

financial asset. The consumption of the old depends on disposable income and real interest rate. The young and the old is divided by using the data of Family income and expenditure survey which is classified by age. Although disposable income is also divided by Family income and expenditure survey, at first, it is divided into compensation of the employees, property income, operating surplus, benefit of social security, direct taxes, and contribution of social security by SNA, and calculated the ratio of the young and the old from Family income and expenditure survey. By doing so, we can understand the change of the benefit and contribution of social security easily. In Family income and expenditure survey, the data of the income of the household which does not work are not available, so we use the data of the household which works. So this data has a probability that it cannot reflect the consumption correctly. Marginal propensity of consumption of the young is higher than that of the old may explain by this factor.

$$\begin{aligned}
 CPY &= 3273.35 + 0.7481 \cdot YDHY \\
 &\quad (0.438) \quad (20.436) \\
 &\quad - 14017.8 \cdot \left(\frac{RL}{100} - PCP \right) + 0.018 \cdot NASSETP_{-1} \\
 &\quad (-0.274) \quad (6.029)
 \end{aligned} \tag{3}$$

$$\begin{aligned}
 \bar{R}^2 &= 0.997, D.W. = 2.033 \\
 CPO &= 3469.39 + 0.4885 \cdot YDHO \\
 &\quad (1.163) \quad (8.108) \\
 &\quad - 11959.4 \cdot \left(\frac{RL}{100} - PCP \right) \\
 &\quad (-0.429) \\
 \bar{R}^2 &= 0.934, D.W. = 2.091
 \end{aligned} \tag{4}$$

As explained so far, this model is built by the assumption that there exists two types of agent, young and old. This specification has two problems. First, the old used to be the young, that is, the intertemporal behavior of the consumer is not included in this model. Second, this model does not consider the relation of the young and the old, whether they are altruistic or not. Although the specification of this model is ad hoc, dividing the consumption this way is originated in our attitude of building this model as

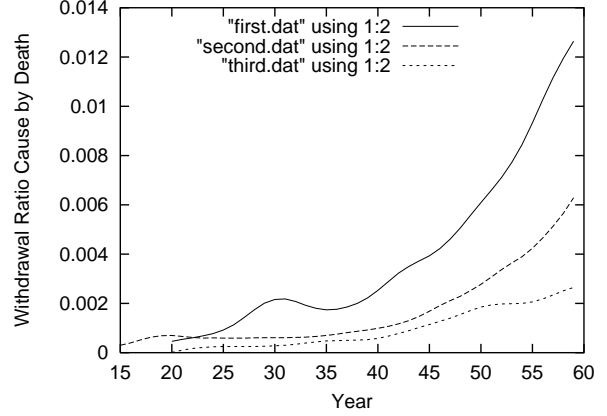


Figure 1: This is a sample figure.

follows. We assume inefficiency of the medical care of the old, and we consider it raises social welfare that reducing the cost of medical care to prevent pension benefit from reducing. The character of the medical care of the old today is chronic disease. In this case, it is the theme of the medical care that not cure the disease, but control the disease and raise the QOL of the patients themselves and live his old age in feeling easy. But the structure of the supply of the medical care has a lot of problem like the system of the reward of medical care, relationship of clinic and hospital, and Insurer's management ability, we anticipate great inefficiency for the medical care for the old, which costs about more than 500 billion yen. And the existence of the contribution of the old-age medical care which solves this inefficiency is the problem too. This relates to the second point.

Social security system in Japan, the burden of the firm affect considerably by dividing into halves by employer and employee of the contribution in pension, and the old-age medical care. But the burden of the firm must be reconsidered. The money flow of the cost of medical care of the old is determined as figure 2, and this is because the relief of the finance of the national health insurance is done by the health insurance run by private mutual associations.

The problem here is as follows. Old-age medical care which finances the medical care for the old is