

THE ECONOMIC ORGANIZATION OF WELFARE

KEINOSUKE BABA

The role of economic organization is to form a structure for the allocation of resources, which is suitable for cultural purposes in the national society. No social system can continue its existence without establishing an economic organization which is suitable for it. This article discusses the process to turn the economic organization of the contemporary industrial society, through the coordination by public policies, into a form which is suitable for the economic organization of a welfare society.

The economic organization must conform to two kinds of values..... efficiency norm and welfare norm. For this purpose, it is required that both full employment and social balance have to be achieved.

The contemporary economic organization takes the form of mixed economy. In its sector of private economy, the "managerial" capitalism is promoting the institutionalization of economic growth and technological progress, raising the efficiency of economic activities and materializing an almost full

employment. However, in the field of the request for social balance, there are many problems..... inequality of income among industries, regions and classes, imbalance between private and social consumptions, and antagonism between inner society and outsiders. It is impossible to leave the settlement of these problems to private economy. Therefore, public policies are intervening in economic activities to solve these problems. As a result, The scope of public economy has gradually expended and transferred the economic organization of the society to that of mixed economy. If this mixed economy is reorganized, from the viewpoint of social balance, to systematize itself, the contemporary economic organization will develop into the "economic organization of welfare." and industrial society will take on the character of welfare society as well.

Welfare society can be realized in industrial society without emerging from it or severing relations with it.

VALUE PREMISES OF CONTEMPORARY WELFARE THOUGHTS

MITSURO MUTO

The contemporary welfare thought faces two limits which threaten man's welfare..... the limit which results from the narrowness of environment where man lives and the limit which hangs on human nature.

The Rome Club's report "Limit of Growth" gave scientific explanations on the limit of man's welfare, which results from the narrowness of environment where man lives, and tried to excite the contemporary society people's "determination and action" to overcome the limit. However, if we try to look for

the "information on man's value" which arouses the "determination and action," we must face the limit which hangs on human nature.

To tackle this problem, this article deals with the criticism by L. Robbins and others of the value prerequisite to A. C. Pigou welfare economics; the individualistic value prerequisite to the criticism; self-consciousness as the "independent man" which lies at the basis of the prerequisite, relationship between the self-consciousness of the "independent man,"

Who leads a one-time limited life, and the "equal distribution" in the "equalized situation," which is expected at the Rome Club report-called "limit of growth"; and the possibility of the "equal distribution" based on the self-consciousness of the "independent man,"

In this case, J. S. Mill's remarks on man's spiritual possibility in the "stationary situation" of economy and on the possibility of value being created from solitude are recalled as a guiding principle for the study the above problems.

A THEORY OF WELFARE AND DEMOCRACY

YUICHI SHIONOYA

The problems of efficiency and equity in welfare economics should not be discussed from the viewpoint that equity of distribution in judgement of value but from the viewpoint of the possibility of judgement of two values.....efficiency and equity of distribution.....being discussed conformably from the individualistic view of value. As a result of the recent development of public economics, various conceptional devices have been made in an attempt to discuss the standard of equity from the individualistic view of value. The assertion that individual choice comprises Subjective choice and ethical choice

seems to be a step forward in the discussion. In this case, under what conditions ethical choice will be formed is a focal point of the problem. This is related to the problem that two stages.....institutional and porliamentary.....are created when the individualistic view of value is applied to political process.

Public economics discusses individual's ethical choice in connection with individual's selfishness. However, it seems necessary to reexamine the traditional economic axiom that individuals have no motive but selfishness.

INCOME GUARANTEE POLICIES AND LABOR SUPPLY

—EFFECTIVENESS OF SOCIAL SECURITY POLICY—

SHIGEYOSHI JINUSHI

It is pointed out in many countries of the world that the social security system has not effectively functional in achieving the two aims.....The guaranteeing of the minimum living standard and the stablization of livelihood. Particularly it is regarded as the grave defect of the existing system that there are many low income earners who do not receive public assistance. Under these circumstances, proposals have been made for negative income tax, negative wage tax and their combination.

This article analyzes these income security plans' effects upon working incentive from the viewpoint of economic theory. According to the analysis, both the income effect and substitution effect of public

assistance are leisure-prefered. The two effects of negative income tax are also lesiure-prefered, but they are not so strong as those of public assistance. However, the income effect of negative wage tax is leisure-prefered while its substitution effect is labor-prefered. Therefore, negative wage tax's effects are uncertain, but it has comparatively favorable effects upon working incentive or labor supplies.

Furthermore, in comparing the income distribution effect of negative income tax with that of negative wage tax, the latter is superior to the former. Therefore, negative wage tax is excellent as a political means to approach the poverty problem.

ECONOMIC PLANNING, SOCIAL PLANNING AND TOTAL PLANNING

KAZUO AOI

Planning was mankind's long-cherished dream. However, the heterogeneous variables, which are postulates of the "economic plan," exist outside the framework of the plan. Therefore, naturally the "economic plan" cannot help being a partial plan. It should develop into the "social plan" which is more comprehensive. However, as it becomes more comprehensive and contains subjective desire and value, it will become more incomplete and vague as a plan. Furthermore, if it becomes a "total plan," which includes not only the "surface world" but also the "deep inner world," inevitably it will be

of an unlimitedly catastrophic nature. It can be said that the future will always go counter to man's forecast and plan.

However, the reason why it is impossible to make a "total plan" is not that sociology is lagging behind other sciences but that both man and society are infinitely great. We should rather be pleased with the fact that planning is infeasible. We would like to make efforts for the ripeness of man and society in a humble way while holding man in awe. Although it might sound paradoxical, such is the "total plan."

INTERNATIONAL TRENDS IN SOCIAL PLANNING

TETSUYA HOSAKA

The experiences of the industrialized countries in social security planning and the United Nations activities in social planning are mainly dealt with.

In industrialized countries social planning is initiated as sectoral programming in isolation of or without overall planning. Only exceptionally was economic planning adopted as an economic policy instrument in the developed countries with market economy. Around 1960, stimulated by the adoption of international targets for economic growth by the United Nations and OECD and to adapt to the changing international as well as national economic situations. The government of many developed countries began to seek to affect the allocation of national resources through policy intervention and in particular, economic planning into which social

security programming was to be integrated.

In developing countries sectoral programming in certain social fields advocated and assisted by international organizations were, in most cases, incorporated in national development plans. Around 1960 the number of developing countries adopting planned approach to national development further increased.

In both groups of countries the concepts of balanced or harmonized development seem to have stimulated social planning to be undertaken as part of over-all planning. The concepts are based on the thinking that various factors of development are mutually dependent. But there are many problems yet to be solved before these concepts effectively materialized in actual planning, though some progress in that direction is observable.

CONTEMPORARY PROBLEMS OF SOCIAL WELFARE POLICY

—A PRELIMINARY ESSAY ON THE ASSIGNMENT OF PERSPECTIVE ROLES FOR PUBLIC AND PRIVATE SECTORS—

FUMIO MIURA

This article deals with the problem of public and private roles, which have repeatedly been discussed in the field of social welfare. The reason why this article touches on this problem is as follows:

For the further improvement and strengthening of social welfare in accordance with the change in the situation regarding social welfare and in response to the people's increasing expectation of social welfare, it is necessary to clarify what public organizations should do, what they can do but cannot do unlimitedly, and what they must not do. It is also necessary to combine public and private efforts which have their own aims.

This article is aimed at reexamining the meaning of the principle of separating public and private organizations, which is shown in the Social Welfare Works Law, and at discussing what is the minimum social welfare works to be done by public organizations. In this case, unlike the minimum cost of living, it is very difficult to discuss the minimum of social welfare which deals with needs that cannot be represented in currency. However, efforts should be made to establish this minimums so that the wish of the people, who are beneficiaries, can be realized. For this purpose, I would like to suggest

the need to control such administrative discretion as was conducted in establishing the present minimum standard or policy standard of social welfare. Aside from this, it is necessary to clarify the principle of public and private cooperation in social welfare not only by private organizations' sharing of services at the level over the above-mentioned minimum but also through actual services,such as, what public organizations can do but cannot do unlimitedly and what they must not do. For instance, the function to find needs and the diversified trivial aid services in the daily life should belong to the former while the matters concerned with spiritual and internal value of beneficiaries should belong to the latter needless to say, it is necessary to clarify roles to be played by private organizations. Social welfare will be improved and developed by organically combining the roles of private and public organizations. In other words, in developing and strengthening social welfare, it is necessary to prevent the state from intervening in the people's livelihood while trying to increase public responsibility for social security. It seems necessary to activate discussions on this point.

A NEW APPROACH TO POVERTY ABOLISHING POLICY

—TAX-CREDIT SYSTEM AND SUPPLEMENTARY BENEFITS IN ENGLAND AND WALES—

TADASHI KONUMA

Negative Income Tax and Social Dividend are not only financially effective as an income guarantee system but are also aimed at not hurting self confidence and work incentives of beneficiaries.

This article discusses relationship between the

Tax-Credit System, which was proposed by the British Conservative Party Government in 1972, and the Supplementary Benefit System, which is equivalent to Japan's Daily Life Security Law. It also discusses whether or not measures for the relief

of those living below the level of poverty line can be successfully carried out in accordance with the proposed unified common standard, because how to carry out the measures should vary according to the individual to whom they apply.

There is antagonism between the assertion by the Fabian Society and the Child Poverty Action Group that the proposal for Tax-Credit System is premature and the assertion by the Institute of Economic Affairs that the proposal should be promoted. However, in spite of this antagonism, the proposal was made, although the proposal was to be carried out five years later.

The proposal is aimed at revising the personal taxation system and improving the income guarantee system for the poor. Under the Tax-Credit System, family allowances, the main income tax personal allowances, family income supplement, allowances for children in national insurance and other allowances will be abolished. However, four pounds will be paid to single man and women a week on the basis of commodity prices in 1972, six pounds to married couple, and two pounds to each dependent child. The amounts of these payments will be de-

ducted from the amounts of collection of taxes through withholding. If the former is smaller than the latter, income will increase by the difference between them.

It is noteworthy that about 10% of the people are excluded from being applied to this system. They include those who receive supplementary benefit but do not receive other allowances, those whose incomes are less than eight pounds a week (about one-quarter of average male industrial earnings), those who are not national insurance beneficiaries but are right outside the field of employment, and the self-employed.

After all, the poorest cannot be relieved by this proposal.

The proposal cannot solve contradictions which it tried to do. This fact is connected with the following problems:

In the field of welfare, which is included in the measures for the poor, it is impossible to abolish means test and discretion completely. It is difficult to decide on the scope of working poor. It is basically problematical whether to include working poor in poverty.

AUTOMATIC ADJUSTMENTS SYSTEMS OF PENSION SCHEMES IN FOREIGN COUNTRIES

NAGAHISA HIRAISHI

Since Acts in respect to pension scheme were amended in September 1973, in Japan, an automatic adjustment system of pension scheme, which has been requested and discussed for these years, has become to introduce. Such systems, which aim to guarantee the purchasing power of pensions and the replacement rate of wages, are in force in about twenty countries, and those systems are used to adjust pensions in relation to rising prices, wages, costs-of-living, and so on. Among of these countries, however, we can't make clearly such systems in detail in about ten countries because we have no informations from them.

In this article, referring the systems in more than

ten countries, automatic adjustment systems including some semiautomatic adjustment systems are classified into two groups; a group of systems in relation to prices, and other group of systems in relation to wages. Automatic adjustment systems of pension schemes, in general, are used to adjust not only new pensions but also pensions in course of payment. In some countries, moreover, such systems aim to adjust maximum and minimum amount of wages on the base to calculate pensions and contributions. Such adjustment systems make us expect to raise the level of pensions, to avoid decreasing the replacement rate of wages, and to increase the receipt of the contributions. The last one will give

an effect to the rate of contributions. Therefore, automatic adjustment systems play an important role because the field of activities and effects of those systems are considerably wide.

Whenever we consider those systems, we must take account of many factors; for example, the system of the pension schemes, the kind of adjustment, the technical methods applied, the economical factors, the technical procedures, the time lag, the financing of pension schemes, and so on. Those include the indicators of economical factors which justify changes, compiling the index, the extent of differences of such index, time lag which results from the real changes of economical factors, the decision to adjust, the actual payment of pensions, etc. In addition to them, we must include other various kinds of factors to consider; for example, the industrial structure, the labour market, the

employment, the wages and salaries, the labour relation, and so on.

In some cases, there is a tendency that the levels of pensions don't move nearly in relation to the levels of prices and wages, and such tendency leads to separation between those levels in some countries. And, in other cases, the low levels of pensions remain under automatic adjustment systems, if we don't pay attention to raise the general levels of pensions in accordance with the social and economical conditions. In these cases, automatic adjustment systems don't play their roles effectively. When we are planning to avoid such defects, we must prepare a special coefficient to adjust figures to use, and introduce a technical method to study the changes between levels of pensions and ones of prices or wages and to adjust effectively in the mechanism of automatic adjustment systems.