

Civil Society and Economic Inequality: Preliminary Essay

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Abstract: This paper was written in English primarily to facilitate research exchange with European colleagues during my stay in Berlin in the winter of 2004/05, but at that time I missed the opportunity to put it into print. Since the content and, in particular, the theoretical arguments may still be of use to foreign researchers, however, I have decided to publish the paper now in this Review. Although I considered updating the figures in the empirical section, that soon proved to be impossible, and for more recent data the reader is referred to my book, *The Contemporary Japanese Economy: Between Civil Society and Corporation-Centered Society* [J] (Koyo Shobo, 2006), and my article, 'The Problems of Japanese Economic Differentials and Poverty: Searching for a Policy of Social Solidarity' [J] (*Ritsumeikan Social Sciences Review*, Vol. 44. No. 3 & 4, December 2008 & March 2009.)

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Foreword

Theoretical and empirical studies on civil society have been made in Japan as well as in many other countries. In recent years the results have appeared in a large number of theses and books¹. Concerning the relation between civil society and the economy, or between civil society and the market economy, various views have been put forward to discuss the concept of civil society and its range in the contemporary world.

There has been little research, however, into the precise relation between civil society and economic inequality. For example, in the theses of Jürgen Kocka, a world-famous researcher who has worked intensively and comprehensively on the problems of civil society theory, the relations between civil society and economy, and between civil society and the market economy are often referred to and examined from various perspectives, but the relation between civil society and economic inequality is hardly dealt with. Only the following general formulas are offered: "Civil society is not compatible with an excessive social inequality," or "Without making a caricature of itself, which degree social and economic inequality can civil society permit domestically and internationally?"

The aim of this paper is to put my ideas on the theme "civil society and economic inequality" in order. This work may be useful to examine more deeply civil society theory,

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and will serve as a preliminary study for future research.

The organization of this paper is as follows: section I presents a theoretical examination of the bilateral character of the market principle, and also discusses the relation with the capitalistic market economy. Based on this discussion, section II considers the theoretical relation between civil society and the economy. Finally, in section III, the relation between civil society and economic inequality is considered in line with several cases of contemporary economy.

I. The Bilateral character of the market principle and two types of the capitalistic economy

Regarding the social and historical significance of the market or market principle, various evaluations have coexisted up to now. While on the one hand there have been positive views that stress the general validity of the principle in terms of resource allocation, on the other hand negative views have emphasized the inevitable relation between the market principle and speculative economic activity as well as the social inequality of the distribution of income and wealth. I will deal first with the bilateral character of the market principle.

Along with the development of commodity production, especially at the stage by which the labor force becomes a commodity, it becomes increasingly possible that an individual escapes from regulation of the family, group or collective. This is the clearest expression of civilizing action of the market economy, and this is the main reason why the capitalistic market economy has expanded across the world driven by the so-called “satanic mill”² (K. Polanyi).

Compared with other social and economic organizations, the market is a free and easy organization for an individual to enter and to leave. Throughout much of human history, individuals have been tied fatefully to traditional organizations, such as the community, village, trade associations, crafts associations, or family. This is one of the strongest historical reasons why people have viewed the market economy as almost unconditionally progressive.

Historically, the competition among commodity producers has hinged on the following point, namely, the quality and price of commodities. If the quality is even, the price is decisive. The status or ups and downs of the producer or the vendor of goods is irrelevant. People who have long been discriminated against in history can enjoy liberty and equality in market competition (the world of A. Smith’s “the Wealth of Nations”³).

Of course, however, the converse can happen and could have existed in history. Namely, in price competition people do not care about the production relations in which the commodity has been produced – whether, for example, in the capitalistic system, the feudal system, the semi-feudal system, or slavery. In the market, there is always a possibility of competition with persons who sell a commodity produced under a pre-modern system of production. There are occasions when such producers are successful in the market. But viewed in the long run, capitalistic commodity producers based on high technical productive capacity finally prevail in the market.

But there is a complicated and difficult problem facing the market, which forms a spiral ring and draws an infinite orbit. That is the old and new problem concerning the particularity of the labor force commodity. Because the use value of labor lies in the fact that it yields more value than its own cost (= wage), the value law becomes here the surplus value law because of the fact that labor force becomes a commodity. An unequal exchange is realized through the premise and by the mediation of an equivalent exchange (the world of K. Marx's "The Capital"⁴). Though value law has a civilizing action, it prepares the ground for economic inequality regarding the distribution of wealth. Here value law states that the value of a commodity is decided by the amount of socially average abstract human labor required to produce it, and surplus value law holds that labor force commodity yields more value than the value for reproduction of labor force commodity (= wage or salary), and that the capitalist or manager takes ownership of the more valuable part.

In other words, the commodity production society which makes private property of the means of production and is founded on the social division of labor is of two kinds. The first is the simple commodity production society in which commodity production and its exchange is done based on one's own labor. The other is the capitalistic commodity production society, in which the labor force is commercialized and commodity production and its exchange is based on the labor of others (i. e., based on exploitation of the labor of others). The former is the world of value law, the latter is the world of value law plus surplus value law.

Thus, the character of the market has two sides: on the one hand, we can find it, performing a positive role such as in its civilizing action, rational resource allocation and the security of equal competition, conditioned by the value law. On the other hand, the market has a negative side such as the inequality brought about by the surplus value law, the production and reproduction of winners and losers, inequality of distribution, speculativeness and violent power.

I would like to reconfirm one more point in relation to contemporary civil society theory. Fundamentally, the market economy acts to destroy a collective or a community (and its regulation) from the inside. The people's individualization, 'me-ization', atomization, isolation and fragmentation are the results of the historical and social action of the market economy. Unless the mechanics of the social association opposing the market economy and/or social regulation against it work, the tendencies of the market economy will keep dissolving social cooperativeness infinitely. We need to pay particular attention to this point.

When we consider the problems between civil society and the economy, there is one more issue that we cannot overlook. It is the problem concerning the mutual relation between two types of capitalistic economy which is a distinctive feature of the globalization process. As Michel Albert pointed out, there are two types of the contemporary capitalism, namely "the Anglo-Saxon-type" and "the Rhine-type", although here is not the place to discuss the characteristics of these two types in detail⁵.

But at least this much is certain. When comparing Rhine-type capitalism with Anglo-Saxon-type capitalism, the former is superior and more humane than the latter regarding workers' rights and people's welfare. Nevertheless, the fact is that through the process of

globalization the former type is imitating the latter, and not the reverse. The development of these two types of the capitalistic economy is not only one aspect or one episode of globalization, but probably shows the true nature of globalization. Rhine-type capitalism is under pressure from both sides, on the one hand from Anglo-Saxon-type capitalism, neoliberalism and market principle fundamentalism, and on the other hand from the developing countries such as Russia, China, India, and Brazil, which began to compete in the world market in earnest after the fall of the Berlin Wall.

Instead of “the history of all hitherto existing society is the history of class struggles.” “Working men of all countries, unite !”⁶, the idea that “human history is the history of private property pursuit” is gaining ground all over the world.

Can the idea and history of civil society contribute to the construction of a more human society? How and to what degree is this possible?

II. Civil society and economy

One of the main points of disagreement between scholars concerns the question of whether the market is included in the contemporary concept of civil society or not. Representative of the former view are Michael Walzer⁷ and John Keane⁸, and the latter are Jürgen Habermas⁹, Jean L. Cohen and Andrew Arato¹⁰. However, here is not the place to reproduce their interesting discussion.

Here, firstly I want to consider the views regarding civil society and (market) economy of Jürgen Kocka. Kocka stands between the two sides of the discussion, precisely speaking, because he tries to integrate the views of both sides on the ground of more comprehensive historical science. (Incidentally, Kocka’s opinion is closest to my present view. Of course, I learned much from his theory.) His view can broadly be summed up as follows:¹¹ a) Civil society is not compatible with an excessive social and economic inequality. Of course, traditional inequality of status cannot exist there. b) Civil society premises an economy which is de-concentrated and is differentiated as an independent sphere, that is united with the market economy but in containing tension with it. c) The market economy with its non-centralization of decision making and power is an indispensable element of civil society (the affiliation between market economy and civil society). Parallels are also found between the realization of a market economy order and the expansion of civil society in international historical comparisons. d) Civil society is differentiated from market economy, which is based on competition, exchange, and the logic of personal decision and personal profit. Civil society is not dissolved in market society. If the principles of the market permeated social relations, cultural activities and the living world beyond the economy, that would threaten civil society and render it hollow. The present-day charm of the civil society concept is also derived from the hope that the principles and means of civil society (discourse, conflict and understanding, respect of human rights, solidarity and socialization, civic virtue and orientation to universal welfare) may impose internal limitations on capitalism which develops unrestrained, threatens to dominate the whole world and permeates all social phases. e) Entrepreneurs and

enterprises behave first of all and generally according to the logic of the market and must do so. But at the same time, it is also important that they can be actors in civil society. f) On the other hand, there are the other varieties of capitalism, types of capitalists and market entrepreneurs who do not generally engage in citizen participation and do not strengthen social union but gnaw away at it. We can clearly see this negative relation between entrepreneurship and civil society in the form of mobile and spatially unsettled entrepreneurs in the past and present, in the New Economy of yesterday and in the international finance capitalism of today. There is a type of capitalism that is relatively parasitic on civil society. g) The undoubted advance towards civil society in one's own country should be seen against the background of increasing inequality on the worldwide scale and has been achieved partially at the expense of the latter. h) How much social and economic inequality can civil society tolerate within itself and on an international scale without becoming a caricature of itself? The above propositions are very important and should be borne in mind when considering civil society and economic inequality.

In 2001, Paul Nolte, who collaborated in research with Jürgen Kocka, published an interesting paper entitled "Civil Society and Social Inequality"¹². Though this thesis addressed the problems of social inequality, not economic inequality, it also proposed a number of ideas regarding economic inequality. Here I introduce the part which is most closely related to the theme of my own paper: a) Radical attempts to remove social inequality have always had tragic results for civil society, as the historical and large-scale social experiments guided by political and ideological power in the 20th century showed. b) A homogeneous society and/or a leveled society took the internal driving force and regenerative power away from the society concerned, and brought after all conformism and the loss of the public sphere and publicness. c) To admit and permit differences (including the difference in the material status in the class structure) seems to be one of the indispensable premises of civil society. d) Which form and degree of inequality can be legitimated, is very different historically and culturally by country and area. e) At the same time, social inequality and its extreme forms brings danger to both the theoretical concept and social practice of civil society. It is possible to classify two forms of social difference or inequality. That is to say, dichotomical inequality (in the case of sex, dominant language, nation, race, etc.) and hierarchical inequality (in the case of the income and property of individuals, families etc.). Respectively, the former should go to the dissolution of exclusion through social approval, and the latter should go to the differential correction through social redistribution, as a result by doing so, the social resource for civil society increases. The key concepts in the development of such processes are justice and social fairness. f) The next point is a fundamental political dilemma for civil society theory. Namely, civil society formation is difficult without social goal setting and/or without utopia, but at the same time an extremely ideological utopia and an excess of order will threaten, hollow and destroy civil society. g) The development of individualization promotes civil society formation on the one hand, but on the other hand brings a crisis, i. e., the fragmentation of the labor market, the polarization of income, the occurrence of mass unemployment and the increase of those needing social support. We should take heed of all

the above mentioned views, but add that in relation to d), how and which degree can we admit and permit inequalities seems to have to be prescribed specifically.

When considering the problems of economic inequality, it is also useful to remember the view of Amartya Sen. His essential point is as follows:¹³ a) To understand fully and precisely the problems of economic inequality, an exclusive concentration on inequalities in income distribution cannot be adequate. b) Poverty should be understood as capability failure. Here capability is the ability to fulfill essential and basic needs in life, and we should place low income relatively and properly in capability failure¹⁴. c) But at the same time Sen says that “The claims have not included any denial that low income must be one of the strongest predisposing conditions for capability deprivation”. d) Actually, “‘real poverty’ (in terms of capability deprivation) may be, in a significant sense, more intense than what appears in the income space.” e) “*relative* deprivation in terms of *incomes* can yield *absolute* deprivation in terms of *capabilities*. Being relatively poor in a rich country can be a great capability handicap, even when one’s absolute income is high in world standards. f) The dedicatory page of his book *On Economic Inequality* reads as follows: “*To Antara and Nandana, with the hope that when they grow up they will find less of it no matter how they decide to measure it.*”

Here I would like to outline my own understanding of the relation between civil society and economy and civil society and market economy. I think it is not appropriate to exclude the economy or market economy from the concept of civil society, in order to collateralize the independence of civil society from the state and the autonomy in market as well as to make good use of the advantage of its civilizing action. But, nor do I insist strongly that the economy or market economy should be incorporated in a conceptualization of civil society. Because the unrestrained development of market mechanism with capital-labor relation makes income distribution unequal and constantly destroys social cooperativeness and social solidarity among people.

If I dare to present my own view about the market economy, I see it in a positive light regarding the market as a space independent of the state and the market economy as a relatively fair and efficient mechanism for the distribution of resources, but oppose the capitalistic market economy as a mechanism for unequal income distribution, as a power element, and as a fund transfer mechanism connected with speculation.

Lastly, I would like to refer to two problems. One is the problem of individual ownership and its significance. The market is a place of commodity exchange. And two main conditions of commodity production are private ownership of the means of production and the existence of a social division of labor. Therefore it is actually synonymous with the approval of the market or market economy and the approval of private ownership of the means of production. Today following the collapse of the socialist system and the global development of the capitalistic market economy, there is hardly anyone who lodges a fundamental objection to private ownership and private property. Of what significance today is the concept of “individual property/ownership” (not private property/ownership) that Marx referred to at the end of *Capital* Vol.1 as the thing to be reconstructed “on co-operation and the possession in common of the land and of the means of production” and that the late Prof. Kiyooki Hirata

advocated as the basic form of property under Socialism based on civil society?¹⁵ Does individual ownership have any real significance as a form of ownership by which private ownership is replaced?

Individual ownership refers primarily to the way that medieval farmers (serfs) occupied, used and inherited their dwelling, residential land, and land for cultivation in the German collective (= landholding)¹⁶ as if it were their own property, though they were in reality under the upper ownership of a feudal lord and were bound by the regulations of the community (concerning forest, pastureland, wasteland etc. under collective ownership). It may be compared with a form of ownership one step removed from private ownership, or a form of private ownership containing circuits to cooperativeness, or private ownership allowing full rights of use but keeping earning and disposal rights under collective regulation.

It seems important for us today to use the concept of individual ownership to relativize private ownership taking a medium and long-term perspective. But it is unfortunately very difficult to draw its concrete image today because of the world-wide movement from all forms of ownership to private ownership under a process of globalization which has little prospect of being reversed.

Why does private ownership/property maintain such strong gravity? Firstly, private ownership stands out due to the legibility of its contents. Private ownership means, obviously, to be able to exercise user's rights, earning rights and disposal rights over the object, in other words, the exclusive and absolute ownership/rule of an object. On the other hand, individual ownership is too equivocal, complicated and obscure in its content and meaning. It is said that the word "individual" overlaps etymologically the word "undivided". But it is not clear whether this individual means the smallest basic human unit impossible to divide any more, or that a human being cannot live separately from a collective (or community), or whether it means both at the same time. Additionally, it is unclear whether individual ownership refers directly to a form of common ownership of the means of production, or means individual ownership regarding consumption means based on common ownership of the means of production, or means private ownership containing elements of cooperativeness (in this case, using rights are fully secured, but earning rights and disposal rights are more or less under the regulation of a common organization.). Furthermore, it is not obvious how different the concept of individual ownership is from that of joint ownership, i. e., a form of common ownership, namely the case that each one has separately the ownership and has the division claim right of one's own share (the other two forms of common ownership are part ownership having limitation to alienation of share and no separate claim right of share, and collective ownership having no each share and of course no its separate claim right.)¹⁷

By this situation it is not possible to establish individual ownership as the concept which can set it against private ownership and make realistic sense. Moreover, at the beginning of the 21st century, what kind of sense can the individual ownership category make in a situation in which the demands and desire of the people for private ownership and private property have become very strong and consolidated via the historical experience of the 20th century?

I think it is both necessary and desirable that civil society has a basis of ownership other than private ownership if it is to somehow regulate the unrestrained development of the capitalistic market economy. I am sorry that I am unable at present to indicate specifically what form that ownership should be. Whether it should be individual ownership, another type of common ownership or social ownership is not obvious now. Anyway, judging from the world-wide popularity of private ownership, there seems little hope that the ownership form which will replace private ownership will appear anytime soon, at least in the near future.

However, it is certainly possible that an understanding will develop that it is characteristic of and to the advantage of the civil society strategy to pursue a change in social reality without a fundamental change at the ownership level and through multilateral, multistory compound combination of associations, cooperative society, semipublic joint venture companies, social economy, foundations, donations, etc. Probably such an understanding seems to be the idea most widely shared by people who focus on the concept of civil society today.

The other problem that I would like to refer to concerns the relation between equality of opportunity and equality of outcome. Much of the argument, both domestic and abroad, in recent years insists that the emphasis placed upon the latter takes away the incentive to work from society and that equality of opportunity is more important. It is not impossible to find some reasons for this view. But can equality of opportunity actually be secured in a place where equality of outcome does not exist to a certain extent? It seems to me that equality of opportunity can be secured to some degree by equality of outcome. It is difficult, however, to specify the degree of equality of outcome required. It is and will be an important political subject and an object of research. However, at least, I cannot suppose that it means further expansion of the present socio-economic inequality.

III. Civil society and contemporary economy

First, I will consider a synoptic chart of the contemporary global economy. When we chart the per capita GNP for each country, we find the following: of the 5.829 billion people in the world in 1997, 2.048 billion people were living in low-income countries where the per capita GNP was less than \$ 785, 2.855 billion people were living in middle-income countries where the GNP per person was between \$ 786 and \$ 9656, and 926 million people were living in high-income countries where the per capita GNP was more than \$ 9656. Expressed in percentage terms, 35% of the world's population lived in low-income countries, 49.0% in middle-income countries and 15.9% in high-income countries. However, while the low-income countries had 35.1% of the earth's population, they accounted for only 2.4% of the world GNP, on the other hand, the high-income countries, with only 15.9% of the population had 79.5% of the GNP (that of middle-income countries, 18.1%). Furthermore, while the average per capita GNP in low-income countries was \$ 350, that in high-income countries was \$ 25,700, 73.4 times more (that of middle-income countries, \$ 1,890)¹⁸.

When we look at the trend of such income differential during the second half of the 20th

century as reported in the annual report of the United Nations Development Program (UNDP) of 1999, the income differential between the richest 20% of the earth's population and the poorest 20% expanded from 30 to 1 in 1960, to 60 to 1 in 1990 and to 74 to 1 in 1997. While the world's 200 wealthiest men had doubled their assets to a total of 10 trillion dollars in the previous 4 years, the number of the people who lived on less than 1 dollar a day had remained at 1.3 billion people for the same period (increased to 1.5 billion people in 1999 by the estimation of the World Bank)¹⁹.

Another 1998 report provides statistics concerning consumption in the world. While the richest 20% of humanity accounted for 86% of private consumption expenditure in the world, the poorest 20% accounted for only 1.3%. More specifically, while the richest 20% consumed 45% of meat and fish, the poorest 20% consumed just 5%. Regarding energy consumption, the ratio is 58% to less than 4%; telephone lines, 74% to 1.5%; paper 84% to 1.1%; vehicles 87% to 1%²⁰.

Further still, 12 million children died each year of easily-preventable diseases, 160 million children were in a state of malnutrition, 250 million children were engaged in child labor, and 130 million children could not go to school as of the end of 20th century²¹.

It is difficult to deny that the history of modern imperialism and its parasitism for several hundred years and the existence of today's so-called "structural violence" lie behind these facts. The existence of these relations and imbalances can never be compatible with the ideas of social justice and sustainable development which relate deeply to the happiness of all humankind. It will be dangerous for the peaceful human life and be also a big obstacle for the improvement of economic well-being. Of course, the effort to correct it has to be made by both developing countries and advanced industrial states.

Next, I will look at the indexes regarding the income and assets of people in the Japanese economy. The annual average salary of a private enterprise employee in 2000 was 4.61 million yen (in the case of male, 5.66 million yen; female 2.8 million yen, according to the National Tax Administration Agency)²². The average annual cash earnings per employee in manufacturing industries in 1996 was 4.46 million yen (of which, in enterprises with 1,000 employees and over, 6.77 million yen; and in enterprises with 4-9 employees, 3.06 million yen)²³. According to a 1999 report by the National Survey of Family Income and Expenditure (Management and Coordination Agency), the average annual family income was 7.61 million yen in the case of a general household with two or more persons and 8.01 million yen in the case of worker household²⁴. And according to the Investigation Result of Income Redistribution (Ministry of Health and Welfare), the average yearly original income of all households, including single person households, was 5.83 million yen in 1998, and that after redistribution was 6.13 million yen²⁵.

According to a report of the Fundamental Survey of the National Life Japan (Ministry of Health, Labour and Welfare), the proportion of households with an annual family income of less than 1.5 million yen was 10.7%, and the proportion of households with an income of less than 2.5 million yen was 21.9% in 2000. Conversely, the proportion of households with an income of 3 million yen and over was 72.5%, and households with an income of 5 million yen

and over, 50.1%. The average annual income of all households surveyed was 6.17 million yen and the median value by which the total households were divided into two groups, 5 million yen²⁶.

With regard to family savings, the average amount of savings per worker household at the end of 2000 was 13.56 million yen (liabilities 5.8 million yen; that of savings per household for all households, inclusive of individual proprietors, corporative administrators and independent professionals etc., 17.81 million yen, liabilities 5.38 million yen). The median was 9 million yen and the mode was 2.65 million yen²⁷.

Though the average annual family income of farm households and that of worker households in 1998 was respectively 8.68 million yen and 7.07 million yen, the difference between them expanded further regarding the amount of savings. At the end of the same year the average amount of savings per farm household was 29.72 million yen (liabilities 3.27 million yen, net savings 26.45 million yen), and that of worker household was 13.52 million yen (liabilities, 5.74 million yen; net savings, 7.77 million yen). The savings of farm households were 2.2 times those of worker households and were 3.4 times in the case of net savings deducting debts²⁸.

According to a 1999 report of the National Survey of Family Income and Expenditure, the situation of family assets in Japan is as follows: the average amount of family assets (net value) for all households with two or more persons stood at 43.87 million yen per household (comprising 26.77 million yen in residential land, 8.95 million yen in financial net assets, 6.2 million yen in houses, and 1.94 million yen in durable goods) and the median was 28.71 million yen. As the average value of family assets was 53.72 million yen in 1989 and 53.75 million yen in 1994, a considerable decrease is seen in the second half in 1990's. However, the absolute value of family assets in 1999 was still a large sum regarding both the average and the median²⁹.

Furthermore, according to a report compiled by Merrill Lynch Japan Securities as of the end of 2002, there were 1.24 million people who possessed \$ 1 million (= 117 million yen) or more only in financial assets in Japan (40,000 people more compared with the previous year)³⁰.

The above-mentioned indexes about the Japanese economy indicate nearly that the majority of people in Japan are affluent, meaning that they can secure the basic means of living (I want to emphasize that by "affluent" people do not mean the privileged rich people who possess sufficient property to free them of the necessity of working for an income)³¹.

This does not mean, of course, that there is no unstable worker stratum, no low-income groups or poor people in today's Japan. Nor do I deny that there are considerable problems with the state of the income distribution.

Keeping the several indexes mentioned above in mind, let us look at the changes in the income differentials in Japan that have occurred in the meantime. In this respect, a study by Professor Toshiaki Tachibanaki based on the Investigation Result of Income Distribution by the Ministry of Health, Labour and Welfare is most important and reliable.

As shown in Table 1, according to the Gini's coefficient, the income differential among households in Japan has been expanding after redistribution as well as before redistribution

Table 1. Trends in Income Differential

	(Gini's coefficient)	
	Before redistribution	After redistr.
1972	0.354	0.314
1975	0.375	0.346
1978	0.365	0.338
1981	0.349	0.314
1984	0.398	0.343
1987	0.405	0.338
1990	0.433	0.364
1993	0.439	0.365
1996	0.441	0.361
1999	0.472	0.381

Source: TACHIBANAKI Toshiaki, *The Japanese Economy Judged from Households*, [J] Iwanami Shoten, 2004, p.129.

Table 2. Trends in Assets Differentials

	(Gini's coefficient)	
	Financial assets	Land assets
1980	0.5203	0.5992
1985	0.5097	0.5639
1987	0.5210	0.6531
1988	0.5128	0.6475
1989	0.5146	0.6510
1990	0.5092	0.6313
1992	0.5015	0.6098
1994	0.4938	0.6041
1995	0.4862	0.6177
1997	0.4903	0.5803
1998	0.4707	0.5624
1999	0.4834	0.5756
2000	0.4839	0.5601

Source: *White Paper on National Life*, [J] 2004, p. 203.

since the 1980's. To explain this, while focusing on the period of the second half in 1990's, Tachibanaki made the following points:³² a) the increase in people on low-incomes due to rising unemployment, the increase in households receiving welfare assistance and the rise of cheap labor was conspicuous. b) the trend in wage income was away from a seniority system and towards a meritocratic assessment system based on ability and results. c) The differential between wealthy people and poor people in the field of financial assets contributed to the income differential, though their effect was relatively mitigated than in the bubble economy period. d) The business income and the profit from initial public offering of venture business founders, the large income of successful sole owners, i. e., authors, professional sports players, performing artists and doctors etc., stood out. e) Because the income differential between the rich and the poor was larger than the other generations originally for the aged people, it became clearer increasingly by the development of aging³³.

Regarding assets differential, the change in Gini's coefficient for the financial assets differential and the land assets differential is shown in Table 2. Though both differentials show a tendency to decrease after the collapse of the bubble economy, the change in the financial assets differential has been slight (there was a reverse trend in some years) while the change in the land assets differential has been considerable (here also we can see a reverse trend in some years). But, the figures themselves regarding the differential, of course as expected, have been larger than that of the income differential.

Final Remarks

While recognizing that ideologies calling for radical equalization brought about historical

tragedies for humankind in the 20th century, I think that there is still good reason to aim at the reduction of economic inequalities in the advanced capitalistic countries today. This is because, on the one hand, in the advanced countries (also in the world-wide scale), there still exist great inequalities of wealth and income, which as well as being morally repugnant, have severe and unbearable effects for not a few people. On the other hand, private property/ownership has already spread across all sectors of society and the possibility of an event like the Russian Revolution, the Chinese Great Proletarian Cultural Revolution or the Cambodian civil war occurring in the advanced countries is near zero; namely, the problem in the advanced countries is not a shortage of private property/ownership but an excess of it.

The correction of economic differentials in advanced capitalistic countries should be pursued through applying the difference [correction] principle of Rawls' justice theory "the greatest benefit of the least advantaged". For example, wage increases should be determined as follows: in the case of an average 3% raise, the layer with the lowest wages receives an increase of 5 %, and the layer with the highest wages receives an increase of 1% [in some cases, 0%], and the layers between them receive increases of (5%)...4.5...4... ...1.5...1%...(0%). In this way, the effects of wage increases should be socially distributed. Conversely, in the case of wage cuts, of course, the burden should be distributed so as to fall more heavily on the high wage layer and less heavily on the low wage layer. And this way of thinking should, of course, be generally applied not only to wages but also to the distribution of social result (or accomplishment) and the distribution of social loss (or burden). Additionally, the following political measure which integrates both ways of thinking mentioned above can be also be possible. For example, in each level of society, industry and enterprise etc., setting the border of the respective medians, draw of wages is put into effect in salary frame lower rank 50% and wage cut is enforced in dominance 50%. Then, to the way of drawing wages and cutting wages inside the respective strata the above-mentioned idea on the distribution of result (or accomplishment) and loss (or burden) should be applied. It is similar also that the problem is the case of not wages but pension, namely not the salary amount but the benefit amount.

Note

[J] indicates that the book or the article was written and published in Japanese.

- 1 For the time being, the following works are mentioned here. Michael Walzer (ed.), *Toward a Global Civil Society*, Berghahn Books, 1995; Jean L. Cohen/Andrew Arato, *Civil Society and Political Theory*, MIT Press paperback edition, 1995; John Keane, *Civil Society: Old Images, New Vision*, Polity Press, Cambridge, 1998; YAMAGUCHI Yasushi, *Civil Society. Historical Inheritance and New Developments*, [J] Yuhikaku, Tokyo, 2004.
- 2 Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time*, Beacon Press, 1957, p. 33.
- 3 Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, 2 vol. Clarendon Press, Oxford, 1976.
- 4 Karl Marx, *Das Kapital: Kritik der politischen Ökonomie*, 3 Bde., Dietz Verlag Berlin, 1969.
- 5 Michel Albert, *Capitalisme Contre Capitalisme*, Editions du Seuil, 1991.

In this book, Anglo-Saxon-type capitalism (otherwise known as Anglo-American-type capitalism) and Rhine-type capitalism (i. e., German-Japanese-type capitalism) were characterized as follows: the former is an individualistic capitalism where the main subject of enterprise is the stockholders and their control is essentially very strong. Regarding the object of enterprises, the short-term earning rate of investment is regarded as exceedingly important and the position of the director (president) itself is strongly regulated by this trend. Regarding personal formation inside the enterprise, the role and power of the director (president) is very strong, their remuneration is high and the salary (reward) differentials between the directors and general employees are extremely large. It is not rare that an enterprise itself becomes an object of antagonistic acquisition as a commodity. Regarding the relations among enterprises, the competition principle works strongly and directly in the socio-economic process. In the financial and capital markets, the spot transactions of institutional investors stand in the center and also here the market-competition principle works strongly. The labor market is not different from any other kind of market and the employees are readily laid-off and dismissed with no breach of contract during a period of recession. Regarding the relations between state and enterprise, state intervention is ordinarily an object of criticism and movement towards deregulation is socially very active.

On the contrary, the characteristics of the German-Japanese-type capitalism are presented as follows: it is a collective capitalism where the subject of enterprise is stakeholders with the management and the employees as central elements. The large shareholders are usually financial institutions and insurance companies and they do not ordinarily interfere with the decisions of the management. Regarding the object of enterprise, long-term growth, stable employment and position of the employees are regarded as important. In regard to position and revenue, there is not so much difference between directors (president) and general employees, in comparison to the Anglo-American-type. The enterprise is a sort of community and it is rare that an enterprise becomes an object of antagonistic acquisition. Regarding the relations among enterprises, the continuous, stable and close elements are strong, in comparison to the Anglo-American-type. In the financial and capital markets, the transactions regarding long-term and stable relations as important stand in the center, with financial institutions as the leader. The labor market is stable and dismissal without employee's consent is reserved as a last resort. The relation between state and enterprise is cooperative or adhesive for economic growth and economic and social regulations are relatively large in number.

- 6 K. Marx and F. Engels, Manifesto of the Communist Party, in: *Collected Works*, Vol. 6, Moscow 1976, pp. 482, 519.
- 7 Michael Walzer (ed.), *Toward a Global Civil Society*, Berghahn Books, 1995, (esp. Chapter 1 on the concept of civil society).
- 8 John Keane, *Civil Society: Old Images, New Vision*, Polity Press, Cambridge, 1998.
- 9 Jürgen Habermas, *Faktizität und Geltung. Beiträge zur Diskurstheorie des Rechts und des demokratischen Rechtsstaats*, Suhrkamp Verlag, Frankfurt am Main 1994, S. 443; Derselbe, *Strukturwandel der Öffentlichkeit. Untersuchung zu einer Kategorie der bürgerlichen Gesellschaft*,

- Suhrkamp Verlag, Frankfurt am Main, 1990, S. 46.
- 10 Jean L. Cohen/Andrew Arato, *Civil Society and Political Theory*, MIT Press paperback edition, 1995.
 - 11 The following summary is based on his following five theses: Jürgen Kocka, The Difficult Rise of a Civil Society. Societal History of Modern Germany, in: Mary Fulbrook(ed.), *German History Since 1800*, Arnold 1997, pp. 493-511.; Zivilgesellschaft als historisches Projekt: Moderne europäische Geschichtsforschung in vergleichender Absicht, in: *Europäische Sozialgeschichte, Festschrift für Wolfgang Schieder*, Hrsg. C. Dipper, L. Klinkhammer und A. Nützenadel, Duncker & Humblot, Berlin 2000, S. 475-484.; Zivilgesellschaft als historisches Problem und Versprechen, in: Manfred Hildermeier, Jürgen Kocka, Christoph Conrad (Hg.), *Europäische Zivilgesellschaft in Ost und West. Begriff, Geschichte, Chancen*, Campus Verlag, Frankfurt/New York 2000, S. 13-39.; Zivilgesellschaft in historischer Perspektive, in: *Forschungsjournal Neue Soziale Bewegungen*, Jg.16, Heft 2, Juni 2003, S. 29-37.; Civil Society and the Role of Politics, in: Gerhard Schröder (ed.), *Progressive Governance for the XXI Century. Contribution to the Berlin Conference*, München 2002, pp. 27-35.
 - 12 Paul Nolte, Zivilgesellschaft und soziale Ungleichheit: Ein. historisch-sozialwissenschaftlicher Problemaufriß, in: J. Kocka/P. Nolte/S. Randeria/S. Reichardt, *Neues über Zivilgesellschaft, Aus historisch-sozialwissenschaftlichem Blickwinkel*, P01-801, Wissenschaftszentrum Berlin für Sozialforschung, 2001, S. 22-44.
 - 13 Amartya Sen, *On Economic Inequality*, Expanded edition with a substantial annexe by J. E. Foster and A. Sen, Clarendon Press, Oxford, 1997, pp. 195-219.
 - 14 Incidentally, in relation to “the least advantaged” according to Rawls’ difference principle these are the people with lowest index-value of primary goods. Primary goods consist of rights, liberties, opportunities, powers, income and wealth, and the social bases of self-respect, etc.. There seems to be an overlap between this idea and Sen’s capabilities approach. (John Rawls, *A Theory of Justice*, Harvard University Press, 1971, pp. 62, 92.)
 - 15 Karl Marx, *Capital*, Vol. 1, Progress Publishers, Moscow 1965, p. 763; HIRATA Kiyooki, *Civil Society and Socialism*, [J] Iwanami Shoten, Tokyo, 1969.
 - 16 On the German collective, cf. OTSUKA Hisao, Basic Theory of a Collective,[J] in: *His Collected Works*, Vol. 7, Iwanami Shoten, 1980 (1969), pp. 77-104.
 - 17 On common ownership, cf. *Jurisprudence Glossary*, [J] enlarged edition, Yuhikaku, Tokyo, 1987, p. 176.
 - 18 The World Bank, *World Development Report 1998/99*, [J] (tr. by Overseas Economic Cooperation Fund, Development Problem Workshop), Toyo Keizai Inc., Tokyo, 1999, pp. 362-365.
 - 19 *Nihon Keizai Shimbun*, [J] (Newspaper) September 8th 1999, article by ODA Ken; *Nihon Keizai Shimbun*, [J] June 7th 1999.

Further, the following comment can be made about the change in the number of people in absolute poverty in the 1990's. Though 1.24 billion of the world's people lived on \$ 1.08 or less (purchasing power parity in 1993) a day in 1990, the number decreased to 1.1 billion people in 2000. But, it is said that almost all the decrease is accounted for by the decrease of the

- population concerned in China (from 360 million people to 200 million people). In the same period, the number of the people in the world who lived on less than \$ 2.15 a day increased from 2.65 billion people to 2.74 billion people. Incidentally, in 1990, 28.3% of the earth's population lived on less than \$ 1.08 a day, in 2000, 21.6%. Those who lived on less than \$ 2.15 was 60.8% in 1990 and 53.6% in 2000. (KOHAMA Hirohisa, Doha Round and Developing Countries, *World Economic Review*, [J] June 2004, pp. 32-35.
- 20 <http://www.undp.org/hdro/e98over.htm>, Overview of HDR 1998, p. 2.
- 21 Japanese Committee for UNICEF, *Annual Report 1998/99*, [J] p. 4.
- 22 Nihon Keizai Shimbun,[J](evening edition) September 26th 2001.
- 23 *White Paper of Small and Medium Enterprises in Japan*, [J] 1998, appendix (statistical material), p.11.
- Incidentally, the appendix of this white paper which carried the detailed and convenient information on the average yearly cash earnings per employee by size of enterprise in manufacturing industries unfortunately stopped publishing this information in the 1998 edition.
- 24 <http://www.stat.go.jp/data/zensho/1999/4.htm>
- 25 <http://www.mhlw.go.jp/houdou/2002/09/h0910-1c.html>
- 26 <http://www.mhlw.go.jp/toukei/saikin/hw/k-tyosa/k-tyosa01/2-4.html> and [/2-1.html](http://www.mhlw.go.jp/toukei/saikin/hw/k-tyosa/k-tyosa01/2-1.html).
- 27 The Investigation Result of the Trend of Savings (Summary), [J] in: <http://www.stat.go.jp/data/chochiku/2.htm>
- 28 *Statistical Appendix of White Paper on Agriculture in Japan*, [J] 1999, pp. 75, 77.
- Regarding the comparison of yearly income and savings of worker households with those of farm households in the statistical appendix of this white paper, as far as I know, the comparison of the savings regretfully finished with the 1999 edition, and that of yearly income has not been published since 2002 edition.
- 29 Similar to note 24)
- 30 Asahi Shimbun,[J] (Newspaper) June 18th 2003.
- 31 I showed my idea on this problem to a certain extent theoretically in the following paper. Cf. MATSUBA Masafumi, An Essay on the History of Postwar Japan. After Reading *Hirohito and the Making of Modern Japan, Embracing Defeat: Japan in the Wake of World War II* and *Postwar Japan as History*, [J] *Ritsumeikan Social Sciences Review*, Vol.39 No.1/No.2, pp. 161-174/pp. 205-215, Kyoto September/December 2003.
- 32 TACHIBANAKI Toshiaki, *The Japanese Economy Judged from Households*, [J] Iwanami Shoten, 2004, pp. 129-131.
- 33 How much greater than an employee's average salary is a director's salary, including bonuses, in large enterprises in Japan? According to the article "Data and Ranking" (p. 142) in the *Weekly Toyo Keizai* [J] dated on May 1/8 2004, the average director's salary in the leading 50 companies in 2002/3 was between 22.36 million yen and 66 million yen, and many earned between 20 million yen to about 40 million yen. This is roughly between three and five times of the annual average salary amount of a regular employee (at most 8.8 times). The president's average annual income is not shown there specifically, but according to a survey by the Japan Management Association (a corporate juridical person), it is generally 2.7 times

that of an ordinary director. However, this does not take into account other benefits and convenience to directors including the entertainment expenses, car use etc. nor kinds of provision, including retirement bonus and pension after retirement.

[My English manuscript was proofread by my colleague at Ritsumeikan University, Associate Professor Ian Hosack, for whose help I am very grateful. Of course, the responsibility for any mistakes in the paper rests only with me.]

市民社会と経済的不平等

——予備的考察——

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本稿は、もともと、2004/05年にかけてベルリンに滞在した折に、そこでの研究交流のために英文で執筆されたものである。そして、当時この論文は、ドイツおよびヨーロッパの研究者との交流に際して、役立ち有益であった。しかし、私は、自分の不注意と怠慢のために、当時もまたその後も、本稿を活字化して公表するチャンスを逸してしまった。ただし、本稿の内容、とくにその理論的部分は、今も幾分かは内外の研究者にとって有益な部分があると思われるので、この度本誌上で若干の補筆修正を加えて公表することにした。

なお、本稿と関連した論文として、私は統計数値のアップデートと理論的部分の追加を行ないつつ、次の文献を公表した。「市民社会と経済的不平等：予備的考察」『現代国家と市民社会：21世紀の公共性を求めて』（山口定、中島茂樹、小関素明各氏との共編著）ミネルヴァ書房、2005年11月、所収。今回、この日本語論文に上述の通りさらに幾分の補筆修正を加えて、本英語論文をまとめた。

さらに、本稿の内容について、私はその後、著書『現代日本経済論：市民社会と企業社会の間』晃洋書房2006年；論文「格差と貧困の諸問題：社会的連帯政策を求めて」『立命館産業社会論集』第44巻第3号・第4号、2008年12月・2009年3月などで、統計数値を更新しつつさらに展開して論じている。ご参照下されば、幸いである。

キーワード：市民社会、経済的不平等、格差、貧困、連帯、階級、階層、所得、資産

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