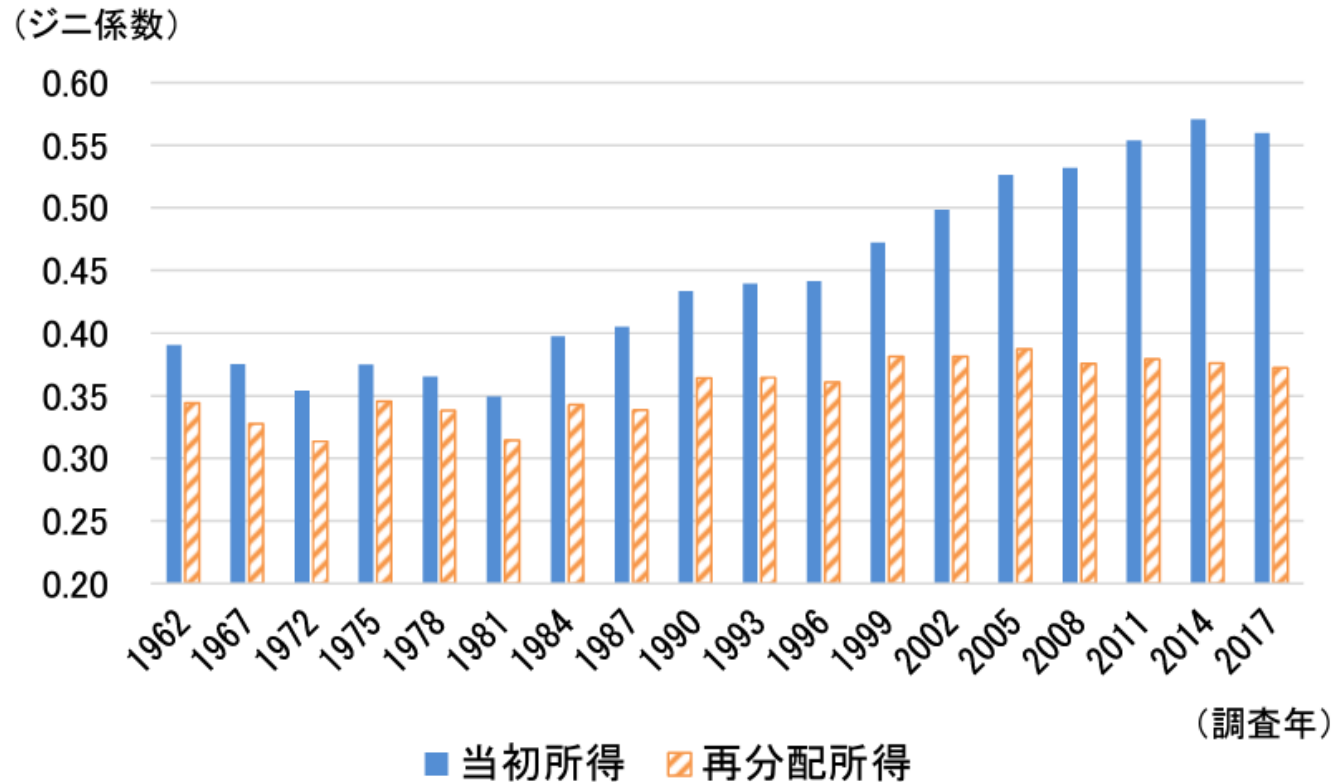


Inequality in Japan 2023

Ryoichi Imai

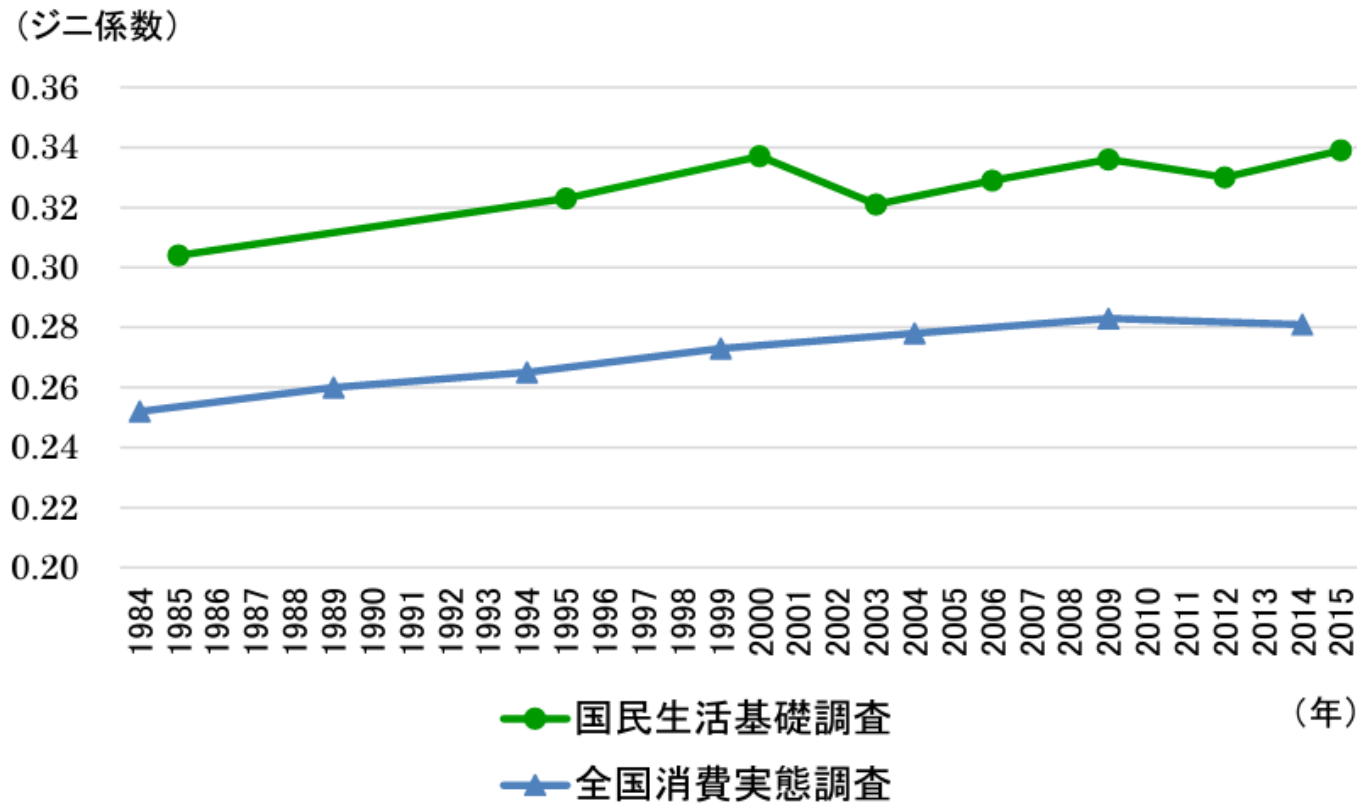
Gini coefficients before and after Redistribution

図表1 日本における世帯の当初所得、再分配所得のジニ係数（所得再分配調査）



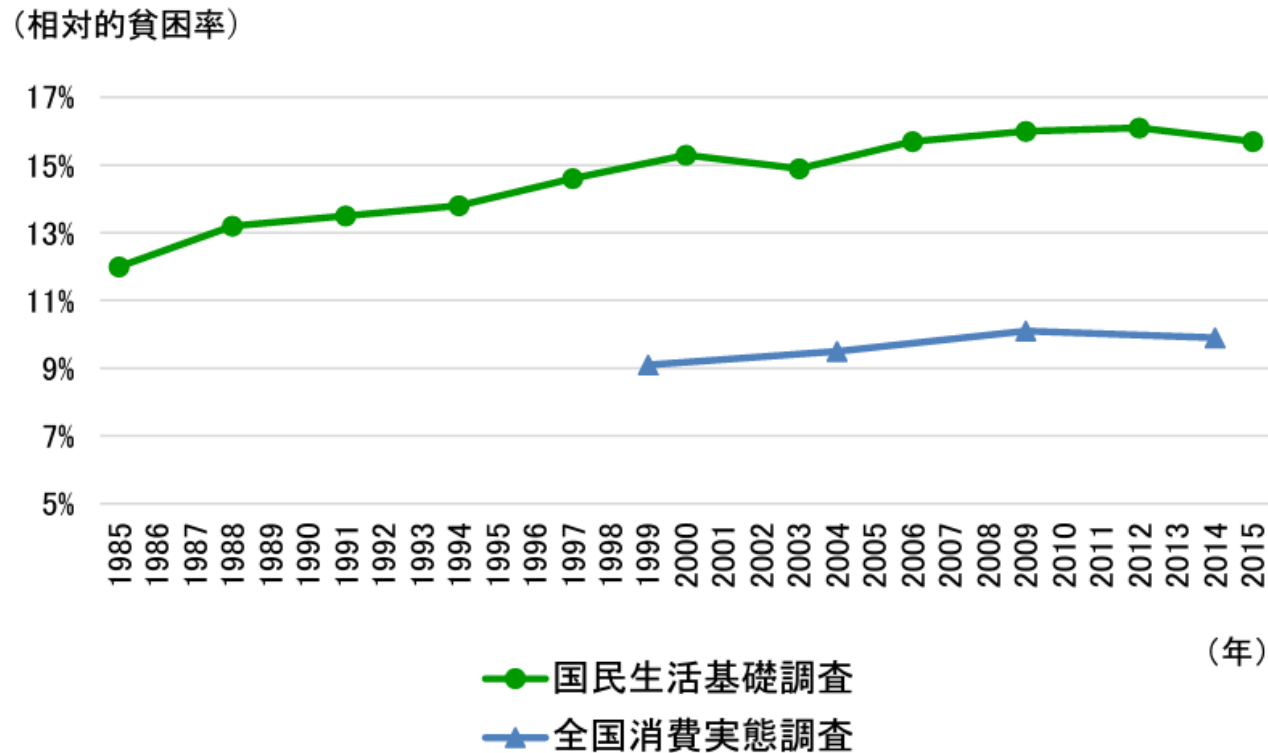
- The Gini coefficient for initial income generally remained flat in the 1960s and 1970s, but has been on an upward trend since the 1980s.
- On the other hand, the Gini coefficient of redistributed income increased slightly from the 1980s to the 1990s, and has remained generally flat since the beginning of the 2000s.
- The reason is thought to be that income redistribution through the social security system and the tax system are fulfilling their functions and restraining the growth of income inequality in terms of redistributed income.

Two Alternative Surveys



- The chart shows "equivalent disposable income," which is calculated by dividing a household's disposable income by the square root of the number of persons in the household concerned.
- Here, "disposable income" refers to income minus taxes and social insurance premiums, plus cash benefits among social security benefits.
- The Gini coefficient for 2015 from the **National Survey of Household Income** was 0.339, while the Gini coefficient for 2014 from the **National Survey of Household Consumption** was 0.281, a difference of about 0.06 points.

Two Alternative Poverty Ratios



- The levels of relative poverty rates differ significantly between two alternative surveys: the relative poverty rate based on the 2015 National Survey of Household Income is 15.7%, while the relative poverty rate based on the 2014 National Survey of Household Consumption is 9.9%.
- Low-income households might be reluctant to respond to simple consumption surveys, while they are more interested in maintaining the welfare benefits.
- The National Survey of Household Income is conducted by the local welfare offices.
- Therefore, more responses might be collected from low-income households in the National Survey of Household Income, than in the National Survey of Household Consumption.

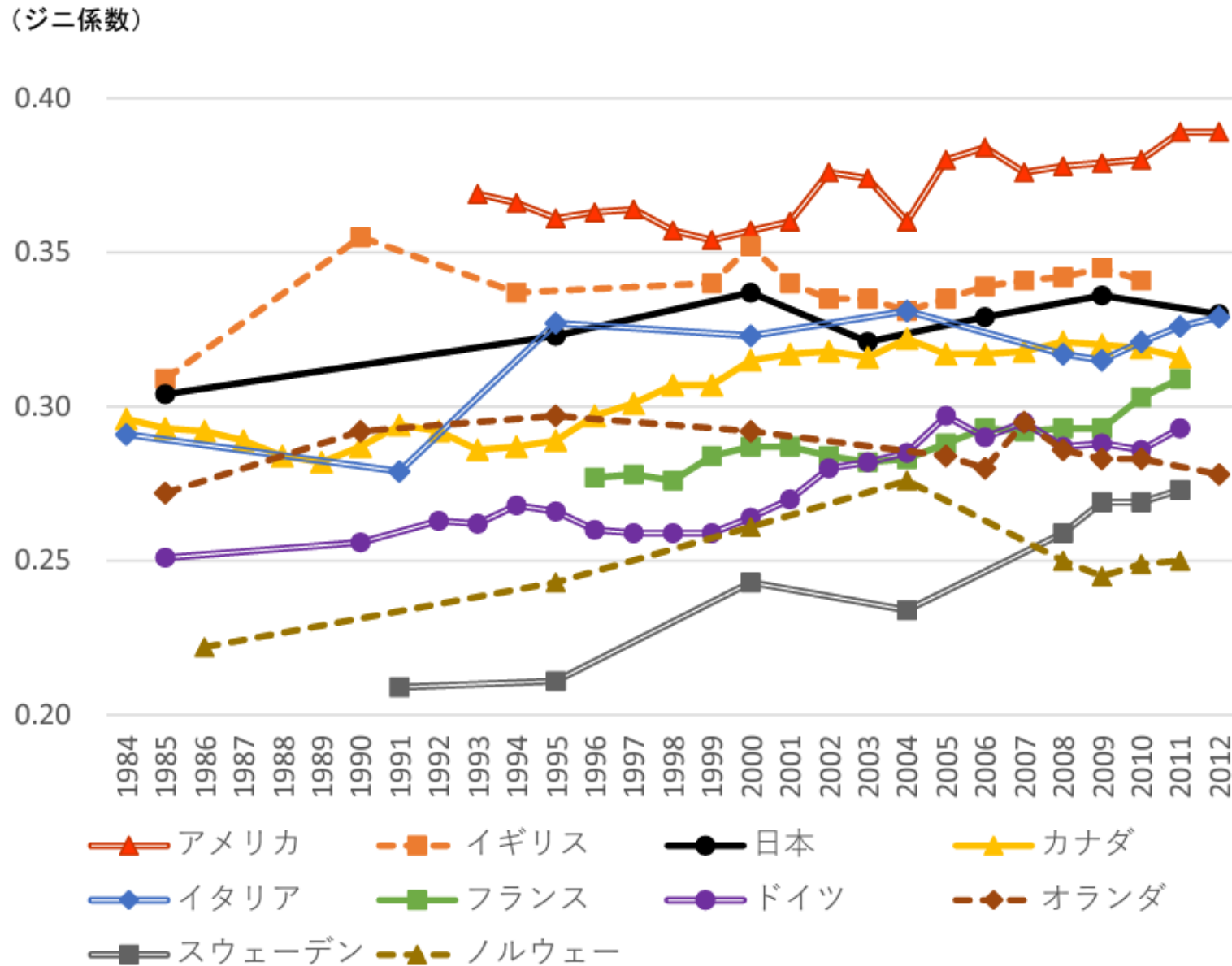
国名	等価可処分所得のジニ係数
中国	0.514 (2011年)
インド	0.495 (同上)
ブラジル	0.483 (同上)
メキシコ	0.457 (2012年)
アメリカ	0.396 (2013年)
韓国	0.352 (2015年)
イギリス	0.351 (2012年)
スペイン	0.334 (同上)
日本 (国民生活基礎調査)	0.330 (同上)
イタリア	0.330 (同上)
オーストラリア	0.326 (同上)
カナダ	0.317 (同上)
フランス	0.305 (同上)
ドイツ	0.289 (同上)
オランダ	0.288 (同上)
スイス	0.285 (同上)
日本 (全国消費実態調査)	0.281 (2014年)
スウェーデン	0.268 (2013年)
フィンランド	0.260 (2012年)
ノルウェー	0.253 (同上)

International Comparison of Gini Coefficients

Gini Coefficients are

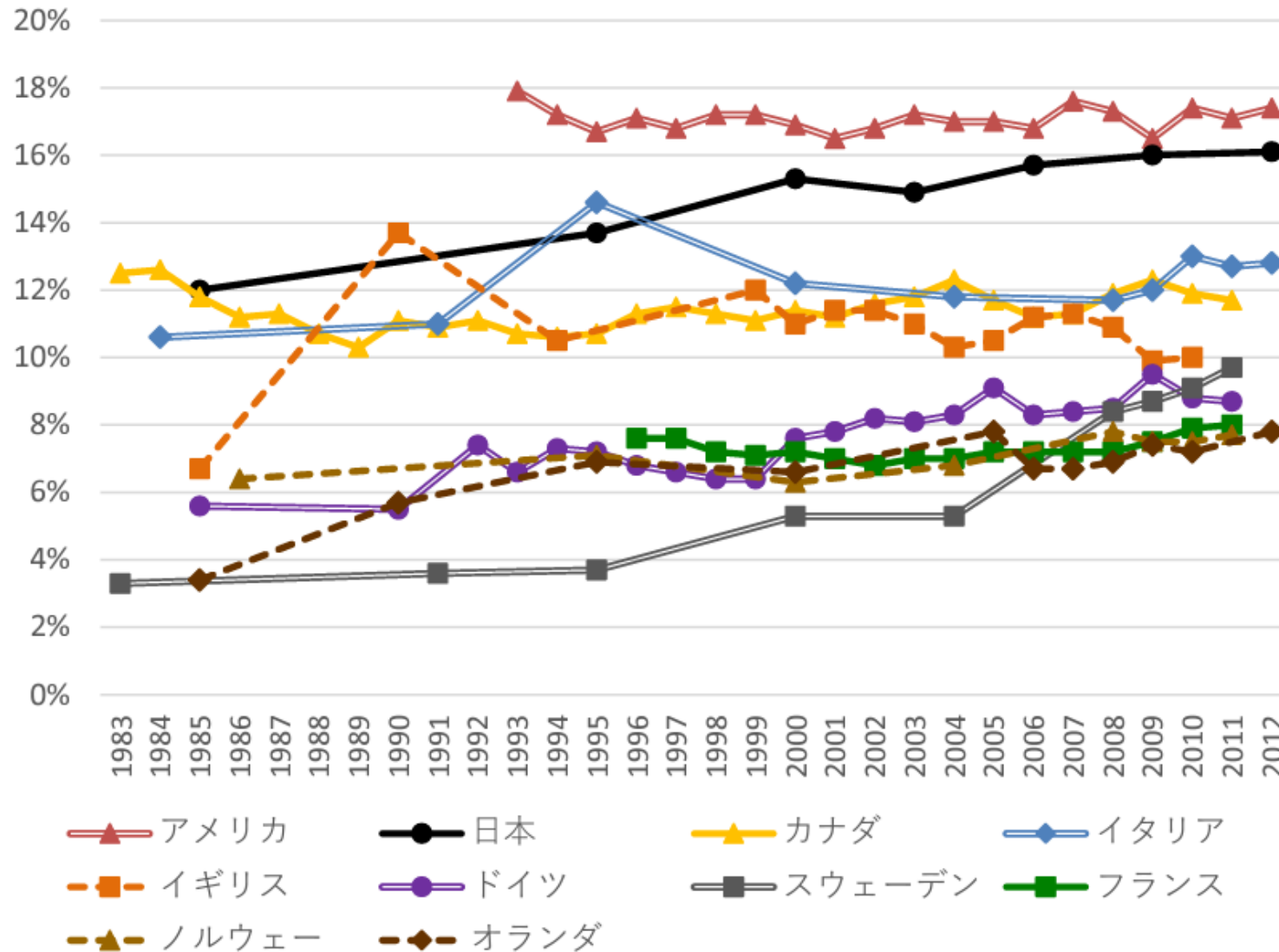
- High – China, India, Brazil, Mexico, and USA
- Middle – South Korea, UK, Japan, France, Germany
- Low – Sweden, Finland, Norway
- <https://www.rieti.go.jp/jp/publications/pdp/20p016.pdf>

Gini Coefficients across countries



In the advanced countries, the Gini Coefficients are gradually rising.

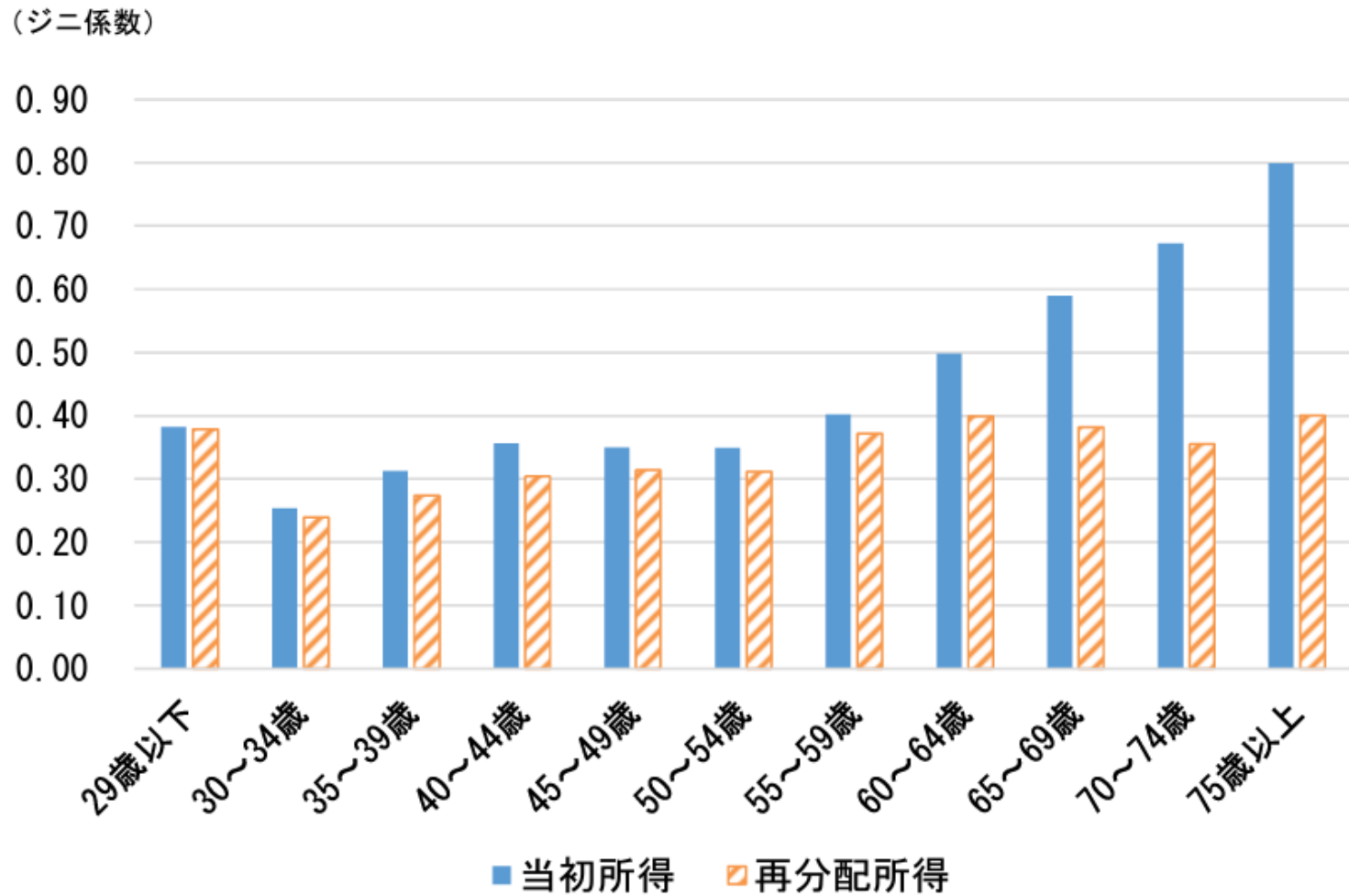
(相対的貧困率)



Poverty Ratio

1. Poverty ratio is rising as much as the Gini Coefficient in Japan, Germany, Sweden, and others.
2. In the North America (USA and Canada), the poverty ratio does not increase so much as the Gini coefficients.
3. The rise in the Gini coefficients in the North America might be caused not by the relative increase of the population of poor people, but by the rise in the income earned by the richest households.

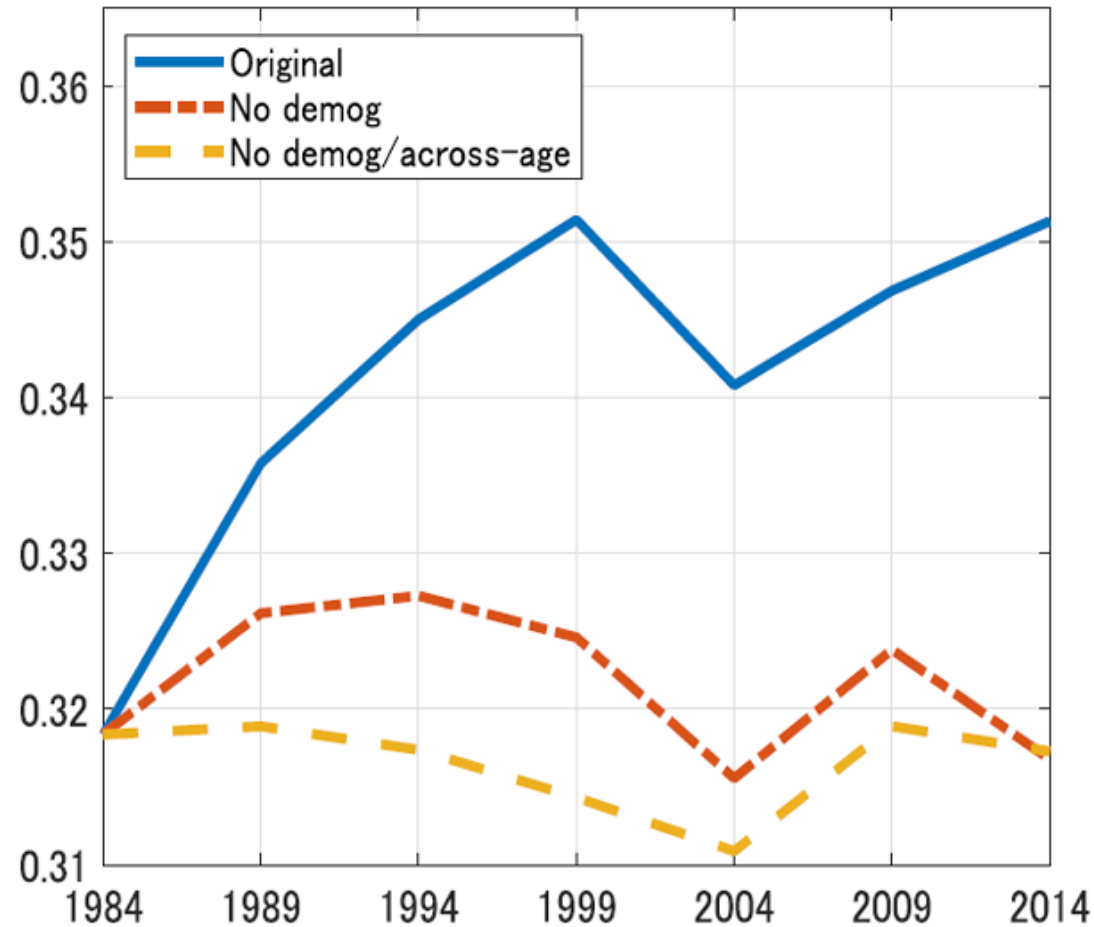
図表9 日本における世帯主の年齢階層別の当初所得と再分配所得のジニ係数（2017年）



Gini Coefficients across Ages

Income gap before and after redistribution (by tax and social security) increases as the age increases.

図表 10 日本における世帯の総所得（課税前）のジニ係数と要因分解



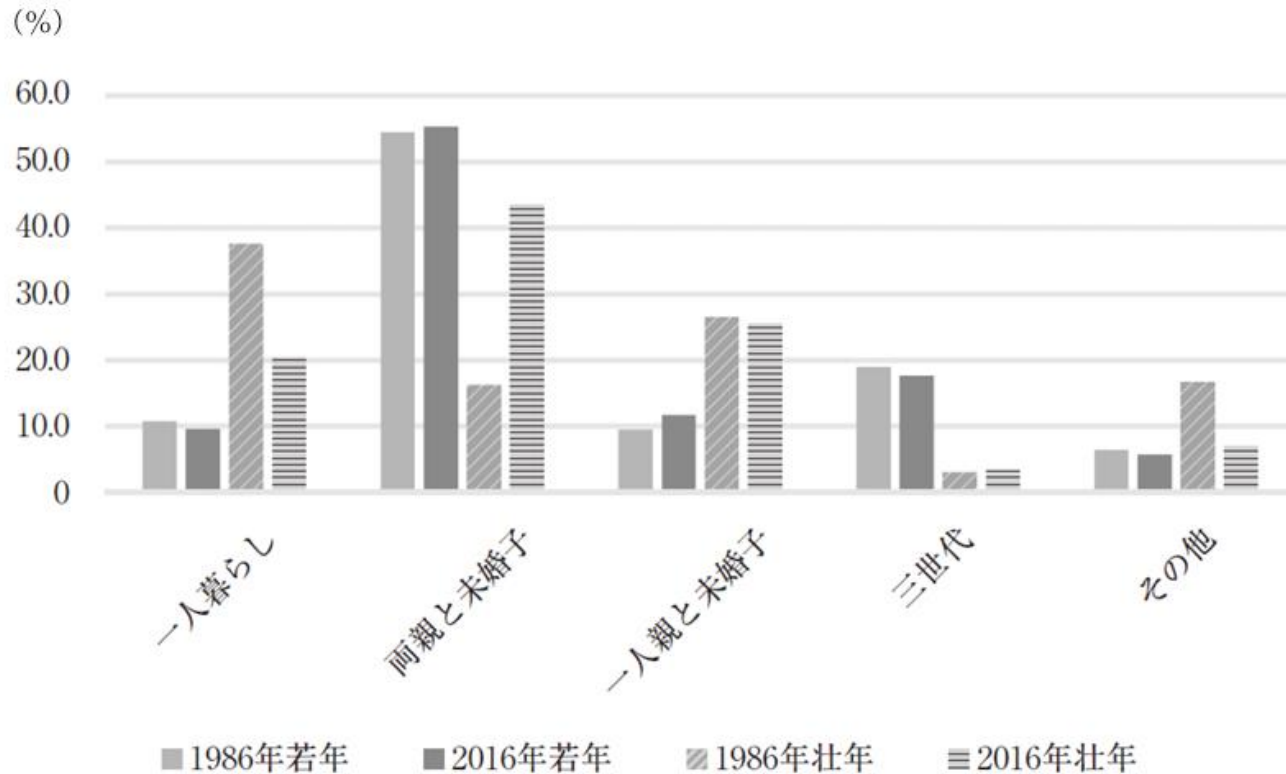
Removing Population Effects

- The blue line shows the development of the Gini coefficients of Japanese households.
- The red and orange lines show the hypothetical Gini coefficient after removal of population share changes by assuming that there is no population growth occurring to each age group.
- The Gini coefficient after removal of population change suggests that the rise in the Gini coefficients in Japan has been caused mainly by population aging.

<https://www.rieti.go.jp/jp/publications/pdp/20p016.pdf>

Household Size Matters

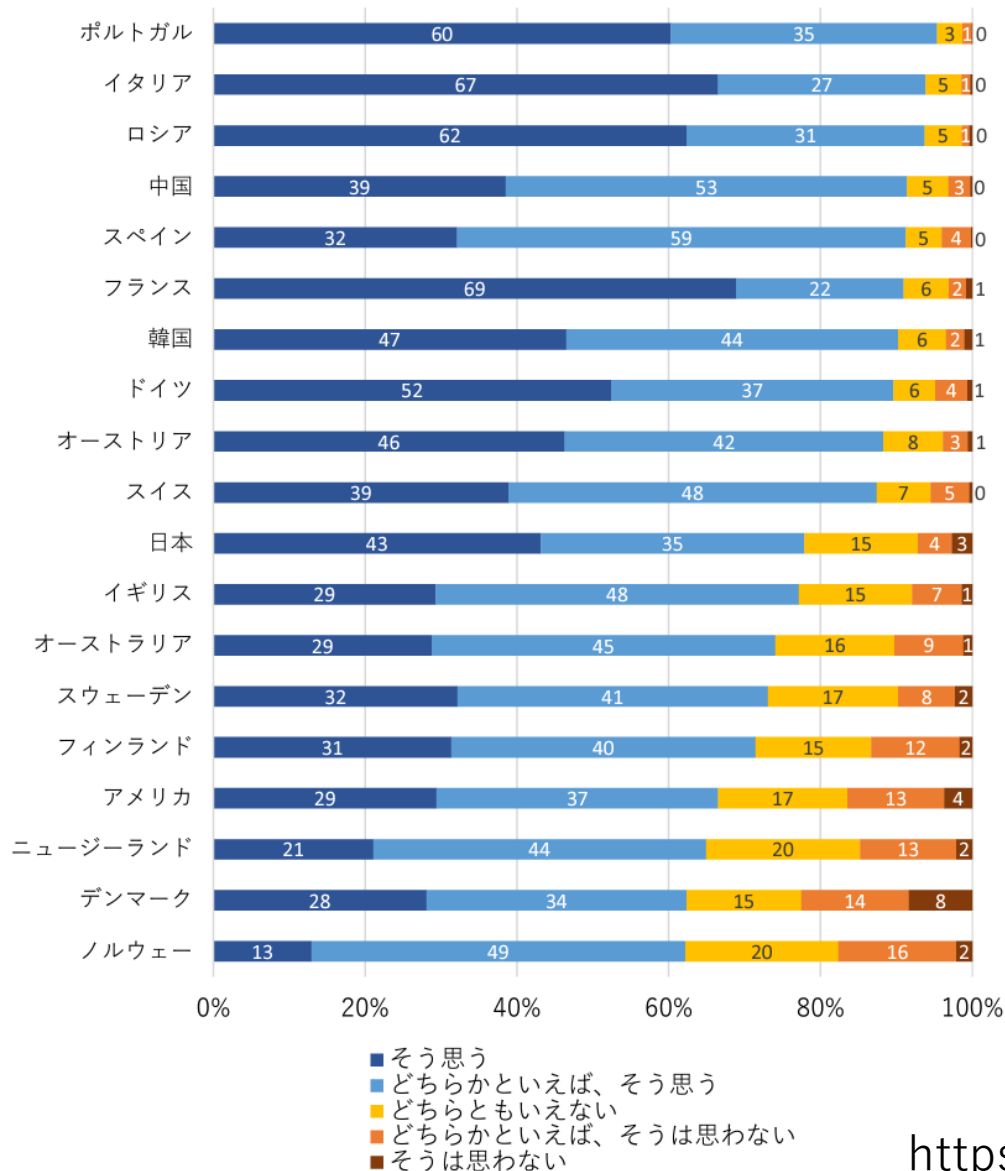
図表 15 日本における成人未婚者の世帯構造の分布（国民生活基礎調査）



<出所> 白波瀬（2018）の図6より再掲

- In the 1986 survey on single adults of age 35-49, 37% lived alone and 16% lived with their parents.
- In the 2016 survey, for single adults of age 35-49, 70% live with their parent(s).
- Among regularly employed men of age 35-49, only 23% are single, while 64% are single if they are irregularly employed, suggesting that many non-regular employees live with their parents.
- This hidden income inequality might be revealed as their parents die and they lose pension income that their parents receive.

「自国の所得の格差は大きすぎる」に対する回答の割合 (%)

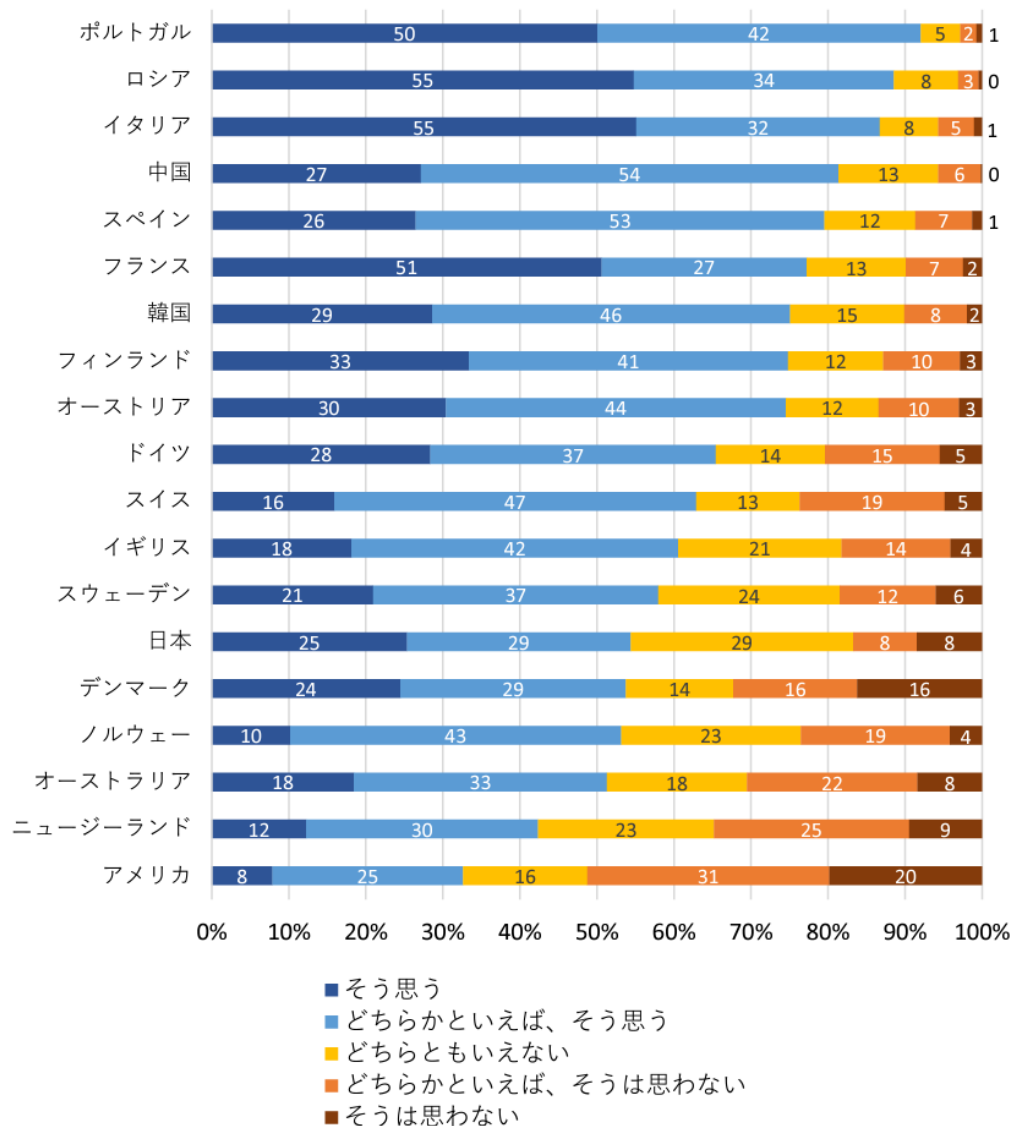


Do you think that income inequality is too high?

- People in Portugal, Italy, Russia, China correctly recognize the high income inequality of their countries.
- But, the ratio of people thinking that income inequality is too high:
 - Japan: 78%
 - USA: 66%
- In fact, income inequality is higher in USA than in Japan.
- Recognition of inequality is not always consistent with the fact.

<https://www.rieti.go.jp/jp/publications/pdp/20p016.pdf>

「所得の格差を縮めるのは、政府の責任である」に対する回答の割合 (%)



Is the government responsible to reduce income inequality?

The ratio of people saying that government is responsible to reduce income inequality:

- Japan 54%
 - France 77%
 - Germany 54%
 - UK 61%
 - USA 33%
- More than 50% of American people think that a larger income inequality creates a larger incentive to produce.
 - In Japan, few people think that there is a strong trade-off between efficiency and equality (meaning that you need sacrifice equality in order to acquire high income).

Fact: there is no strong trade-off between equality and efficiency

- According to the review by Cingano (2014), there are mixed results about the incentive effects of redistribution policy on economic growth.
- No strong trade-off between growth and equality has been reported yet.
 - Cingano, Federico (2014) Trends in Income Inequality and its Impact on Economic Growth - <https://www.oecd.org/els/soc/trends-in-income-inequality-and-its-impact-on-economic-growth-SEM-WP163.pdf>