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Worker's Self Control and Market System (2)

by Yoshimatsu Aonuma

The socialization of possession may be criticized on account of bringing forth the bureaucratization of management. Under any social system, the present task is to grow out of bureaucracy. The target of worker's self control is to democratize the corporate management. Democracy is the government for the people, by the people, but highly stressed is the government by the people. Even if the good results were attained by moving according to orders, it is the voice of the modern people to insist on independency of action through rejecting to be controlled by orders. It is the worker's self control to meet this demand.

Even if a corporation was self controlled by the workers, when it is tightly bound by the government regulation, the self control is nothing but norminal. Thus, in order to have the consistent worker's self control, the corporation must be freed form the government regulation and it must be independent. It is for this independency that the market system is induced. This can take the place of government regulation, and in terms of gathering information, the former has stronger power than the latter.

It is the rise of independency of corporations which characterize the new socialism, opposed to Stalinism. At one glance, a contradictory situation called "market socialism" will arise. Along with the independency of corporations, the business system is going to be applied to the socialist society. Along with the socialization of possession, planned economy is another characteristic of socialism. Planning is contradictory to competition which is the function of market. Overestimating the rationalism, enforcing excessive planning is the defect of the stereotyped discussion of socialism. The market socialism tries to balance between planning and competition for attaining of its purpose realistically.

It is actually very difficult for the workers to self control the corporation which is giant organization. Thus there is no way but for the worker's control to coexist with bureaucray. Unless realism heads forward not simply coexistence but the superiority of the former to the latter, it will degrade to opportunism.

Worker's self control and market system are the two sides of one thing. If the workers

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mature culturally, the cometition which results from this system will not contradict with planning. Consequently, bureaucracy will be out of use. However, this kind of ideal society seems to be found only in the far distance of eternity.

The Study of Political Economy and Social Policy Association in the Pre-war Peorid-Noburu Kanai and his Thought on Social Policy

by Kanae Iida

Noburu Kanai was very famous scholar who had studied Political Economy and Social Policy in Germany in eighteen-eighties, and on 26th April, 1896 established Japan Social Policy Association with Kumazo Kuwata, Kakujiro Yamazaki and others in Tokyo.

This association was afterwards the centre of the study of social problem in this country which had been emerging as a menace to the capstalistic system. While the trade union movement pioneered by Rōdō-Kumiai-Kiseikai began to be active, the socialist movement of the social democratic party shocked the government with a serious impulse. Kanai and his followers decided to campaign for the capitalistic system with the organization of Social Policy Association which had been made modelling on Social Policy Association of Germany. When Kanai had been in Germany, he was influenced by Adolf Wagner and Gustaw Schmoller who called the Cathedral Socialists and had got very high reputation. They were not only the advocates of the New Historical School, but the promoters of Bismarck's social policy and the theoretical and practical leaders of the national social insurance.

But Kanai had never determined to be a champion of the social insurance in our country, but rather contemplated to organize the Social Policy Association of Japan as a fighting body against socialism and socialist movement. He had succeeded in introducing the New Historical School and encouraging the study of social policy, but his attitude towards social policy was too much political and besides conservative. As the result, the Social Policy Association had been obliged to decline because of split between two sects, pro-socialism and anti-socialism group after the First World War and the period of the advancement of working Class Movement and socialist movement.

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The contents as follows.

- (1) The Establishment of Japan Social Policy Association and its Background.
- (2) Noburu Kanai and German New Historical School.
- (3) The Essence of Social Policy-Imperialism and Social Policy.

Problems on Japanese Financing of Welfare State—Particularly of Health and Pension Insurance Systems

by Seiji Furuta

The aim of this paper consists of three parts, i.e., pointing out difficult conditions imposed upon Japanese financing of welfare state, problems confronted to the present and future social insurance systems, and suggestions for the reform of these systems.

To begin with, (1) it is pointed out that in 1977 the ratio of old people of more than 65 years old to whole population became 8% in Japan, whereas 12-13% in Europe and nearly 14% in Sweden. According to a reliable prediction, the ratio amounts to 10% in 1975, 15% in 1995, and 18% in 2005 in Japan. That means that our society can be called the 'aging society' nowadays and the 'aged society' in the beginning of the next century. (2) Japanese economy has been undergone drastic hardships after the so-called oil panic and so still in the sea of troubles of obtaining high rate of economic growth. In this respect, she is unable to expect the fiscal dividends which enabled her to increase welfare expenditures without raising tax rates and social insurance contributions. (3) Over several years since the oil panic, there are two standpoints which compete each other concerning how to do with the Japanese budgeting. Standing upon the principle of fiscal policy, it may be argued that fiscal dividends by personal and corporation income taxes could be expected if the economic growth should be accelerated by tax reduction or increases of public work expenditures. If, however, one emphasises the critical level of almost 40% of national debt receipts in the national budget, the so-called fiscal discipline should be maintained in order to avoid inefficient disbursement of public expenditures.

What kind of over-all problems are imposed upon the social security financing in Japan? Four aspects of the problems are pointed out hereafter. (a) Observing the flow aspect of social security

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expenditures and revenues, it is often argued that both of the levels per capita in Japan are the lowest among the developed countries. It may be impossible to avoide the possibility to increase either the tax burden or the social insurance contributions or both, if Japanese people agree to expand social security expenditures in future and at the sametime to avoid the aggravation of the burden of national debt. (b) It is often pointed out that institutions related to the social security in Japan are far less developed compared with the ones in Europe and the U.S. On the one hand, when we try to estimate international comparisons of the institutions, there are almost no difference in the stock of man-power, such as medical doctors and nurses, and the numbers of hospitals and beds. On the other, if we observe institutions such as old-age homes and nursing homes and manpowers such as home-helpers, there are distinct divergence between Japan and Europe. (c) When we consider future development of Japanese social security system, it may be useful to think about the fact that in Europe importances of the system has been shifted from the public hygiene to the medical care before the World War II and from the medical care to the pension fund thereafter. Considering the tendency of our aging society, no one will dispute the importance given to the enlargement of pension insurance. (d) The needs of social security financing have been increasing more and more, the debate on the choice of financing either by taxes or by social security contributions looms large nowadays. While it is not the purpose of this paper to evaluate the wisdom of the proposed expansion, the expenditure outlook is of strategic importance for the future of tax reform. This means that revenue pressures during the 1980s will render tax reform a continuous and acute issue. It calls for the exploration of new sources not covered heretofore.

Turning now to the national health insurance system, (a) the 1961 social security legislation specified that the system should include all workers under age sixty-five who were engaged in every industry by including self-employed in Japan, with government employees subject to separate schemes. Since then, deficits have been accumulated within every health insurance schemes, except the ones for employees of national and local government. (b) Another problem can be found in the great divergences among the schemes, especially between the schemes for the government employees and the ones for others, in that financings of health insurance schemes for casual laborers and small businesses turned into the greatest difficulties they have ever been confronted.

It remains to consider two basic issues in the structure of pension insurance issues which have been debated since the introduction of the system and which are still under discussion. (a) The

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first issue to be considered is the question that should the system be reserve-financed or on a pay-as-you-go basis. In recent years, it has become evident that the very logic of the reserve approach (i.e, that surplus receipts are in fact channeled into increased capital formation) did not prove tenable. It is maintained that if we accept the principle of 'contributions according to his ability and benefits according to his needs', it may be better to adopt the pay-as-you-go basis instead of the present method of reserve-financed basis in near future. (b) There also remains a great deal of divergence among the various pension insurances for the government employees, employees in big businesses, and employees in small businesses and self-employed people. Whereas ratio of contributions made by employees of local government amount to almost 30% and another 70% are made by the employer, i.e., the taxpayers, the ratio of another pension insurance are mostly 50 to 50. Another sort of discriminations can also be found between the pension insurance for employees of governments and private firms. Almost everyone will agree that it is urgently needed to reform the presentday financing of Japanese welfare state. In view of the nature of the goods supplied by the public sector, however, the writer is bound to agree with Prof. M. Olson's opinion that 'it is not that government are inherently inefficient, but rather that the provision of collective goods, whether by government or other institution, is typically inefficient'. In the next paper which the writer is now preparing, he will try to make some suggestions by which certain direction of the reform shall be indicated.

Effects of Policy Lags on a System

by Chiohiko Minotani

The purpose of this paper is to discuss the effects of policy lags, especially, inside lag which is represented by "dead time", on a system.

The system analyzed in this paper is a following multiplier-accerator model.

$$c(t) = \frac{c\lambda_1}{D + \lambda_1} y(t), \quad 0 < c < 1, \quad 0 < \lambda_1 \le 1$$
$$i(t) = \frac{v\lambda_2}{D + \lambda_2} Dy(t), \quad v > 0, \quad 0 < \lambda_2 \le 1$$

$$g(t) = \overline{g_0}(t) + g_1(t)$$

$$g_1(t) = \begin{cases} \beta_1[u(t) - u^*] & \beta_1 > 0 \\ \frac{\beta_1 \mu}{D + \mu} [u(t) - u^*] & \beta_1 > 0, \quad 0 < \mu \le 1 \\ \beta_1[u(t - \tau) - u^*] & \beta_1 > 0 \\ l(t) = ly(t) & l > 0 \end{cases}$$

$$u(t) = \bar{v}(t) - l(t)$$

$$y(t) = c(t) + i(t) + g(t)$$

where

c(t) = personal consumption expenditure

i(t) =private investment

g(t) =government expenditure

y(t) = GNP

l(t) = demand for labor

n(t) = labor force

u(t) = unemployment

D = differential operator

and the variables marked by the bar are exogeneous.

The analytical method used in this paper is the system theory. We shall show main conclusions about only proportional policy with "dead time". These conclusions were obtained by approximating a rational function by Padl's approximation to the Laplace transfor $e^{-\tau s}$ of the element of "dead time".

(1) The element of dead time makes a system unstable. The longer the dead time and the stronger the magnitude of policy, the more unstable a system.

(2) The gain of a system with dead time becomes negative.

(3) Steady-state error remains.

(4) Therefore, the system with dead time element in the proportional policy needs additional derivative policy for stabilizing the system and integral policy for making the steady-state error zero. The latter, however, is not desirable for the stability.