Title	英文抄録
Sub Title	
Author	
Publisher	慶應義塾経済学会
Publication year	1962
Jtitle	三田学会雑誌 (Keio journal of economics). Vol.55, No.9 (1962. 9) ,p.1- 6
JaLC DOI	
Abstract	
Notes	
Genre	
URL	https://koara.lib.keio.ac.jp/xoonips/modules/xoonips/detail.php?koara_id=AN00234610-19620901-0083

Reexamination of Some Fundamental Questions of the Fiscal Science

by Juichi Takagi

It is the purpose of this paper to reexamine some questions as the starting points of studies concerning the Public Finance (or the Fiscal Science). It is possible that, in starting to study, some factors are not fully examined, because they are regarded as self-evident or negligible. But, having reached to higher stage of their studies, it happens often to be found that those factors once neglected were really neither negligible nor self-evident.

Almost all fiscal theorists and theorists of welfare economics regard the area (or sphere) of public-finance in the economy as being the public sector in the economy. According to Prof. U. K. Hicks, the public sector consists of four parts of government activities (British Public Finances (1954) p. 9). Prof. Brownlee and Allen called "the public economy" the area of government as an economic unit (Economics of Public Finance (1954) p. 9). Prof. Musgrave wrote in his Theory of Public Finance (1959) that it might be better to describe as an examination of the theory of public economy, following the useful german concept of Staatswirtschaft. In his book, the public finance are dealt with as equal to public economy, public household and public sector in the economy. Though these conceptions are different in expression, they are the same, in reality, as the orthodox conception of German school of the Science of Public Finance, the center of which was Adolph Wagner's Finanzwissenschaft (1877). According to Wagner, Finzanwirtschaft (Public-finance economy or fiscal economy) is an economic unit, the subject of which is the government, acting for the State and it means the public household. Since 1880's and even in 1950's, this conception has been generally accepted as right and self-evident, without any doubt. But now, it seems to be neccessary to reexamine this prevailing idea, as the starting point of coming studies dealing with public finance as one of social-economic phenomena. Contrary to the generally accepted conception, I think, the sphere (or area) of public economy or public household is not equal to that of the public sector in the economy. It seems now to me an essential problem to grasp accurately the area of the public sector, because the fiscal science deats with public-

economic phenomena in the economy. According to the prevailing idea, central and local governments as public-economic units (including their related organs and activities) are regarded, taken into a group, as the government sector; the government sector is almost always regarded as identical with the public sector. I think, it may be one of after-effects of Social Accounting which is the ex-post accounting system to analyse the social-economic structure from the standpoint of mutual-exchange system. Though I never hesitate to appreciate its high theoretical importance and usefulness, it seems to me a mistake (or misleading) to take into the sphere of the fiscal science, without any reflection, the conclusions reached in the analysis of Social Accounting.

The State is the territorial (regional) community consisting of people and governments representing the State and Local Bodies. People (as private economic units) and governments are combined with in two economic relations,—free mutual-exchange relation, and ruling—ruled relation by governments acting for the State and Local Bodies. When grasped as a group, the private sector consisting of private economic units (as private households and businesses) and the government sector consisting of central and local governments (including the related organs and activities) are combined with in these two relations mentioned above. Then, the market sector is composed of the private sector and the government sector, in the mutual-exchange =market relation, and the public sector is composed of the government sector and the private sector in the ruling-ruled=public-economic relation. The sphere of public sector is wider than that of the government sector, because the public sector occupies a part of the private sector. For instance, taxation is the typical form of public-finance activities. Though it means to governments the compulsory money-raising, it means at the same time to private economic units as taxpayers the forced disposal (payment under compulsion) of money. If we recognize that compulsory money-raising in taxation is one of public-finance activities, we can not deny that the forced disposal of money is also one of public-finance phenomena. If positive taxation is public-finance activities, the negative taxation in the form of subsidies is to be one of public-finance activities. Positive and negative taxation penetrate into and occupy a part of the private sector. It may be already understood that the public sector does not consist of the government sector only.

It is quite right that Prof. Musgrave emphasises the importance of close interdependence of the public sector and market sector (or private sector), both operating within the same economy (Theory of Public Finance, p. 49,

p. 51, p. 205). But, we must understand that the interdependence of these two sector is not of what Prof. Musgrave and others meant, but the interdependence of the public sector and the market sector with each different structure (different in its content). Having understood this fact, some people who have once thought this question too self-evident to be worth while to re-examine, will be aware of its importance. The modern economic system is very often said to be a mixed system or a dual system. But I want to say again that so-called mixed or dual economic system is not the system consisting of what are generally understood.

It seems to me that forms of public-finance (fiscal) activities and then the limit of the fiscal science are not accurately grasped. I show their forms in the table and discuss the limit of the fiscal science.

(1) Raising of money ((a) public-economic raising, its typical form is taxation (b) market-raising, its typical form is borrowing)

↓

(2) Disposal of Money raised (Spending and Hoarding)

↓

(3) Payment or Spending for goods and services (a) internal (b) external	(4) Payment not for goods and services (a) internal (b) external
↓	
(5) Procurement of goods and services	
↓	
(6) Disposal of goods and services procured (using up and storing) (a) Creation of establishments (b) non-creation of establishment	
↓	
(7) Benefits given in the form of services (a) internal (b) external	(8) Benefits given in the form of goods (a) internal (b) external

(9) Benefits given in the form of money (a) internal (b) external

It has been very often said that fiscal activities are money-raising and money-spending activities. But activities which end with money-spending

are only in the case of (4) money-payments not for goods and services which come directly to be (9) Benefits given in the form of money.

According to Prof. Gerloff, the object in the narrow sence (Erkenntnis-objekt—cognition-object) of the Science of Public Finance are Beschaffung und Bereitstellung (procurement and preparation) of means required to satisfy the needs of Public-Finance Economy (Die Öffentliche Finanzwirtschaft, (1948), S. 82). It is one of my questions whether (or not) the word Bereitstellung implies both disposal of goods and services procured and public benefits, which are created by disposal of them and given to the private economic units (as a group, the private sector in the same economy) and to foreign people or foreign governments. If this word „Bereitstellung" does not imply either of them, I think, the conception of Prof. Gerloff is imperfect or a mistake.

Both (1) Raising of money ((a) and (b)) and (5) Procurement of goods and services (by either purchase in market relation or compulsory acquisition =so-called concealed expenditure) is the process of preparation for the disposal of money, goods and services to creat Public Benefits given in the form of services, goods or money. Recently, Prof. Andoh wrote a paper in which he critisized my conceptions. He fully accepts the theory of Prof. Itoh whose basic idea of the Fiscal Science is the "compulsory acquisition". The chief question put to me in his paper is whether public expenditures and their effects can be the Erkenntnisobjekt (cognition-object) of the fiscal science. According to Prof. Andoh, public expenditures and their effects can be the Erkenntnisobjekt of the fiscal science, within the limit that they have direct and/or indirect relations to compulsory acquisition of economic goods (money, goods and services). According to my conception, public expenditures (public-economic disposal of money, goods and services) and public benefits created by disposal of them (both themselves) can be the Erkenntnisobjekt, even if they have no relations to compulsory acquisition. I think, public-finance activities can be the Erkenntnisobjekt, not because they have direct or indirect relations to compulsory acquisition, but because (—within the limit) they have relations to public-economic disposal of money, goods and services.

The last part of my paper is concerned with my reply to some questions put by Prof. Andoh.

The Shifting and Incidence of the Corporate Income Tax in Japan

by Seiji Furuta

It is quite interesting to observe that the changing patterns of the Japanese corporate income tax rates, together with the profit shares and the rates of return on capital, have been closely similar to those of the United States from pre-war to post-war period. To one who intends to analyse the shifting and incidence of the tax in Japan, it seems to be full of suggestions how the fiscal theorists, such as M. A. Adelman, E. M. Lerner & E. S. Hendriksen, R. A. Musgrave and G. H. Brannon, made the inferences on shiftability of the tax according to their own insight and approach. The approach adopted by Brannon is mainly applied to the question of the incidence of the Japanese tax in this paper. This may be called the profit shares approach.

Our method of estimation can be summarized as in the following.

$$(1)\quad P_i=a_1+b_1Y_i+c_1T_i+u_i$$

Where P stands for gross profit of whole corporate firms, Y for the corporate GNP at factor prices, and T stands for the corporate profits tax liability. This equation is fitted to data for the period 1932-43, 1951-60 by the straight-forward least squares method.

Codsideration of the tax determining structural equation gives us another kind of profit equation. Introducing the tax equation explicitly, we have

$$(2)\quad T_i=t_i'(P_i')+t_i''(P_i'')$$

where P_i' is the expected profit level in the absence of any corporate profits tax shifting; P_i'' is the change in profit associated with shifting; t_i' is the average tax rate at the profit level P_i'; and t_i'' is the marginal tax rate. On the other hand, the expected profit level without shifting can be written in the following linear form.

$$(3)\quad P_i=a_3+b_3Y_i+u_i$$

Combining equations (2) and (3), we obtain the reduced form in the case of possible shifting of the tax.

$$(4)\quad P_i=a_4+b_4Y_i+b_4c_4t_i'Y_i+b_4c_4^2t_i't_i''Y_i+u_i$$

Taking account of the change in Y and the capital stock indicated by the fixed asset and the depreciation allowance accounts, the following type

of equation was also estimated.

$$(5)\quad P_i=a_5+b_5Y_i+c_5T_i+d_5\Delta Y_i+e_5K_i+u_i$$

We may put t_i' in the equation (5), and test the new equation.

$$(6)\quad P_i=a_6+b_6Y_i+b_6c_6t_i'Y_i+d_6\Delta Y_i+e_6K_i+u_i$$

The results of the estimation on the above equations are offered in the next table.

Table

Various Profits-Income-Tax-Relationships.

Fquation Number

(1) $P=-203.23+0.129Y+1.955T$
(0.0327) (0.4022)

(4) $P=-138.32+0.276Y+0.0075t'Y-0.00015t't''Y$
(0.0815) (0.0051) (0.00008)

or

(4′) $P=-186.18+0.3558Y-0.0011t'Y$
(0.07491) (0.00264)

(5) $P=-16.822-0.1680Y+1.4657T+0.2254\Delta Y+0.2091K$
(0.07211) (0.49462) (0.58280) (0.03309)

(6) $P=3.054+0.1303Y-0.0023t'Y+0.3642\Delta Y+0.1262K$
(0.1406) (0.0019) (0.0397) (0.0599)

The meaning of the results may be interpreted as the fairly strong evidence of no shifting, if we assume that no tax shifting occurs unless the tax variables affect the profit functions in a considerable degree.