stipulated in Labor Standard Act. (Art. 75-88); those for recreation, off-job-days, physical disability, survivors and discontinuance, and funeral expenses.

the particularity of business management and the recent economic situations in this country combined to push this problem of welfare work to the front significantly.

The benefit of W.B.W.W. is regarded as indirect and subsidiary payment, other than wages. It constitutes substance of nonlegal welfare expenses, being of course in contrast to legal expenses charged upon employer. Only from the standpoint of "total wages" argument, this legal expenses could be counted as part of wages, being added to labor costs and legal welfare expenses. Or, if one takes a wide interpretation of wage payments in business, including all costs incurred by employment of human labor into "personnel expenses", this will involve both legal and nonlegal welfare expenses.⁵⁾ In usual usage of word, however, cost factors, i.e. factors composing the costs of product, fall into three parts on the basis of cost-goods or cost-incurrence; namely costs for goods and materials, those for personnel and labor matters and those for general expenses other than these. Welfare expenses, being a sort of general expenses, fall under the category of "complex costs."

By comparing W.B.W.W., nonlegal expenses, with social security involving outside-business welfare work, legal expense, the particularities lying within each may be clarified. W.B. Welfare work has its particularity in the point that it is a voluntary policy of a firm. In other words, it is by no means thinkable that such programs are carried on solely for the sake of workers' welfare, being isolated from the objective of management; there is a proviso that its effects should be in line with the objective of business administration. Never does it fail to be a tool of personnel administration. By the way, since the up-growth of labor productivity is desirable and also indispensable to the development of society as well as to the prosperity of business, preservation and nurture of labor force as the prerequisite of productivity up-growth should not be neglected. And the labor power is in close relation with the "life" of laborer, and hence not separated from social life in general. The life of laborer can be sustained only on social grounds, and therefore the preservation or nurture of labor power naturally necessitate sustenance and promotion of laborers' welfare including their families' living. Firms must

5) Labor cost is defined as the cost incurred by the utilization of labor power in the process of management and production, consisting of wages, salary, miscellaneous payments and bonus and allowances for laborer. The former three items—wages, salary, miscellaneous payments—are made "principal labor cost" since these have a character of fundamental payment to labor power. Against this "auxiliary labor cost" is placed a cost for the consumption of human power itself, its entity being found in the hold and preservation of productive labor power. It includes various premiums for social insurance, charged burden for welfare work, welfare work expenses (those for medical and sanitary care, health, amusement and culture, unless otherwise defined), payments in kind, holiday and off-day with pay (unless under principal cost), allowances for retirement (do), expenses for invitation and training of employees.

contrive the promotion of welfare for their employees for the sake of their own prosperity, while the society should be responsible for the security of living for its development. What is to meet the former needs is W.B. welfare work, and what is to meet the latter is social security by the state. In this way both are standing on a joint relationship for the healthy life of workers and laborers.

The state, representing the position of capitalists, endeavors to preserve labor power, as a factor of production, in order to maintain the "reproduction" in capitalism. On the other hand, businesses, as individual capital, are concerned with the preservation of labor power of particular quality and volume, not labor power in general. They build W.B. welfare work as part of management policies and at their own cost because they want to obtain and secure workers of desirable quality and volume on occasion and yet workers of best quality on the conditions most suitable to the firm. Its aim is to maintain labor power inside the framework of individual business. Even when it extends over workers' welfare at job-posts to that in family life, or further to welfare of their family members, it is naturally different from social security in the due way-of-being. Yet the two—W.B. W.W. and social security—can be recognized as standing on the mutual relationship of complement or supplement because their objectives lie alike in the welfare of workers and families, inside as well as outside of job-posts, and their aims ultimately coincide each other as the preservation of labor power.

W.B.welfare work, being on enterpriser's responsibility, stands outside of "fundamental" labor terms. It can work to promote workers' welfare but does not represent direct counter-benefit against a certain labor service. It can do good for the preservation of labor power but gives no immediate help to production or other business operations. The costs for it go for business indirectly rather than directly. Therefore, if such cost-input is not made reasonably in the light of sustenance and development of the business in the future, its burden will worry the business and finally become almost unendurable. And so, firms plan and operate most efficient programs of W.B.W.W., to lighten the cost burden or to prevent its increase, taking on the other hand the progress of social security into account. Therein special attention is given to the relation with social security; any duplication between the two must be avoided. Again in this respect, the relation of complement and supplement may be found. But if social security, the measure by the state, is insufficient to ensure a certain level of welfare of the nation or laboring classes, businesses are forced, if any for the need of maintaining labor power, to extend the plan of W.B.welfare works so as to include only workers but their family members in its framework, and to step into areas of consumption and other living conditions beyond labor terms, and to make the W.B.W.W. plan serve as the proxy, substitute and even alternate to social security. W.B. welfare work can play the role of supplement and complement to social secu-

rity and sometimes that of proxy, substitute and alternate.

One of the differences between legal welfare expenses—outside welfare work, social security and nonlegal expenses—W.B.W.W.—is that the latter is operated on enterpriser's voluntary base. It is so directed as to bring about good results for personnel administration, i.e. control over workers, intending to maintain labor power at the most reasonable state, that is, most suitable to the utmost performances of labor. For such intention, it must be given as business's beneficence. It is put into good use as beneficent personnel administration. To speak plainly, while it is working to attain, side by side with the preservation of labor power, the rise in labor productivity, conceptionally it is taken as if it were a subsidiary matter, useless for business operations because it has no connection with facilities for production and other business. This brings forth, to workers, the thoughts of thanks-giving and consequently idea of repayment. Much less, it does not occur in employees' mind that the welfare programs are sometimes compensation to low wages or support for them.

Generally speaking, the color of paternalism is most remarkable, and the impression of beneficent benefit is most powerfully stressed, when wages are insufficient to ensure perfect welfare to workers, that is, low wages are prevalent, and when W.B.welfare work is carried on voluntarily or spontaneously by enterprisers, hence irregular and unequal in substance among enterprises. This fact entails a result of binding laborer, in autonomy-less mind, to enterprise, and has some relation with such series of policies sustaining and fortifying our low-wage structure.

W.B. welfare work, being established one-sidedly by employer serves to foster the loyalty of employees. It extends to daily living of workers, making their lives as consumer dependent upon business, and thus helps to formate stick-to-job mentality of employees and to consolidate administration system. This embles firms to absorb laborers easily and to fix them. The resultant fact is: workers become more and more dependent on business being binded by employer's paternalism—so-called "all-embracing employment" supported by seniority wage system, with periodically regular wage rise, and life-time employment in the background, plus W.B.welfare programs. Affiliation to labor union is ingeniously prevented, and if any union exists it is naturally of "labor-management cooperation" color, that works to foster so-called "enterprise-familyism", that is, paternalistic-subordinate relation. The laboring classes, while as a whole being subordinate to the capitalist classes, are being obliged to be obedient also to individual capitalists.

2. Benefits of Welfare Work and Social Security in Business

Social insurance lying in the centre of social security, in the ultimates, may be considered something heterogenous to W.B.welfare work. W.B.W.W.

is nothing but a measure being adopted as a chain of link of personnel administration in business; whereas social security is operated essentially as state's social or economic policy, even though some of its costs, say business-borne premiums of insurance, are paid out as legal welfare expenses from business. In this respect, there exists a difference of meaning from the view point of business between W.B.W.W. and social security. Social insurance is, in short, a national scheme to protect welfare of wide range of people, though being focused on laboring classes. It surpasses, and is distinguished from, personnel administration of business. The name of legal "welfare work" is given to social insurance and social security only because, from the viewpoint of both business and worker, the benefits of social insurance overlap in some areas with those of W.B. welfare work, bringing about often equal or better results than the latter.

Benefits of social insurance given to general workers are illustrated, by sorts of accidents, as below:

To physical accidents and child-birth—

Compensations to medical expense, benefits to physical accidents (to long-term injury), compensations to off-job, terminal benefits under Workmen's Compensation Insurance (to workrelated accidents); Benefits of medical treatment, allowances to injury, birth allowances, birth expense, nursing allowances under Employees' Health Insurance (to non workrelated accidents).

To partial or total loss of labor ability—

Benefits to injury (to long-term injury) under Workmen's Compensation Insurance; Injury pension, injury allowances under Employees' Pension Insurance.

To unemployment, retirement and post-retirement accidents and death—

Unemployees' benefits, preparatory allowances for re-employment under Unemployment Insurance; Benefits of medical care, benefits to physical accidents, funeral expenses, birth expenses, birth allowances, nursing allowances under Employees' Health Insurance; Injury pension, injury allowance, seceding allowance, old-age pension under Employees' Pension Insurance.

To death—

Funeral expenses under Employees' Health Insurance; Survivors' pension under Employees' Pension Insurance; Funeral expenses, compensation to survivors, funeral allowance, benefit to survivors under Workmen's Compensation Insurance.

To accidents, birth and death of dependents—

Medical care expense for dependents, birth expense for wife, nursing allowance, funeral expense for dependents under Employees' Health Insurance.⁶⁾

The benefits of social insurance are, on another base, divided into legal

and nonlegal ones. It is easy to see that a problem lies here in. Legal benefits are called compulsory ones (*Zwangslleistung*). The meaning of "compulsory" lies in the point that the system of social insurance is enforced as a means of realizing nation-wide social policies, and hence its compulsoriness, contents and conditions should be legally settled in accordance with requirements of the state's policies. And, on this ground such benefits are assured to the insurer as legal rights; and when for some reasons its management is entrusted to other insurer independent of the state, the insurer should be charged with the responsibility of giving benefit by law. If the insurer is in easy financial conditions, he can voluntarily present benefit in addition to legal benefit, called extra-benefit (*Mehrleistung*) or voluntary benefit. Examples of this are numerous in health insurance.

The health insurance for workers in this country is managed juridically taking two forms; one managed by health-insurance associations mostly of big firms, and the other administered by the government majorly for workers of medium-small sized firms. (Please notice, both these schemes concern "employee" classes; there is another government-administered health insurance for non employee people, National Health Insurance.) Generally in the case of former form a large portion of premium burden, far larger than in the latter case, is being loaded by the enterpriser, and beside this extra or voluntary benefits are not rare. This state of matter in most association-managed health-insurance schemes tend to change social insurance, with public nature, to a tool for individual firm's personnel administration. Extra-benefits of health insurance, far exceeding normal public standards, are seen in almost all association-administered schemes in big enterprises, where premium receipt of business is of large amount owing to high wages and health care is relatively perfect. Such extra-benefits are generating an impression as if they were identical with W.B. welfare work, and thus playing a role in personnel administration. We can recognize a tendency of transmigration of social insurance to W.B. welfare work.

Some firms are making extra—above the legal—benefits as part of their welfare schemes to such an extent as, for example, medical care expenditures of all family members. In another example surplus funds of insurance account are utilized to maintain recreation establishments, such as seashore-house or mountain-house, which are likely to be changed to welfare schemes of the enterprise that holds their management into hand. Such tendency is seen in counter-financing (back-financing) of the reserved funds of the Employees' Pension Insurance, a social insurance. This counter-financing has

6) These various benefits are stipulated respectively in the acts below; Employees Health Insurance Act, Art. 69; National Health Insurance Act, Art. 5; Unemployment Insurance Act, Art. 26; Employees' Pension Insurance Act, Art. 41-2; Seamen's Insurance Act, Art. 26; Workmen's Compensation Act, Art. 22; Daily Workers' Health Insurance Act, Art. 27.

been playing essential part in building employees' hospitals, houses and the like which, however, are apparently founded, and expanded by firms as their own properties. The right of managing these facilities is held of course in the hands of firms and, although utilization of these is allowed to employees as welfare work, a fact is often overlooked that the reserved funds of the Pension Insurance is the product of fifty-fifty contributions by the employer and the employed. The premium of the insurance is contributed equally by both parties. While these facilities cannot be regarded as wholly business-loaded, they become business-owned properties and put under its direct control. In the light of sources of funds, it is hard to understand that these are being utilized as W.B. welfare work.

Recreation facilities, meal provisions, housing, medical institutions and the like are owned and managed mutually by business and insurance-associations, and *in toto* being utilized for personnel administration. Social insurance, whose development once having been hampered by the existence of and substitution by W.B. welfare work, after its birth has been subject to various attempts to transmigrate it into the latter.

Social insurance benefits are classified into three categories by contents: cash benefit (Bar-oder Geldleistung), benefit in kind (Sachleistung) and benefit in services (Dienstleistung). Since primarily insurance is a system of monetary operation, cash benefit ought to be the principle one. Benefits of off-job-days allowance, old age-disability-survivors pensions and others come under this category. However, there is a fear in this system that the benefit might not always be used for economic needs incurred by the insured accident, or the amount might not be sufficient. Considering these cases that may impede the function and aim of insurance, benefits in kind and in services are also employed.

Major contents of benefits in kind and in services involve doctor's treatment, nursing service, delivery of medical materials, reception into hospital, maternity hospital, orphanage and oldagers' home, and offer of job opportunities, namely vocational guidance and retraining. All medical care to physical labor difficulties also come under this. Such a wide range of benefit in kind is being carried on because of expectable good effects upon the nation's labor power.

If we compare the contents of in-kind and in-services benefits with those of W.B.welfare work, it will become apparent that there is a possibility, and the door is open, of transmigration of the former into the latter.

The contents of W.B. welfare work may be classified as below:

1. Housing work—company's house, sale of company's house on lump-sum or lot payment, boarding house, apartment house, single men's or women's boarding, introduction of house and room to lend, dwelling allowance, finance for housing, etc.
2. Medical, sanitary and child-nursing work—hospital, clinic, medical

- care room, health-advice office, company-employed doctor, sanatorium, maternity hospital, rest room, recreation establishment, consigned bed, surroundings sanitation, health examination, medical advice and inspection for retired, lending of clothes and fatigue dress, tools for protection, room heating and cooling, clean-up and epidemic prevention, air conditioning, dust prevention, poison prevention, bathing, dressing room, clothes cleaning, men's hair cutting, women's hair dressing, beauty room, child-nursing room, infant room, advice-for-children room, infant school, family allowance, paid vacation, etc.
3. Economic work—meal provision, meal subsidy, meal expense at single men's or women's boarding, farm, company-managed dining hall, outsider-entrusted dining hall, transport facilities for attending, private bus and ferry boat, placing yard of bicycles, attendance allowance, repair of shoes-clothes-electrical home equipment, company-managed shop, outsider-entrusted shop, credit sale by company, purchasing provision, group purchase, good-exchange facility, coupon-purchase system, cooperative society for living, mutual aid association, provision on congratulations and condolences, congratulatory money for marriage and birth, money present to sick and injury, farewell gift to retired, provision for wedding ceremony, provision for funeral, introduction of home-work, introduction of visiting housekeeper, introduction of legal advisory office, company-employed legal adviser, living-advice for age-limit retired, provision for living guide, home visiting, job introduction to retired, etc.
 4. Culture, amusement, sports work—school, school for technical training, aid to childrens' school entrance, library, aid to book purchase, circular library, distribution of published matters, within-company magazine, broadcasting room, lecture hall, cultural course, womens' course, send-out to seminary, correspondence education, business dispatch abroad, inspection tour, lecture and short course, gymnasium, athletic ground, swimming pool, flower garden, meeting hall and room, play ground, club room, mountain-house, seashore-house, excursion, recreationary excursion, lecture on interesting topics, sports meeting, athletic festival, cultural festival, amusement show, participation to outside cultural group, aid to sports and culture circles, etc.
 5. Finance and insurance work—within-company deposit system, deposit-for-housing system, deposit-for-education system, deposit association, credit association, loan for housing, loan for marriage, loan for childrens' education, loan for incidental needs, life insurance, group life insurance, pension insurance, group fire insurance, group retirement insurance, group accident insurance, etc.
 6. Miscellaneous work—"New Life" movements such as family-member

planning, rationalization of living, etc.⁷⁾

As we can see in the above, the contents of benefits in kind of social insurance resemble those of W.B. welfare work, or are even identical regarding medical, sanitary and infant-nursing provisions. The two are complementing and supplementing each other, making proxy, substitution and replacement all the more easy. Besides in-kind benefits of social insurance, facilities and provisions of W.B.W.W. are offered for utilization—such facilities as hospital, clinic, medical care office, health advice office, clinic, sanatorium or maternity hospital and such provisions as medical inspection, treatment and health advice by company-employed doctor. This makes the distinction between the two vague, and works to unify both as W.B. welfare work. What is in nature of state-insured and legally-settled right is received as if it were beneficence given by spontaneous, voluntary will of business, displaying personnel-administration-wise effects. If in-kind benefits were not involved in social insurance, the distinction between the two would be more clearly realized by workers, and the W.B. welfare expenses would have been more readily transformed into wages.

3. Wages, Welfare Work and Social Security in Business

W.B. welfare work involves measures taken by individual enterprise for the preservation—securing, maintaining and nurturing—of labor power and it is concerned with supplementary measures for improving labor and living conditions, rather than more fundamental ones for putting forth, quantitative and qualitative adequacy of labor power to business's operations, namely those concerning employment (hire and discharge), wages (payment of wages) and labor-hours (length of a day's work).⁸⁾ Since it is supplementary, its substantial contents must be reduced, or at least changed, as what is regarded

7) As another classification of W.B. welfare work we can illustrate: A. (1) Work for living...1. housing, 2. meal, 3. sales and distribution, 4. repair service, 5. life guidance. (2) Economic work...1. finance, 2. money present and aid, 3. others. (3) Health and sanitation...1. medical care, 2. health care, 3. prevention. (4) Sports and culture...1. sports, 2. culture, 3. recreation. (5) Work on insurance...1. group insurance. B. (1) Work for workers' health and recreation. (2) Direct help to living. (3) Indirect help to living. C. (1) Housing. (2) Medical and health care. (3) Aid to living. (4) Culture, sports and amusement. (5) Others. D. (1) Personal relations. (2) Intellectual and moral culture. (3) Health and sanitary work. (4) Housing. (5) Work concerning income. E. (1) Housing. (2) Help to living...1. meal provision, 2. sales and purchases, 3. mutual assistance and insurance, 4. child nursing and education, 5. lending or provision of fatigue dress, 6. others. (3) Deposit and insurance...1. money deposit, 2. insurance. (4) Recreation. 1. facilities for recreation, 2. recreation activities. (5) Medical care institutions. (6) Others. F. (1) Provisions on within-business influences. (2) Educational affairs. (3) Health and sanitary provisions. (4) Provisions for housing. (5) Provisions on monetary affairs.

socially fundamental and indispensable for preservation of labor power is widening in the process of historical progress. On the other hand, since it is operated on enterpriser's voluntary will, the objective functions of its various provisions are exploited by enterprise in the interest of such ideas as enterprise-familyism or paternalistic-subordinate relationship, being colored with beneficent character. They come unescapably to play a realistic role conforming to the line of personnel administration. Thus the minds of thanks, repayment and fidelity are brewed up, to serve to consolidate stick-to-company

8) System of Personnel-Administration Activities.

(A) Establishment of plans, programs and organizations for P.A.

(B) System of execution of P.A.

(I) Administration on labor power (for increasing labor ability, and mainly of human-engineering nature.)

(a) Administration on labor ability (P.A. in a narrower sense, concerning qualitative side of labor.)

1) hiring, 2) skill training, 3) posting, 4) performances report and shifting.

(b) Administration on preservation of labor power (for quantitative side of labor power, mainly on labor conditions.)

1) labor hours, 2) work milieu, 3) wages amount, 4) medical and sanitary matters.

(II) Administration on labor-morale (on factors to increase labor-morale, mainly concerning business-societal conditions—human-relations and labor-management relations.)

(a) Administration on labor-morale in general terms on socio-human relations between business and employees in business-society.

1) general education, incl. P.R. to employees, 2) welfare work, 3) wage system, 4) systems of performances report and promotion, 5) devices for mutual understanding.

(b) Administration on direct labor-morale (concerning direct human relations among individuals at work spots.

1) relations at work spots—system for personal contract, 2) efficiency-wage system.

(c) Labor-management relations in business.

(C) Inspection and improvement of P.A.

[Contents of Labor-Power Preservation in Business]

Labour power preservation—

—Adequate consumption conditions of labor-power—

—Adequate quality and quantity of labor (intensity, hours, tempo)

—Adequate material milieu of labor

—Control on energy consumption

—Control on exhaustion

—Prevention of physical injury

—Adequate recovery conditions of labor-power—

—Adequate nourishment

—Adequacy in recovery from exhaustion

—Adequacy in medical care to physical injury

mentality and to establish regime-in-business of labor management cooperation.

Enterprise consists of many laborers, within whom is harbored and embodied the labor power—physical and mental energy—that is one factor of business activity. W.B. welfare work, while created for the purpose of maintaining labor power, involves measures for winning laborers' favor and cooperation to business, heightening labor-morale, fostering intimate and smooth relations among workers, and stillmore playing part as a counter-measure against labor unions, an organization for antagonistic attitudes between capital and labor. Under capitalistic system of enterprise, the societal relation between capital and labor is not only that of cooperation but also antagonistic one, with conflicting economic interests in the terms of labor. To adjust such relation, to soften antagonistic mood and, more substantially, to hamper development of labor unions, W.B. welfare work is playing a role.

In order that W.B.W.W., originally being devised for the preservation of labor power, can be an effective measure covering such a wide sphere, ranging from mental administration of workers to a counter-union policy, its levels of benefits within individual firms must exceed those of social work or social security prevalent at the times. As such levels of social security or the like have been tending to rise, also those of welfare works within individual firms must have been persistently raised, until there is presented a series of phenomena. One event is that where such burden has reached a certain point—a limit bearable to business—the schemes have become ineffective to perform such functions as mental administration of workers or counter-union policy, additionally loaded besides preservation of labor power. There, the way has been searched in a direction of changing, transformation or adjustment of the basic idea, resulting in the promotion of "human-relations" thought in business. As this course of matter is advanced further, the principle of W.B.W.W. would inevitably be transformed into an argument

The above exposition was adapted from Goro Mori, *Keiei Rōmu Kanri Ron* (Essays on Personnel Administration in Business), 4th ed., 1960, pp. 94-95 and 181. Professor Mori says: "An administration measure for maintaining labor-morale, is welfare work by business. It embraces economic, cultural and various other kinds of work to achieve enrichment of workers' life, at firm's costs in the form other than wages, for the aim of obtaining employese' mental favor and cooperation. The administration of such work implies to systematize and manage it in line with the aim." (pp. 233-234) "The primary significance of business's welfare work lies in being facilities for enriching numerous sides of life for the purpose of softening dissatisfactions on life due to low wages—lower than real value of labor—and nurturing mentality of cooperation. Hence it is in essence to be distinguished from those provisions for labor power preservation such as those for safety, sanitation, medical care..." (ibid., p. 35.) However he writes on another page, "Welfare work itself is auxiliary provisions for securing, maintaining and nurturing labor power in the widest sense." (p. 239.)

that it should not be a substitute for supplementary wages to low wages and that workers also should take charge and responsibility of business side by side with enterpriser. But it looks to me that another, more fundamental, kind of revolution is awaiting on the future way of W.B.W.W.

The character of mechanized big industry—modern type of business—may be expressed in a word as socialization of labor. And laborers, the bearer of socialized labor, persistently ask for the socialization of production means themselves, or at least readjustment of the surplus value accruing to the owner of production means. Their request of transmigrating production means and surplus value into social forms corresponding to labor's production power means just a preparation of material conditions for social human being to sustain and develop by socialized labor social type of human-life and human-formation. It is a rebirth and regeneration of natural, individualistic human-being of old days into those of socializes and collective nature. Now laborers are no more individualistic; they unite themselves into labor unions, which develop step by step as craft, industrial, regional and national organizations. Against this, capitalist classes also combine into industrial or regional organizations and further establish national ones. They confront labor unions mobilizing the mechanism of state power as the machine for accomplishing their will. Requests and movements of laboring classes are directed toward individual capitalists, capitalist classes and their political mechanism, the state. What are called economic campaign are pushed forward in combination with political campaign. Then, the state, to attain so-called harmony-in-all, takes subjective position in social and economic policies, and step into effecting social security as national policy. Therein is advocated the socialization of "life" which hitherto has been left merely to unproductive function of human being, by way of socialization of surplus value of production, that is, redistribution of income.

It is justifiable to say that W.B.welfare work is useful for improving labor productivity through preservation of labor power, but in the end this effect is only auxiliary and indirect. For this reason, expenses of business for welfare work are not regarded as labor cost, hence not wages. Then, this scheme is supposed to have the nature and function of profit-sharing system.⁹⁾ Yet profit-sharing¹⁰⁾ is a device to add supplementary payment for the shortness of due remuneration to labor likely to occur under advance-wages system.

9) "The betriebliche Sozialpolitik has partially beared fruit as so-called welfare work. This concerns material conditions of workers in business....other than wages or profit-sharing. Profit-sharing is excluded only for reason of systematization. Identical in essence, different only in form." (G. Schmidt, *Der Charakter der Kapitalistischen Betriebswirtschaftslehre und der sozialen Betriebspolitik*, Berlin (Verlag die Wirtschaft) 1957, S. 142., Japanese version by S. Ohashi, 1960, p.192.) I. Otsuka, *ibid.* Welfare Work, p.347, writes, "Provision for monetary aids in emergencies as well as pension and profit-sharing systems can be counted as financial provisions of welfare work."

10) It is to be realized how similar are the objectives and substances of profit-

In so far the profit-share is wages, and in the meaning that is signifies complement to wages from final profit the system can be regarded as a policy for income redistribution. Social security, W.B.W.W. and wages; the relations between these three must be theoretically grasped, especially as development-analysis.

4. Social Costs, Welfare-Work Expenses and Social Security Expenses in Business

Wages and social security are the two pillars sustaining laborer's living. With the increase in wages in real terms, W.B. welfare work loses its significance on personnel administration and narrows its realm. It has to have recourse on the perfection of social security that W.B.welfare work should be able to step out of one of personnel-administration-color and free itself from enterprise. Yet it also should be said rightly that W.B.W.W. is taking a way of dissoluting into wages and social security.

By the way, with the development of enterprises and the structural grade-up of the national economy, it will become not always appropriate and reasonable to judge all matters merely on the basis of individual business and deal as such. Treatment of problems on wider social grounds will become desirable. In the present-day course of things, what are common to every individual business as "social ones" should be solved on social level, particularly on the level of the state, the ultimate representative of the "social". Risks of private nature should be provided for by the hand of individual business itself; social risks should be provided with prevention and preparation by the state. Of course the state should act from social viewpoint. One of such actions of the state is budgetary appropriation for social costs,¹¹⁾ to which social security accounts a part.

sharing with those of W.B.W.W. First, in the formation of profit, the profit-sharing system leads workers to joint-interest relation with enterpriser and helps to nurture and intensify the mind of labor-management cooperation and loyalty to business. Next the stimulus toward increased share amount is expected to foster diligence, innovation and efficiency of workers—promotion of labor-morale. Further it is intended to encourage enduring service, by linking eligibility to and rate of share with the number of service years—a device to fasten workers to enterprise. In short, this system intends to improve labor-management relations, to contribute to workers' living conditions, to raise labor productivity, and in the end to increase efficiency of enterprise; and the essence of all lies in its color of beneficence.

- 11) Social costs are referred to as all harmful results of losses accruing to third persons or society in the processes of production or distribution, for which responsibility is difficult to charge on private enterprisers. They include all direct and indirect ones that third persons or general public suffer due to private business activities, often taking form of injury to human health. Social costs are not counted into business's outlays; they are shifted to, and charged by, third persons or whole society. A most widely accepted

With increasing complexity of social and economic structures, and multiplication of machinery and techniques, mental and physical health of mass of people and laborers is exposed to the risk of injury and destruction in the process of production and distribution, the results often being death or perpetual loss of labor ability. Economic losses herein caused are loaded on workers and families or enterprisers. In addition, public outlays are made by the state for remedy and relief; social costs against social losses. Similar step is taken also for the relief of unemployment that emerges in a large magnitude due to business fluctuation and technical innovation. Such outlays of social cost are obviously for social security. The ultimate bearer of social cost is tax-payers.

If such social costs are borne by the state and cause no burden on individual firms, the latter's willing to lessen losses will supposedly be reduced. This will also result in curtailed expenses for W.B. welfare work and a shift of so much sum to social security. In principle individual businesses should be burdened with all the social costs accompanying losses, but the fact does not go so simply because of an argument that such losses are social disasters unavoidable to advancing society. As a matter of fact, adverse effects of industrial disease, accident, disability, death or unemployment fall miserably upon laborers and families, who have to meet the major part of the burden

case of social cost regards to impairment of physical and mental health of laborer in the process of business operation. Such losses on human factor in business are loaded by injured persons themselves, or by general tax-payers in the form of increased public expenditures for medical care or institutions. This case is made typical one of social costs because such losses do not incur burdens on private business's account, but are borne by laborers or society, due to the lack in adequate social legislations.

Most part of effects inflicted upon injured laborers and their families are not reflected in business's expenditures. Even if some compensation is made to injured's loss of income, generally it counts for only some portion of his normal income. In most cases benefit to total or partial perpetual loss of labor ability is far smaller than the actual loss of income-ability incurred. It is just the same with death. In cases where legal compensation is absent, or in so far as those who are exempted from such legislation, e.g. workers of small firms, home-servants, or farm laborers are concerned, the injured must bear the whole effects by themselves. This makes the reason for the need of social-cost outlays as social security.

Modern industry tends to increase serious injuries on laborers' physical and mental health, such as industrial-disease and accidents, occupational-disease or harmful effects on woman-juvenile employees. These injuries to human body have been excluded from business account, but the advances of labor-protective laws and social insurance have rendered it possible to charge economic responsibility upon business, and this possibility is still on the progress. However, under the present state of laws—their coverages and enforcement—major part of personnel expensess of business is shifted to laborers, families and society, as social costs. (Ref. K.W. Kapp., *Social Costs in Private Enterprises*, translated into Japanese by T. Shinohara, Chapter 1-4.)

by themselves. For example, the Workmen's Compensation Act is advocated to be useful for charging such expenses for compensation, hence economic responsibility upon enterpriser or employer, regardless fault or non fault. Despite of this law being nationally stipulated and fairly rigidly enforced, in fact it has been incomplete to enable laborers and families to evade economic rapture. Outlays of individual business do not cover all of its personnel costs. Here social security becomes indispensable. The result, however, has been something of subsidy to businesses by whole society, in the form of the latter's outlay of social cost. As is supposable, individual businesses are the beneficiary.

Social costs being paid by the state, expenses for W.B. welfare work are economized, and in so much individual businesses receive benefit. But here come out several problems. The structural grade-up of capitalism has brought about changes in the function of the state; state's economic activities have grown remarkably including direct intervention into economy—supervision, control, adjustment or enterprising, and state-control, planned economy, state-ownership or state-management have been introduced. In this economic governing by modern state emphasis is placed on the preservation of labor power and the counter-measure to labor unions, and hence efforts have been made toward a new form of governing, i.e. social security. Now financial resources collected by the state as tax revenue, i.e. social security tax revenue, are outlaid through public finance as social costs named social security expenses. In the meantime conciliation between laboring classes and the state, or the behind-lying capitalist classes, has been pursued. The idea of welfare state¹²⁾ is one of the products of such efforts. First industrial peace as the whole is pursued, and next solution of antagonism between capital and labor in individual enterprises is aimed at. Through cooperation of representative political parties and the state, and coalition of trade unions and capitalists, individual workers in individual enterprises are moved to moderate temperature. From a high place of parliament are given the idea and ideal of the welfare state to people and laborers in lower position. This brings forth effects to business's personnel administration. When the costs of sustaining the present socio-economic relations are loaded on individual enterprises, they become expenses of W.B.W.W.; when by the state, social security expenses.

Now, a peculiarity of employees' health insurance in this country lies in the point that it is a system dividedly managed on business-scale base. In big businesses it is administered by health insurance association, in medium-small sized businesses by government, and petty firms with employment of five persons or less are exempted from its application. This is a scale-based

12) Essential features of the welfare state are: 1. established social security system, 2. perfect full-employment, 3. industrial nationalization, 4. planned economy, 5. political democracy. Social security is deemed as most important. The welfare state is one which is charged with nation's welfare.

system, being operated differentially by business scales. The next peculiarity is its business-based management. Health insurance associations of big businesses are under independent administration of each respective associations, being tinged with the color of business welfare work and lacking in horizontal links. Thus it is business-based system closely attached to enterprise.

Since the benefits of our social insurance are under an income-related system, they reflect wage differentials among businesses. That laborers are discriminated on the benefits of social insurance according to businesses with which they are in relation of employment represents the stratal character of insurance. These peculiarities—scale-based, business-based and income-based—make it more easy for business to make good use of social insurance in personnel administration. The differentials of benefits can hardly be regarded as theoretically plausible, since they hold the nature of social cost to be loaded on the state and hence should be equal to all people. Such discriminated income redistribution by the state's policy contradicts the idea that social security should secure minimum standard of cultural life equally for every people. Therein also is suggested a fact that the said minimum standard is not conceptionally consolidated even inside state's administration. The birth of the concept of social cost rests on the fact that economic losses would extend over a limited sphere to the whole society and affect every class and stratum; in other words, "social losses" other than individual ones really exist. Hence, equal distribution ought to be held as the principle; it is the absolute requisite of social security.

Where labor union takes form of enterprise union (meaning not so-called company-union in American use of word, i.e. company-supported union, but a union organizationally based on one single enterprise) as is general in this country, laborers' requests for wages and labor conditions are made mostly against individual enterprise. In accompany with this, even the security for such social accidents that are primarily to be secured by social security—e.g. disease, physical injury, old-age, death, unemployment, profligacy—has been given within the framework of individual business. In those enterprises that are capable of standing such burden, especially in big enterprises making monopolistic excess profit, performances of W.B.W.W. have been substantial. Laborers of enterprise-unions have demanded and struggled for better labor conditions and more stable life, and succeeded in so doing, merely in the framework of each enterprise. This has strengthened enterprise-originated and deepened enterprise-dependent mind. Struggles for W.B. welfare work have been active whereas those for social security weakened. On the other side, enterprisers have taken the position that W.B.W.W. is to be carried on solely by the hand of business, voluntarily and spontaneously, on the basis of "right of business", and hence does not come under the terms of collective bargaining.

With laborers' minds being modernized, labor unions are showing an inclination toward socialization, stepping out of individual businesses. Such trend and efforts produce a tendency to clarify, among W.B.W.W., what should be included into wages, to distinguish what should be absorbed into social security, and to put democratic management on the remaining part in order to attain further enrichment. Thus, all this is being pursued as a unity—extinction of low wages, establishment of social security to ensure nation's economic life and foundation of W.B.W.W. Particularly as for social insurance, direct participation by unions to its management has been promoted, in opposition to the above mentioned inclination of its transmigration into W.B.W.W. This would make higher levels of benefits of insurance possible.

Problems are not few regarding the enterprise-union. It must get out of such organizational form, and stand on the ground of all-laborers or labor-classes consciousness, in order to bring forth righteous and affluent social security. It means cross-sectional attainment of welfare by cross-sectional combination of labor unions. Workers of middle-small sized enterprises, who are excluded from W.B.W.W., could obtain it, if such enterprisers made cooperation to set in. As a condition for such cooperation of enterprisers, the combination of such unions and workers are necessary, which in the end should be linked with national organization. The result could be security for all people and laborers by the advance of social security that is more extensive than W.B.W.W. is.

5. Insurance, Welfare Work and Social Security in Business

It is undeniable that social insurance is efficient as a scheme to ensure economic living of laborers and to preserve their labor power. This has become particularly apparent in the modern times with insurance remarkably developed. The cultural life, or even existence, of modern agers would be impossible if they ignored insurance or rejected relation with it. Insurance, taking various forms, has popularized itself to every corner of the contemporary economic society.

By the way, the development of insurance has been manifesting itself in the increased variety of insurance forms, that is, creation of so-called "new-sort" insurance, newly taking into its subject matters many kinds and patterns of risks that are always emerging anew with economic development. In parallel with this, efforts have been also made so that the utility of insurance may be enjoyed by many people and social strata as widely as possible. Researches have been made on the method of offering insurance, particularly considering ways to make premium payment convenient to every one. Another line of development is reformation of insurance business. The reformation in some cases concerned improvement of systems within individual insurance firm, but it has been projected also as to the insurance business itself, aiming

at its democratization of management, which has resulted in developments both qualitative and quantitative. Meanwhile progresses have been realized also in the fields of actuarial method, sales and management, and juridical treatment. It is noteworthy that a new possibility of development was found in people of middle classes and that stratum of laborers who went up to the position of middle classes owing to the economic progress of society.

We have now numerous forms of insurance: assurance payable at death (Todesfallversicherung, assurance en cas de deces), endowment insurance (gemischte Versicherung, assurance mixte), private health insurance, private sickness insurance (Krankenversicherung, assurance maladie), personal accident insurance (Unfallversicherung, assurance contre les accidents), birth insurance, juvenile or infant insurance (Kindesversicherung, assurance d'enfants), widows' annuity (Witwenrente, rente de veuve), joint life annuity, (Verbindungsrente, rente sur tetes jointes), dowry insurance (Aussteuerversicherung, assurance dotale). By utilizing these forms in combination, laborers can secure living, preserve labor ability of their own and nurture labor force to succeed them, in other words, maintain and culture labor force for the society as a whole.

However, here is a problem. The diversification of insurance being thus almost completed, who are the principal utilizers? Aren't the utilizers only small part of people? And aren't the amounts far lower than desirable? As a matter of fact wages and incomes of laborers are never sufficiently high, not enough for perfect utilization of insurance.

We can not say one shall content himself with insurance-amount in proportionate to his, say low, income or wages. Unless one's economic living is maintainable at a certain level or over, he can not afford be insured. And, if an insurance contract is of smaller amount than some certain level, in fact it will be useless to guard the insured against various casualties that may injure his physical ability and distort economic life. True, most part of laboring classes are not in a position to utilize such highly developed insurance, because they cannot afford to pay necessary premiums from their incomes or wages. This is especially so in the case of "insurance of substandard risks (Versicherung anomaler Risiken, assurance de risques tares ou anormaux). This insurance is applicable to those laborers who are engaged in risky jobs, but only with premiums of higher rate than normal life insurance. They are obliged to accept special terms of insurance such as by-years increase of premium, load-premium or reduced insurance money, because the death rate in such jobs is higher than normal. Were their wages high in proportionate to the risk-grade of their jobs, the extra part could be used to pay higher premiums. In most case, however, the extra wages are not so large as to bear the increased premium. So they are being excluded from the benefit of insurance, or enjoining only to a limited extent.

By what measures can premium payment be made convenient and bearable

to laborers? The first effort for this object made from the side of insurers was pointed to lowering premium. Rationalization of business was promoted. In line with the principle of "cost-down by way of mass production and sales", premium decreases by popularization of insurance and, vice versa, popularization by premium decrease were pursued in mutual correlation. A non-medical-inspection (life) insurance was born in the meantime, which displayed some effectiveness in premium decrease, but at the same time resulted in a rapid increase in inverse selection. Yet efforts were continued to make good use of its merits, excluding its faults, and could bear some fruits, e.g. as group life insurance. Presently this non-inspection system is adopted in petty insurance, industrial (post office) insurance, group life insurance and social (health) insurance.

So-called petty insurance was devised for the aim of extending the benefit of insurance, if small, to every person of society. Indeed, something is better than nothing. But its amount being small, it is quite incapable of meeting all demands of laborer for the preservation of labor power. It can serve only for immediate need at the time of accidents. This is employed in industrial insurance.

As a measure to make premium payment easy and convenient, monthly premium insurance (*Versicherung zur monatlichen Ratenprämie*) was created. In this system yearly premium is divided into monthly lots of small amount, conforming to the monthly payment of wages. It brought about a swell of the volume of clerical work and hence a higher sum total of premium through the whole period than in annual payment. However, actually it made premium payment less burdensome to household, and at the same time regular monthly payment supported regularity in household plan—a favorable effect to laborers. It is now widely used.

Compulsory insurance with compulsory premium is another way of making payment less burdensome. To be compulsory means to be regular and to be regular is equivalent to be plan-wise. Contractors are forced to pay out regularly, by plan-wise deal within household. Payment becomes a settled, destined and missionary matter, with less seriousness and pain. This system is named compulsory insurance (*Zwangsversicherung*, assurance obligative), adopted in various sorts of insurance with nature of economic policy. This compulsory insurance cannot be carried on by sole power of individual insurance companies. It must rely on economic and social policies of the state, or will and effort of enterpriser to adopt it in personnel administration. It is sometimes put into practice by pressure of labor union or social classes. It is now seen as various forms of group insurance and social insurance. It is contrasted to voluntary insurance (*freiwillige Versicherung*, assurance facultative). To pay an equal amount of premium, compulsory insurance may be less burdensome than voluntary insurance.

If premium is unbearable to low-wage earners, it may be a solution, be-

sides efforts to raise wage level, to shift some, if small, part of premium to the burden of other classes or social strata. If redistribution of income through insurance has been realized, the income of laboring classes will be so much raised, the benefit of insurance will be widely enjoyed, insurance will be applied to their life, some of social security will be attained, and the objective of preserving labor power will be achieved. So-called income redistribution may involve two meanings: one between different strata of laboring classes, i.e. from higher-wage stratum to lower-wage one, and one between different social classes. Of course the latter is the proper. However, also this compulsory insurance has to depend on the state's policies, leaving only narrow area for the insurer, i.e. insurance enterprises, to exert himself for establishing it. Group insurance falls under this category, but the most typical one is social insurance. To what an extent this insurance is employed in a society may in the end depend on the relative power of labor and capital.

Group insurance (*Gruppenversicherung*, *assurance de groupe*) is a masterpiece of insurance. This takes object in groups of many persons, is effected without medical inspection in principle, and the cheapening of premium is attainable almost to the highest degree possible. Insurance for a group of persons is effected *en block* as one contract, namely on one generic policy. Generally enterpriser, capitalist or other appropriate person serves as the contracting part in place of, and in the interest of, employees. "Group" denotes a body of employees in one enterprise including company, trading firm, factory, mine or school and workers' institution in administrative organizations. A group makes the unit of selection, not individual persons. There are two systems for its premium burden, contributory and non-contributory. In the former system a certain portion of premium is charged on employees or the insured whereas in the latter the whole amount is loaded by employer or contractors. In either form it performs the function of income redistribution, and compulsory affiliation is usual in this type of insurance. It served to accelerate the popularization of insurance, particularly among laboring classes.

Attempts were in several ways embodied to reform insurance business in line with demands of the times and in conformity with socio-economic changes so that it may become more fascinating to every people—particularly by intensifying the tendency of self-government by the insureds and fostering democratic management. The foremost one of such devices was the transformation of joint stock company into mutual company, i.e. mutualization of insurance. Mutual insurance in a modern sense was realized in the mutual company. Mutual insurance company is a corporate juridical person for mutual insurance by partners, and has some differences from joint stock insurance company. Its most distinct feature representing the mutuality is the so-called "self-government by the insureds", realized in the participation to and intervention into management by the insureds themselves. In a joint

stock company the partners are the stockholders whereas in a mutual company they are the contractors; in the former system there is no connection between the insurance relationship and the partnership, while in the latter both must exist simultaneously. In a joint stock company the highest organ is the general meeting of stockholders, whereas in a mutual company it is the general meeting of partners or their representatives. Partners of mutual companies are in the same position as that of stockholders of joint stock companies in that they can, as constituents of company, vote at general meeting and participate in management; on the other side their position is the same with contractors of jointstock company in that both are insured by respective companies. Yet, the mechanism being thus constructed, in practice the said self-government is not easy to realize, particularly in cases of big mutual companies. "Close connection" between company and contractors is only nominal, hardly deserving to be said existing. In other words, whichever legal structures may be, few differences are recognizable between the two forms regarding management in the economic context. Both are commonly of capitalistic nature in organization, techniques and principles of business. For this reason mutualization could have few effects on increasing attractiveness of insurance, hence on promoting its popularization.

Cooperative insurance (*Versicherungs genossenschaft*) is carried on by cooperative society. It is a form of non-commercial insurance (*unerwerbliche Versicherung*) as against commercial insurance, being born to guard against various defects of the latter, a capitalistic system. Premiums of commercial insurance must be held high because a large amount of expenses is committed for advertisement and invitation, and in addition profits of high rate are taken into account. Those who can not afford to pay relatively so expensive premium have no access to the insurance facilities. They are laborers, farmers or medium-small enterprisers who want to be insured most keenly. So, the fact is far from their wants. Stillmore, that a large amount of funds accumulated in the hand of commercial insurance is loaned or invested to big enterprises only, for the sake of security and high interests rates. Contrastively laborers, farmers and medium-small enterprisers have always to be annoyed by shortage of money due to their weak credit basis. In order to overcome these difficulties of commercial insurance, to correct too-far capitalistic going of insurance and further to make a revision on capitalism itself, cooperative insurance was born. It worked to popularize insurance in that economic area wherein commercial insurance did not want to operate.

Cooperative insurance is different from social insurance in that it is voluntary, not compulsory, but same in the point that it will never be affected by outside influences or interests. It is founded on the spirit of mutual aid, and managed by co-operative partners themselves and in the interest of their own. It is under collective control of partners, who elect staff members on democratic principles. Staff members are charged with the activities of so-

ciety and responsible for all results. As cooperative insurance is generally of small scale, it is undeniable that there lies something insecure, say, regarding distribution of risks, degree of ensuring ability, or lack in advanced, reasonable techniques based on large-number observations. Yet it is attractive for its democratic management.

Lastly we are to speak of national insurance. This is different from private insurance because it is provided by the state. Needless to say in its case based on the principle of socialism, even in the framework of capitalism it may be reasonable to say that the principle of "welfare for all" is realized to a higher degree within it than in commercial private insurance, so long as it is managed by the state as a link of chain of economic or social policies. However, it is not easy to answer the question of the possibility of lower premiums to be derived from business rationalization.

Industrial insurance (*Volksversicherung*, *assurance populaire*) is a petty insurance, either private or national, adopting non-medical-inspection system, monthly or weekly lot payment of premium and its home-collection. It primarily aims at the security of industrial laborers increasing with the development of capitalism, and has been rapidly popularized among them, especially with the case of national insurance supported by people's confidence to the state and utilization of state's facilities of administration, e.g. post office.

The most essential one of national insurance is social insurance. This is managed in principle by the state or, as its acting agency, by public communities or associations under public laws because it has socio-political objectives. Almost all of social insurance is compulsory. Another feature is partial bearing of the costs by outsiders of insurance and additional subsidy by the state, although the extents of these are varified by nations and sorts of insurance. However, it must be remembered, social insurance is never beneficent relief. The insurer and the insured stand on equal positions, and bilaterally the insureds take the burden of insurance cost and the insurers deliver benefits for accidents of the former. Benefits are drawn as right, not benevolence. It is a compulsory system by the state on one hand, but a system of self-reliance with the aim of preserving labor power on the other. Additional effect of income redistribution is also involved. Social insurance has made insurance available to laborers.

As an actual institution, social security is founded on the combination of social insurance and social assistance. However, as an idea, it is a new scheme born in the process of the progressive dissolution of the above two. It is no longer social insurance, still less individual insurance.

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Speaking generally, W.B. welfare work is showing a sign of receding. In the process of speedy dissolution into wages and social security, its focus

is shifting from living-condition-related things to finance-insurance-related ones. Nowadays the substance of W.B. welfare work consists majorly of insurance premiums burdened on business, assistances to labor-management mutual-aid societies and the like, with a color of "human-relations" policy being given weight. Such shift of W.B.W.W. to social insurance—group life insurance, pension insurance, etc.—on one hand and efforts of insurance enterprises to popularise insurance—diversification of insurance sorts, easy payment system of premium and reform of insurance business—on the other combined to lead to an accelerated growth of finance- and insurance-facilities. It is undeniable, however, that such a development has a result of supplying longest-term and stable funds to business, and that an intention is implicit to keep workers within business. Further it is to be noted that group insurance, though being taken into new-type W.B.W.W., should properly be counted as a system rather than a work, which carries a merit to business that funds is not fixed for a long time as in any other work and hence it is easy to establish.

The rapid spread of within-business insurance as welfare work and the extensive growth of group insurance as a new market for insurance companies—in the conflux of these currents a potentiality of development is large for group insurance. From the viewpoint that perfect security of living consists of individual security, social security plus security by employer, it can be said that perfect security is three-storied one—social security as the first, security-by-employer as the second, and individual security as the third. Taking this into account, the complementary and supplementary relation between W.B.W.W. and social security become more convincing, and even a view of identifying group insurance with "the second social security" is acceptable.

Even though one can speak of smooth development of group insurance inside W.B.W.W., which as the whole is receding and contracting, and is increasingly being dissolved into wages and social security, it must not be overlooked that the seemingly similar courses of development, of group insurance and social security, are in essence in inverse directions. The more rapidly and widely W.B.W.W. is transmigrated into social security, the more unfavorable is this to the progress of group insurance. According to the argument that group insurance is a proxy, substitute or alternate to social security in business, a competitive relation might be found between the two, in so far as our observation is confined within business.