



# Economics of 'memento mori'

**CHIKAKO  
NAKAYAMA**



Prime Minister Shinzo Abe has decided to delay the consumption tax hike to 10 percent, originally planned for next October, for 18 months and has dissolved the Lower House to seek the voters' judgment on his decision.

Certainly the tax hike and the timing of its enforcement may be important, considering the enormous size of the government's debt. But equally important is the fact that the primary role of taxes — the redistribution of money for social security and welfare purposes — has almost been neglected and paralyzed, hidden by the top priority of reducing the debt.

Among people prevails a sense of resignation that the tax they pay is like a kind of insurance without payouts, so that in the end they regard tax only as a cost they should minimize and possibly avoid as much as they can. We have to re-examine the meaning of tax in general — not just the consumption tax and its rate.

I participated in the 13th International Karl Polanyi Conference under the theme of "The Enduring Legacy of Karl Polanyi," held in Montreal on Nov. 6-8. It was an event to celebrate the 70th anniversary of the publication of the Hungarian-American economic thinker's major work, "The Great Transformation," as well as to mark the 50th anniversary of his death.

The conference was just one of many academic activities of economists but nevertheless impressive in that more than 90 scholars, students and journalists from all over the world (including 22 from South Korea) took part in sessions and panels for intensive discussions on a relatively long and complicated text from long time ago, and that the digital

archives of his published and unpublished writings were just launched for open use by the public on the website of the Karl Polanyi Institute.

There was also a session showing the final part of the film "Capitalism," a six-hour documentary series about important economists, in which Polanyi's life and work were introduced. Thomas Piketty, whose book has been much discussed these days, explained the problem of continuing inequality in the long run.

What is the implication of Polanyi's thought for our present world?

In my view, his idea of "human economics" — or economics for human beings — can be the social philosophical foundation of economics that treats social security and welfare as the primary purpose of economic studies while incorporating the practical proposal by Piketty of global progressive tax to rectify the trend of inequality.

Polanyi's approach should contain important suggestions toward establishing the economics of "memento mori" — which fully takes into consideration the problems surrounding one's death.

It has usually been pointed out that although Polanyi distinguished two meanings of economic activities — economizing/cost-minimizing activities for maximization of profits and *oikos* for housekeeping and management — he attached more importance to the latter, which mean activities to procure materials to serve basic human needs.

But when scholars discussed humans in relation to his key concept of "fictitious commodity" or a resource whose nature or mode of existence makes itself unsuitable for being treated as a commodity in market societies, they did not take the perspective of *oikos* into consideration.

What mattered in the discussion was only that people had to be socially protected as members of the labor force and should be assisted when they could

not work. The principles of reciprocity and redistribution, which is important for human lives in the *oikos*, were supposed to work only in nonmarket societies.

But the most serious problem for humans is death, accompanied by the serious problem of getting old. Whether one has been healthy, wealthy, free or happy or whatever life one may have had, these problems inevitably come to everyone and sometimes suddenly. In early periods, it was religion and then politics that took care of these problems. But since the time of industrialization, the economy, at least partly, took over this task.

Polanyi seemed to be well aware of it when he wrote in his 1947 essay as follows: "Industrialism is a precariously grafted scion upon man's age-long existence. The outcome of the experiment is still hanging in the balance. But man is not a simple being and can die in more than one way. The question of individual freedom, so passionately raised in our generation, is only one aspect of this anxious problem."

In view of societies characterized by rapid aging of their populations, it is high time to reconsider the system of taxation in our market societies from the perspective of *memento mori*.

Instead of a taxation system focusing on one's working life, a different, comprehensive social security system should be devised from the viewpoint of how to ensure a decent life for those who are approaching the critical stage of their lives. It is neither enough nor necessarily right just to correct inequality in society or to reduce the cost for social security and promote one's self-help.

It would be more wrong to see the savings of elderly people just as wealth, and as a source of national revenue.

*Chikako Nakayama is professor of economic thought at the Tokyo University of Foreign Studies*