Welfare System in the Socialist Order

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Abstract

This paper aims at understanding welfare in the socialist order comprehensively and systematically. With three analytical concepts, i.e., social policy, economic policy, and societal policy which consists of the former two, welfare was examined as a kind of socio-economic system, a “welfare system”.

In the socialist order, societal policy had the grand purpose of creating a new society to realize “the well-being of the people”. However, due to coincidence of financial crisis and increase in the necessity of social policy, the conflict between social policy and economic policy increased. As a result, societal policy became difficult to pursue its purpose, so that the purpose was reduced to a limited area of social policy and lost its priority. This meant the collapse of the welfare system.

“The well-being of the people” in the socialist order was undoubtedly the ideology and the purpose to be achieved in the initial stage, but its realization failed halfway.

Key Words


1 Introduction

Over fifteen years has already passed since a lot of socialist orders collapsed in Soviet Union and Eastern European countries. Now these countries have proceeded on their new way steadily. Nonetheless this article argues welfare in the socialist order existed in the past. Why should the socialist order be examined nowadays? This point needs to be explained here.

One reason is that the significance of welfare in the transition of post-socialist countries have not adequately illuminated yet. I have argued the function of social security systems during the transition based on the case-study of Central European Countries including Poland, Hungary and Czech, and brought out some points below. First, social security systems in the transition period have inherited many characteristics of the systems constructed in the former Socialist order.

Second, through the transition period, social security systems have helped smooth implementation of economic policy by promoting efficiency of the economy, so that they contributed to acceleration of transition towards the new order (Hirano 2004). These findings, however, are not satisfactory because the transition is not an event in a moment but a long-term phenomenon continuing from the collapse of the old order to the construction of the new order. Therefore, to advance this study, the significance of welfare in the old order needs to be illuminated.

Another more important reason is that examining the significance of welfare in modern society is a universal question beyond private interest. This examination leads to illustrate what welfare in the society actually “is”, and discuss what it “should be”. And it is necessary to demonstrate the positive significance of welfare in the social order for definitizing the necessity of welfare in modern society. In this point, the socialist
order, which pushed propaganda such as "realization of
the well-being of the people", is a valuable subject for
this study.

However, very few studies focused on the signifi-
cance of welfare in the socialist order. While most of
previous studies focused on reviewing detailed content
of social security systems, few studies examined the
systems comprehensively and systematically. Moreover,
though many studies concentrated on a particular
content in social security systems such as social insur-
ance system for employees, some studies pointed that
other policies and social conventions whose function
were equivalent to social security systems had existed
in the socialist order. This indicates that the examina-
tion from a broad perspective beyond social security
systems is necessary for understanding the significance
of welfare in the order. At the same time, this shows the
limit of previous studies which resulted in description
and explanation of social security systems.

In this article, as a preliminary work for examining
the significance of welfare in the socialist order, it is
aimed to construct the analytical framework for it.
Specifically, from a comprehensive and systematic
perspective, I reinterpret as one system, both formal
institutions and informal arrangements, which function-
ally substitute or complement formal ones and analyze
it. Afterwards, I examine how this system changed.

In what follows, this article consists of four parts.
Firstly, I explain three analytical concepts: social policy,
economic policy and societal policy. Secondly, by using
these concepts, I examine welfare system in the social-
ist order and illuminate characteristics of the system.
Thirdly, I demonstrate the change of this system by two
economic phenomena and one sociological one. And
lastly, I summarize this article with some limits and
problems.

2 Analytical Concepts and Framework

As I mentioned above, welfare in the socialist order
had consisted not only of social security systems but
also of other policies and social conventions which are
functionally equivalent to the systems and complement
or substitute them. All these various arrangements are
regarded as "welfare system" as a whole in this article.

Welfare system is divided to two parts, say, "formal
sector" and "informal sector". While "formal sector"
means formal welfare institutions and policies such as
social security systems, "informal sector" corresponds
to interdependence and mutual aid in familial relations
and local communities. In the former, it includes broad
spectrum of policies. This derives from the fact that
in the socialist order the main purpose is realizing
the well-being of the people, so that various policies
complexly relates to realization of the purpose. This
relationship between policies was examined by a
Hungarian sociologist, Zsuzsa Ferge.

Ferge was one of the few researchers who analyze
formal welfare institutions and policies in the social-
ist order comprehensively and systematically. She
reviewed various institutions and policies which had
implemented in Hungary since World War 2, and
systemize them by using two concepts: "social policy"
and "societal policy" (Ferge 1979). She defined societal
policy as 'It compasses the sphere of social policy (the
organization of social services or the redistribution of
incomes), but also includes systematic social interven-
tion at all points of the cycle of the reproduction of
social life, with the aim of changing the structure of
society' (ibid: 13). It can be said that societal policy is
the one that reconstruct the existing society radically
for realization the well-being of the people. At the same
time, social policy was located as a part of societal
policy, and defined as a short-term device to solve cur-
rent social problems so that it could shorten the period
which was required for realization of societal policy as
a long-term device (ibid: 47). The characteristics of two
concepts are summarized Table 1 below.
According to her definition that societal policy includes systematic social intervention at all points of the cycle of social life, that is, production, distribution and consumption, it is suggested that economic policy is included as other parts of societal policy. In other words, societal policy consists of social policy and economic policy. Moreover, social policy and economic policy are mutually complementary and united systematically so that societal policy can have consistency as one policy. This point is exemplified by the fact that the socialist order employed a form of command economy and controlled economy politically. The reason for reinterpreting various welfare arrangements in the socialist order as a broader “welfare system”, beyond social security systems, derives from these characteristics of societal policy. Welfare system in the socialist order is a kind of socio-economic system whose purpose is realization of the well-being of the people. It substantively establishes the state of society as a whole; its influence is wide-ranging and crucial.

Three concepts above, that is, social policy, economic policy and societal policy are very useful as analytical concepts for understanding “welfare system”. In this sense academic contribution by Ferge should be highly appreciated. However, the relationship among three concepts needs more consideration. As Ferge assumed in her study, if social policy and economic policy are always mutually complementary, and as the result societal policy keeps consistency as one policy, welfare system would continue to operate stably. Nonetheless, the socialist order actually collapsed at last. If welfare system substantively establishes the state of society as a whole, it would be possible that problems happened in this system had a critical impact on the collapse of the socialist order. Therefore, the assumption above must be reexamined in demonstrating the changing process of welfare system. Consequently, in the following chapters, using “social policy”, “economic policy” and “societal policy” as analytical concepts, I examine welfare system focusing especially on the relationship among the three.

### 3 Modeling “Welfare System”

In this chapter, as a first task, I model the prototype of welfare system and examine the relationship among its components in detail. As I mentioned above, welfare system is divided to two parts: formal sector and informal sector. The former corresponds to societal policy, and it divided further to two policy domain of social policy and economic policy. On the other hand, the latter corresponds to informal welfare arrangements in the communal society, in concrete terms, interdependence and mutual aid in familial relations and local communities.

Social policy domain in the socialist order is basically almost the same as that in the capitalist order. This includes the components generally nominated as social policy: income maintenance, personal social services, health care, education, housing and so on. Economic policy domain includes nationalization or socialization of means of production and directed planning economy under which price control and full-employment are implemented, according to basic principles in the socialist order.

Now, base on these definitions, let us consider the relationship among the three factors: social policy, economic policy and informal arrangements in the communal society. Firstly, economic policy has

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<th>Table 1 The Characteristics of Social Policy and Societal Policy</th>
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<td><strong>Social Policy</strong></td>
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<td><strong>Target</strong></td>
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<td><strong>Perspective</strong></td>
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<td><strong>Scope of Intervention</strong></td>
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Source: Ferge (1979)
relationships both to social policy and to the communal society, but the state of each relationship is contrastive. For social policy, economic policy is functionally complementary, or in some cases, substitutive in that the measures such as wage control, price control and full employment have functions not only as a means of planned economic management but also as a stabilizer of the people's lives. On the other hand, for the communal society, economic policy is transformative in that collectivization of agriculture, which derives from nationalization or socialization of means of production, leads to have a large number of populations as redundant labor force detached from their local communities and as a result their local communities are obliged to break down. This impact can be particularly more significant in the case of the countries where agriculture workers consist mostly of the population. In this point, economic policy has the function of transforming the communal society.

Secondly, for economic policy, social policy is functionally complementary in that it corrects negative effects of economic policy. Negative effects amount to income inequality. This point seems to be inconsistent to the assumption of affiliative relationship between social policy and economic policy. But, the two is not essentially conflictive because income inequality happens by distribution according to one's labor under inadequate productivity in the socialist society, which is the transition phase towards the communist society. And, indeed, social policy is financially dependent on economic policy. Meanwhile, for the communal society, social policy is complemented by it. This is caused by the fact that formal welfare institutions in the socialist order tended to target only employees. However, the functional complement of the communal society to social policy gradually weakens because the local community, which substantively carries out the function of the communal society breaks down by nationalization or socialization of means of production implemented as part of economic policy.

Based on consideration mentioned above concerning the relationship among the three factors, the prototype of welfare system is modeled as Figure 1.

![Figure 1 The Prototype of Welfare System](image)

The characteristics of the prototype of welfare system are summarized as four principles below:
1. The first priority in welfare system is implementing nationalization or socialization of means of production which is one of the measures under economic policy. This derives from basic principles of socialism.
2. Social policy and economic policy are mutually complementary.
3. Social policy and economic policy are parts of societal policy, respectively. This principle is premised on the second principle above.
4. The communal society complements or substitutes social policy functionally. But, as nationalization or socialization of means of production is implemented, the communal society loses its function. In other words, operation of economic policy prevents the communal society from carrying out its function for social policy.

In this prototype of welfare system, it is important that societal policy exists and operates for its united purpose of realizing the well-being of the people. This is the most remarkable characteristic of welfare system in the socialist order. At the same time, these principles indicate the consequence of this welfare system. In this system, as development of nationalization or socialization of means of production implemented as parts of economic policy weakens the complementary or substitutive function of the communal society for social policy, the functional necessity of social policy inevitably is increasing. Increase in the functional necessity of social policy requires increase in funding for it provided from economic policy, accordingly. Therefore, economic growth which offers its funding is a prerequisite for the survival of welfare system.

However, in the case of economic depression, economic policy is getting difficult to complement social policy financially and functionally, and as a result, social policy becomes dysfunctional. Especially, if economic depression happens at the stage that nationalization or socialization of means of production has substantively developed and the functional necessity of social policy has been increasing, this conflict becomes quite significant for the welfare system. This situation means substantive dissolution of societal policy. In this sense, economic growth is essential for the welfare system. In any case, performance of economic policy has a decisive impact on this system.

These are basic structures of the prototype of the welfare system.

4. Demonstrating the collapse of the welfare system

Now, let us demonstrate the changing process of the welfare system by some actual phenomena. As the phenomena associated with the welfare system, two economic phenomena and one sociological phenomenon are important.

One of the economic phenomena is stagnation of economic growth. In Soviet Union and Eastern European countries, economic growth began to decline as early as the late 1950s. Since then this trend developed and at last became a social problem as economic depression from the late 1960s to the early 1970s. Though opinions have been divided on this economic depression, persuasive explanation was proposed by a French economist, Marie Lavigne. Lavigne explained that economic depression in the socialist order was caused by the limit of “extensive growth” and the failure of “intensive growth” (Lavigne 1999). Her explanation indicates a series of process that the economy was excessively centered on heavy industry sector and it caused inefficiency of the economy, and subsequent promotion of economic efficiency resulted in failure. In what follows, I overview this process according to her explanation.

Excessive concentration on the heavy industry sector in the economies of Soviet Union and Eastern European countries was caused by the implementation of economic policy which centered on industrialization. Lavigne explained this as below. In the socialist countries at that time, where most of the population were agriculture workers, implementation of principles of socialism, including nationalization or socialization of means of production, would provoke strong antipathy from them. To avoid this and justify coercive collectivization, “industrialization model” was formulated. In this result, redundant labor force in agriculture sector was coercively displaced toward the industry sector, and the construction of new industrial plants and the development of natural resources were put into practice. These brought about high economic growth in the socialist order. But, this method called “extensive
growth” is very wasteful in that it aims for economic development by external massive capital input. Ultimately, this method leads to exhaustion of human and material resources, and industrialization policy comes to a deadlock. In this situation, for increasing productivity of labor and capital and improving efficiency by technological progress, various attempts were applied. These series of economic reforms are called “intensification”. However, even this intensive growth strategy couldn’t salvage the situation, so the socialist order got into trouble with chronic economic depression (Lavigne 1999: 49-55).

The other is shadow economy. Shadow economy appeared as a substitutive because formal economy fell into depression and failed to fulfill its function. While the appearance of shadow economy was beneficial to the people in that it provided goods and services instead of formal economy, it was harmful to formal economy.

The relationship between formal economy and shadow economy was analyzed by Feher and his colleagues (Feher et al. 1983). According to their explanation, in the socialist order, there were three types of economic mechanism called “three economies”; that is, “first economy” (command economy), which operates based on the planning principle, “second economy” (shadow economy), which operates based on the market principle, and “third economy” (personal and informal relations of assistance among members of the bureaucratic apparatus), which operates based on the principle of generalized reciprocity and exchange of reciprocal services. Additionally, Feher and his colleagues mentioned the relationship among three economies and concluded that while first economy controlled by planning was a dominant and legitimate system, for development of second economy material resources had to be “illegally” provided from first economy through third economy, so that this would inevitably cause the decline of first economy (ibid.: 99-105).

Their conclusion indicates not only that there was negative correlation between command economy and shadow economy, but also that there was a kind of spiral that with shadow economy developed, command economy would decline and the need for shadow economy would increase more. While the failure of economic policy mentioned above was one of the internal causes in economic depression, the appearance of shadow economy is external one. Shadow economy subsequently continued to expand and kept permanently. And, the government authority connived at it. As a result, shadow economy became known as the phenomenon specific to the socialist order.

As sociological phenomenon, there was advancement of urbanization. As mentioned above, under the situation advancing nationalization or socialization of means of production as collectivization of agriculture, degree of demographic shift from rural areas to urban areas was inevitable. However, because demographic shift was coercively promoted by industrialization policy, the urban population turned out to surpass the rural one in as few as several decades.

These are demonstrated by some previous studies. According to Korosi and Wnuk-Lipinski, associated with change of social structure in Poland and Hungary after the World War 2, especially in the late 1940s and the early 1950s, demographic shifts from rural areas to urban areas in the two countries were led by coercive collectivization in rural areas and “extensive” industrialization in urban areas (Korosi and Wnuk-Lipinski 1983: 36-39). And Rimlinger pointed out that from 1928 to the early 1950s while collectivization of agriculture advanced in Soviet Union, demographic shift was coercively promoted by the same reason mentioned above, and vocational training for labor force transferred from rural areas was a main issue in contemporary labor policy (Rimlinger 1971: 270-271).

Such a drastic change on the demographic structure led to new problems both in rural areas and in urban areas. In rural areas, the younger generation continuously transferred to urban areas for becoming industrial workers and resulted in aging the rural population. This brought about not only an economic problem such as decline in agricultural productivity, but also a sociological problem that interdependence and mutual aid in familial relations and local communities became dysfunctional by disappearance of its bearer. And in urban areas, housing problems were brought about because of continuous influx of labor force, and then the demand for various goods and services essential for
people's lives like income maintenance, healthcare and social services remarkably grew.

Each phenomenon mentioned above, which occurred from the late 1960s to the early 1970s coincidentally, must have been a problem respectively for the socialist order. However, the coincidence of three phenomena has more important implications. Economic depression in command economy, development of shadow economy, and the negative spiral between the two leads to a decline in government revenue. Meanwhile, rapid urbanization increases proportionately the necessity of social policy, and this accompanies inevitably an increase in government expenditure. Consequently, the socialist order turns to confront the conflict between financial crisis and increase in the necessity of social policy. This is the core of the problem.

Moreover, the conflict results in decline in the real value of social policy. This point needs to be explained in detail by using the model of welfare system. The first principle, that is, nationalization or socialization of means of production was justified as the first priority by economic policy centered on industrialization ("industrialization model"), and implemented. The second principle that social policy and economic policy are mutually complementary was maintained as long as economic growth continued. But as economy shifted to a depression, social policy changed into the burden to economic policy and the relationship between two policies turned to be conflicting. As a result, societal policy lost its entity as one policy with a united purpose, so that the third principle would be failed. Additionally, the fourth principle intensified the conflicting relationship between two policies because an increase in the necessity of social policy by implementation of this principle placed an additional burden on economic policy. This situation can be called as the crisis phase of welfare system, and is modeled as Figure 2.

![Figure 2](image-url)

**Figure 2** The Crisis Phase of Welfare System

In this phase, welfare system has transformed. At first, as a logical consequence in the operation of this system, development of socialization or nationalization of means of production, which was implemented as part of economic policy, changed the communal society, so the functional necessity of social policy increased. This emerged as the sociological phenomenon such as demographic shift from rural areas to urban areas. In the result, the function which had been carried out by the communal society transferred to social policy. This is the functional substitution by social policy. Meanwhile, the economic phenomenon, such as shadow economy,
was the autonomous sphere developing independent of the government. These phenomena like transformation from the communal society and development of autonomous sphere, can be regarded as the beginnings of primary civil society. However, the development of shadow economy inevitably led to outflow of resources from command economy controlled by government. This worsened economic depression further and made welfare system dysfunctional. Accordingly, the conflict happened between social policy and economic policy. In concrete terms, the conflict means coincidence of financial crisis and increase in the necessity of social policy. Due to this conflict, societal policy lost its entity as a policy with a united purpose, and the real value of social policy declined. This has a very important implication: collapse of welfare system.

Did welfare system inevitably collapsed? There is no doubt that there are a lot of causes of the collapse. Nonetheless it seems to be accepted that the major cause is economic depression. On this point, the result of this study shows that economic depression derives from artificial causes, that is, government failure. Government failure indicates “industrialization model”, an economic policy centered on industrialization. Like most countries under the socialist order, if the principle of socialism such as nationalization or socialization of means of production implemented in the agricultural countries, some sort of measures absorbing redundant labor force must have been necessary. But “industrialization model” is no more than one of the options for the measures and never inevitable. Even if extensive economic policy typified by “industrialization” was effective in achieving economic growth earlier, it was clear that this measure eventually would reach a limit in terms of finite resources, and there was no doubt that this measure was temporary. Consequently, “industrialization model” brought about both rapid economic growth and subsequent economic depression.

Finally, based on examination mentioned above, let us consider the state of “well-being” in the socialist order. It was an ultimate purpose and ideal of the order. This was true at least when the socialist order started. The purpose and ideal are represented in the existence of welfare system, a broad welfare arrangements which included the whole policy domains and covered the society as a whole. However, its realization frustrated halfway. Societal policy, whose grand purpose was creating new society, lost its entity as a policy by the conflict between social policy and economic policy, and the ideal of realizing the well-being of the people was reduced to social policy, one of the policy domains. Here “well-being” transformed from the absolute value in the socialist order to one of various values. For the socialist order which “well-being” had been its ultimate purpose and ideal, the frustration of its realization was quite a disappointing result.

5 Conclusion

In this article, I have examined the organization of welfare and its change systematically and comprehensively by using the analytical model “welfare system”. In the results, it became clear that the conflict between social policy and economic policy happened by the failure of economic policy. Therefore, the purpose of socialism such as realization of the well-being of the people became impossible to achieve. Additionally, in regard to causes for the failure of economic policy, artificial causes were distinguished from inherent ones. It can be said that these prove the validity of the analytical model.

However some limits and problems remain to be examined towards elaborating this study. First, the causes for the failure of economic reform are to be figured out. Results of this study indicate the causes for economic depression were artificial. But if the government successfully overcomes economic depression, it would not result in the collapse of welfare system. Therefore, the causes for economic depression and the ones for the failure of economic reform must be considered separately. In regards to the causes for the failure of economic reform, the fact that business managers in command economy have inefficient and conservative tendency is indicative. This tendency could be called “the built-in risk-aversion” (Lavigne 1999: 54), and appeared as a form of “over-full employment” (Holzman 1976) or managers' preference for routine produc-
tion making the plan easier to implement (Berliner 1976). Therefore, they have been regarded as one of the causes preventing economic reform towards efficiency enhancement. Like this example, if the mechanism of command economy inevitably brought about this tendency to business managers working in it, economic reform towards efficiency enhancement would have been extremely difficult to be done. This point needs to be examined in detail.

Second, the function of shadow economy is to be figured out. As mentioned above, if the relationship between social policy and economic policy became conflictive and welfare system turned to be dysfunctional, the supply of goods and services essential to people’s lives would have stopped and in some cases their lives would have collapsed. But, actually, the people barely maintained their lives. This indicates that there were other supply routes informally except the formal one. Shadow economy is one of the possibilities. In this article, I examined the dysfunction of shadow economy which made economic depression worse, but shadow economy essentially has the function of satisfying the demand which doesn’t be satisfied in formal command economy. This eufunction of shadow economy has important indications not only for economic policy but also for social policy because goods and services supplied in shadow economy have great impact on the people’s lives. In this sense, additional examination of shadow economy needs to be done for heightening the relevance of this study.

Finally, let me explain the possibility of this study. The conflict between economic policy and social policy showed in this article indicates not only the conflict over finance and function but also the one over value lying behind them. In other words, the conflict is the one between efficiency and well-being. Under the crisis phase of economic depression, efficiency was emphasized in economy and as a result the conflict happened with well-being, which was the essential value in the socialist order. This conflict brought about the collapse of societal policy and the reduction to social policy of function realizing the well-being of the people. In this sense, the conflict happened at the very fundamental level.

This situation has a similarity with “Welfare States in Crisis”, the situation which happened after the 1970s in the capitalist order in point of its time and composition. Thomas H. Marshall, a British sociologist and one of distinguished scholars in studies of welfare state, expressed welfare states in crisis as “Hyphenated Society”, which consisted of democracy, welfare, and capitalism. And he concluded as below about the problem in “Hyphenated Society”. “The trouble is that no way has been found of equating a man’s value in the market (capitalist value), his value as a citizen (democratic value), and his value for himself (welfare value)” (Marshall 1972: 30). His conclusion seems to apply to the socialist order which confronted the crisis with the value conflict between social policy and economic policy. In this point, there is expected to be possible for comparative study of the two orders under the same analytical framework. The analytical approach in this article seems to have a potential to apply to both orders in that it analyzes social orders as one system in which welfare is one of the components. At the same time, this approach provides new opportunity to reexamine the difference between the two orders, which have been explained by historical differences or from ideological perspective. Development of such comparative studies of the two orders must contribute to elucidation of the significance of welfare in the socialist order. It is also necessary to illuminate how transformation of welfare system had an impact on the socialist order. They will be discussed in another article.

Notes

1 In this article, the term ‘welfare’ means kind of arrangements which practices reciprocal exchanges or redistribution of goods and services according to one’s needs, formally and informally. Therefore, in some cases it means formal institutions, in other cases it means informal arrangements or conventions.

2 In this article, the term ‘socialist order’ is used only for Soviet Union and Eastern European countries. Therefore this term doesn’t include the countries such as China and Cuba. However, in my opinion, the analytical model in this article has degree of applicability to these countries. This point is examined in another article.

3 By way of exception, studies like Ferge (1979), Mishra (1981) and Deacon (1983) are remarkable. Based on
theoretical deliberation on the relationship between socialism and social policy, each study critically examined social policy implemented in the socialist countries. These are highly valuable for considering the significance of welfare in the socialist order. In Japan, Fujita (1985) examined the significance of social policy in the socialist order, but most of its contents were devoted to the explanation about institutions and there was almost no serious consideration.

As studies about social security systems in socialist countries in Japan, Shiokawa (1985), Shibata (1989) are representative of them. Each researched elaborately transition of social security systems, and analyzed its background minutely. However, the significance of the systems in the socialist order and its impact on other policies were hardly mentioned at all.

Cichon (1997) mentioned that economic policy functioned as implicit social security under the socialist order. And Komorita (1998), as regards independent farmers in Poland, noted that their lives had remained to be under the self-help principle (ibid: 244).

Bottomore, a British sociologist who was famous for studies about Marxism, noted that as regards welfare in the socialist order, welfare is a big component of national products and actually an unique purpose of whole process of labor in a broader sense (Marshall and Bottomore 1992). This indicates that under the socialist order, welfare is the purpose and various policies relates to its realization.

The combination of socialism as ideology and command economy is not inevitable. However, on account of the fact every socialist country adopted command economy and basically kept it, I think it plausible that command economy is adopted as a mechanism of economy in the model.

In socialist countries, social security, to be precise, income security tended to be provided only employees. This tendency has its origin in Lenin’s manifesto for employee’s insurance (Lenin 1941), and it was the basic principle in the socialist order, which professed proletarian dictatorship. But because of it, self-employed workers and independent farmers had to depend on interdependence and mutual aid in familial relations and local communities under the communal society. This situation can be interpreted that communal social structure complements inadequate social policy.

Details of economic depression in each country are omitted due to space limitations. But according to Lavigne (1999), economy gradually slowed down, and in the late 1970s it attained zero growth or what is worse, negative growth. In the 1980s the tendency of economic depression never improved. In addition to the fact that economic statistics were considerably distorted, it should be considered the situation actually deteriorated more than the data.

In Japan, Morita (1986) is one of studies covering the issues in shadow economy.

According to Komorita (1998), in Poland as of the early 1970s one third of the agricultural population reached or soon would reach the pension eligibility age.

The term ‘civil society’ here is used in referring “The words ‘civil society’ name the space of uncoerced human association and also the set of relational networks --formed for the sake of family, faith, interest, and ideology-- that fill this space” (Walter 1995: 7).

According to Lavigne (1999), under socialist economy the main priority for business managers was to implement the plan with least risk. They tended to hoard the surplus labor in preparation for various hazards specific to central planning like retooling inadequate parts and ensuring repairs and maintenance (ibid: 60).

References


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