Case Study of Japan on Poverty, Employment, and Income Inequality

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Three Goals: Poverty, Employment, and Income Inequality

• These three goals are related to economics.
• Japan’s unemployment rate is low at 4.4%, but its poverty rate is high at 16.1%.
• Japan’s income inequality index is high at 32.90, and ranks 114/162.
Reasons for the High Poverty Rate in Japan

- It is related to the widespread non-regular employment.
- The public assistance program does not provide income support for the low-income class.
- Japan’s age structure leads to a high poverty rate.

Average Annual Income: Regular Versus Non-Regular Workers (In millions of JPY) Source: National Tax Agency of Japan

Population pyramid of Japan (CIA Facts Book)
Reasons Causing Low Unemployment Rate

• The definition of unemployment is different between Japan and other countries.
• Long-term job guarantees employees work opportunities until retirement.
• The Japanese government implemented effective measures to ensure its citizen’s job security by providing subsidies for employers.
Reasons Causing High Income Inequality

• Working for a large company and having a regular job increases income inequality in Japan.
• The wage gap between regular and irregular workers thus enlarges over time.
• Irregular workers are predominantly women. They do not get the same pay as men.
Unrealistic and Unachievable Goals

- Achieving these three goals is complex and challenging for any country, including Japan.
- It is difficult to reform and make changes in Japan.

GDP Per Capita Comparison Between Japan and South Korea
Unrealistic and Unachievable Goals (Cont.)

• Gender inequality is a significant pressure in Japanese society.

Gender Pay Gap and Women in Management Percentage Comparison
Suggestions

- Earned Income Tax Credit (EITC) warrants consideration to relieve poverty in Japan.
- An policy measure to facilitate the move of irregular workers into regular jobs.
- Make policies to encourage birth rate.

*Countries ranked by GINI index (World Bank estimate)*. (n.d.).
https://www.indexmundi.com/facts/indicators/SI.POV.GINI/rankings

https://borgenproject.org/unemployment-in-japan/


https://doi.org/10.1007/bf02925127
Discussions and Questions