

## Economic Thoughts of Welfare in Modern Japan

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**Abstract:** In view of the actual economic and social situations of Japan, Japanese economic scholars put forward many valuable opinions on the establishment of social welfare systems. Studying these ideas and suggestions can help us to better understand economic rules and cope with practical problems we are facing today.

### 1. Introduction

In Japan, the economic thoughts of welfare came into being after the Meiji Restoration. These ideas were formed based on the economic and social conditions at that time, and deeply influenced by the Confucian tradition in Japan, the philanthropy spirit in Western religious tradition, the nationalism and bushido spirit in Japanese traditional culture, the social philosophy and welfare economy thought in western countries, as well as the Marxist ideology. In modern times, Fukutakuzo's welfare thought about "the right to subsistence" and Kawakami's Marxist welfare concept exerted profound impacts on Japanese society. Through the construction and development for more than 40 years after World War II, Japan has built a universal national welfare system which has comprehensive contents and complex structure. The development of welfare practice also promotes the advance of welfare thought. Shigeto Tsuru discussed the relationship between welfare and GNP and put forward to public hazard political economy. Naomi Maruo proposed new ideas on welfare services for the elderly, welfare finance reform and welfare reform in enterprises. In 1990s, with the recession brought by the collapse of economic bubbles, problems accumulated in Japan became increasingly obvious. Issues about population aging and sub-replacement fertility, the seriously "poor social mobility", welfare reform in enterprises and the relationship between environment and welfare attracted much attention. It is these new situations and problems reflected in economic, social and ecological fields that push forward the development of economic thoughts of welfare in modern Japan.

### 2. Toshiaki Tachibanaki's Economic Thought of Welfare

#### 2.1 The expression of "society with gap between the rich and the poor"

Toshiaki Tachibanaki divides all forms of inequality into two categories. Inequality in income and assets belongs to "result gap"; inequality in education, employment and gender belongs to "opportunity gap". He believes that "result gap" and "opportunity gap" are often closely linked. From the perspective of occupational income, generally speaking, people with better education background can get jobs with higher salaries, while people with lower education have lower occupational income. However, the educational levels cannot be entirely determined by individuals. Through research, Tachibanaki found that in Japanese society, the income level of parents is positively related to children's educational opportunities, while the education level is directly proportional to occupational income. The inequality of opportunity will inevitably bring about differences in economic incomes and properties. Therefore, in Toshiaki Tachibanaki's view, the "opportunity gap" can lead to "result gap"; in order to eliminate "result gap", we must first ensure that everyone has fair access to social rights.

#### 2.2 The end of corporate welfare based on "universalism"

According to Toshiaki Tachibanaki, the subjects of welfare fall into four categories: individuals,

families, the state and enterprises. He believes that individuals are the undertakers of their own welfare; people should hold the attitude of self-reliance toward their own welfare. Family members should help and love each other. But in modern society, the numbers of family members and professional housewives are decreasing. Meanwhile, the proportions of single persons and single-parent families are growing. The role of families in welfare services is weakening. With the decreasing of welfare financial resources, the importance of state in welfare services is also declining. At the same time, the differences in enterprises' operation conditions and scales vary the level of welfare services enjoyed by their employees. For enterprises, company welfare services increase cost burden and lower operating efficiency; for employees, welfare services provided by enterprises cannot meet their actual needs. Meanwhile, both employers and employees have the willing to break the long-term employment relationship. Therefore, Toshiaki Tachibanaki believes that enterprises should withdraw themselves from welfare services; the state should implement a new welfare system based on "universalism".

In this welfare system, the state (public sector) does not need to consider the characteristics and attributes of each person. It only provides welfare services to ensure the minimum standard of living for all people. The feature is manifested in the implementation of a unified pension and medical system for all. Financial resources of the welfare system are guaranteed by levying insurance premiums or taxes on all citizens. Toshiaki Tachibanaki describes the concrete measures of this welfare system from the perspective of reform on statutory welfare and non-statutory welfare. For statutory welfare, he advocates that in order to ensure stability, the financial resources of various government-provided social security systems, especially the annuity, medical treatment and nursing systems, should be collected from compulsory taxation, rather than the original insurance premiums. For non-statutory welfare, Toshiaki Tachibanaki suggests that non-statutory welfare should be transformed into salaries and paid to employees directly. This method can increase employees' income, reduce the burden of enterprises and enable individuals to enjoy differentiated and personalized welfare services. The welfare service based on "universalism" guarantees the right of all citizens to enjoy social welfare and achieves the real fairness. The cancellation of non-statutory welfare benefits of enterprises helps to eliminate the "result gap" and "opportunity gap" between formal employees and informal employees.

### **3. Yuichi Shionoya's Welfare Thought of Economic Ethics**

#### **3.1 Ethical basis for the welfare state**

Yuichi Shionoya criticizes the idea of maximizing happiness for the most majority of people advocated by utilitarianism. He agrees with John Rawls' egalitarian justice view constructed from three aspects: basic theory, moral theory and moral judgment. Based on Rawls' justice principle from the political, economic and social perspectives, Yuichi Shionoya promotes the construction of a welfare state consisting of three systems, namely "capitalism, democracy and social security". Yuichi Shionoya believes that the market mechanism of capitalism is established based on economic principles of efficiency and growth; it provides the economic foundation for the development of a free society. Property ownership democracy can reduce the unequal distribution of assets, equalize human capital investment opportunities, and reduce inequality caused by market activities. The core of the social security system is to take good care of vulnerable citizens. The system embodies the value of justice since it advocates equal sharing of social risks.

#### **3.2 Ethical goals of the welfare state**

The ultimate goal of Yuichi Shionoya's economic ethic thought of welfare state is to establish a "positive social security" system which can explore humans' capabilities and produce superior activities. He uses excellent ethics to illustrate this system. Shionoya interprets excellence as the development of various characteristics that constitute human nature and the achievement of high level results in diversified fields. The evaluation of results has different objective criteria in different fields. Innovation is the most remarkable form of excellence.

Yuichi Shionoya believes that capitalism, democracy and social security are indispensable institutional guarantees in building excellent society. The market mechanism of capitalism provides the economic foundation for a free society; social security supplements market mechanism; democracy seeks for equal participation of all people in social activities so as to realize the political democracy and self-management of public space.

### **3.3 The construction of positive social security system**

Yuichi Shionoya analyzes the contradiction between “need” and “ability” faced by traditional social security system. In his opinion, many welfare countries face the dilemma since they need to satisfy welfare demand which exceeds their actual capacity. That welfare pattern will bring troubles to the country because peoples’ needs are often accompanied by their subjective greed. The payment of social security needs to consume a large quantity of resources which are limited. Meanwhile, social security system lacks the mechanism of regulating the contradiction between “needs” and “capabilities”. In view of this, Yuichi Shionoya advocates to establish a “positive social security system” which combines distribution according to needs and production activities based on capacity. He believes that the construction of such a positive social security system depends on three major systems of the welfare state. In this state, capitalism can solve the problem of production capacity; democracy can solve the problem of life needs; the social security system can integrate capacities and demands.

## **4. Hiroi Yoshinori’s Economic Thoughts of Welfare**

### **4.1 The idea of normal society**

Hiroi Yoshinori points out that, from the post-war era to the present, Japanese society has been taking economic growth or the expansion of material wealth as its value concept. Economic growth is the goal of families, enterprises, economic organizations, as well as political and administrative institutions. It even becomes the value of working and education. However, it is meaningless to take high economic growth rate as the goal of present days. Japanese society has entered a state of “breaking away from the growth-oriented economy” or “normal economy”, which is a social form that does not take economic growth as the absolute goal, but adopts the enrichment of human beings as the direction of development. In his view, this normal period does not mean constant change or stagnation of development. On the contrary, it is the era of cultural creation, the era of “creativity” closely linked with economic competitiveness and technological innovation. Hiroi Yoshinori believes that in the “created society”, the relationships among “welfare, environment and economy” should be regarded as the relationships among “equality, sustainable development and efficiency”. Since functions of the environment related to the total amount or scale of wealth, it should ultimately achieve sustainable development; the function of welfare is related to the distribution of wealth, and should ultimately achieve fairness and equality; the function of economy is the production of wealth, which pays attention to the efficiency of economy.

Based on this, Hiroi Yoshinori holds that a long-term surviving society should be established with the realization of individuals’ life security and impartial distribution, as well as the coexistence of economic development and resource environmental constraints. He believes that in the past, the economic development pattern was “labor productivity”, namely to achieve more production with less human resources. The result was overproduction and mass unemployment. In modern society, production activities should be guided by the flexible use of human resources, the saving of natural resources and the reducing of environmental load. So the production mode should be changed from “labor productivity” to “environmental efficiency” or “resource productivity”.

### **4.2 Three key points in building a “welfare society”**

Hiroi Yoshinori holds that in the future, the development direction of social security in Japan should be “social security focuses on medical welfare”, which is also the overall direction of social security policies in all fields. The “social security focuses on medical welfare” method entrusts

medical and welfare fields which are prone to market failure to the public domain for protection. At the same time, it greatly reduces the proportion of annuity in social security, reduces the scale of basic annuity which is the main body of social security and centers on the function of income redistribution, and increases the proportions of social welfare related to unemployment and child care.

Due to the reality of rising unemployment among young people and the widening gap between the rich and the poor, people who have a common starting point in the initial stage of life ultimately face different life situations. Therefore, Hiroi Yoshinori proposes that we should strengthen the “social security in the first half of life” and improve the construction of social security system related to unemployment as soon as possible. He also emphasizes the important role of education in the system of social security in the first half of life. He believes that receiving adequate and appropriate education is the best way to guarantee a person’s future life. Especially for young people, education is of great help in cultivating their outlooks on life and training their vocational skills. Education is an important element which can strengthen their “social security in the first half of life”. At the same time, education should include contents about value orientation, through which a person can play the “creative” role in real sense.

Hiroi Yoshinori also advocates strengthening the “social security of psychological care”. He points out that modern people are more inclined to get diseases at younger age. In modern society, diseases are caused not only by internal factors of the body, but also by psychological factors such as anxiety, social factors related to working time and the society, and environmental factors related to the nature. Unhealthy state of mind and body can lead to diseases. However, in current social security system of Japan, people engaged in psychotherapy positions are small in number and have low payments. The systems of psychological counseling for children and family mediation are not perfect; the suicide prevention measures related to unemployment are also inadequate. Therefore, Hiroi Yoshinori puts forward that we should increase the “medical treatment for the first half of life”. At the same time, he advocates using the concept of “comprehensive welfare and environment” and introducing natural environmental therapies, such as horticultural therapy and forest therapy, in welfare and medical activities. He believes that the association of nature and patients can produce positive effects and strengthen the social security of psychological care.

Economic thoughts of welfare in modern Japan are formed based on the actual economic and social situations of present Japan. Relevant scholars have put forward many valuable opinions in view of these practical issues. These in-depth analyses can deepen people’s understanding of the actual situation and provide important references for the government to formulate social and economic policies. The problems faced by Japan, such as “poor social mobility”, “population aging and sub-replacement fertility” and “deterioration of ecological environment” also exist to varying degrees in China. The contents of “poverty alleviation plan”, “plan for development and education for the elderly” and “ecological environment protection plan” in the 13th Five-Year Plan of China also embody the concepts of “construction ecological civilization”, “development of the aging industry” and “targeted poverty alleviation”. These contents not only reflect the state’s attention to these economic and social issues, but also show the government’s determination and confidence to solve them. Studying new ideas and propositions in economic thoughts of Japanese welfare will help us to better learn from these beneficial experiences and solve practical problems facing our country.

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