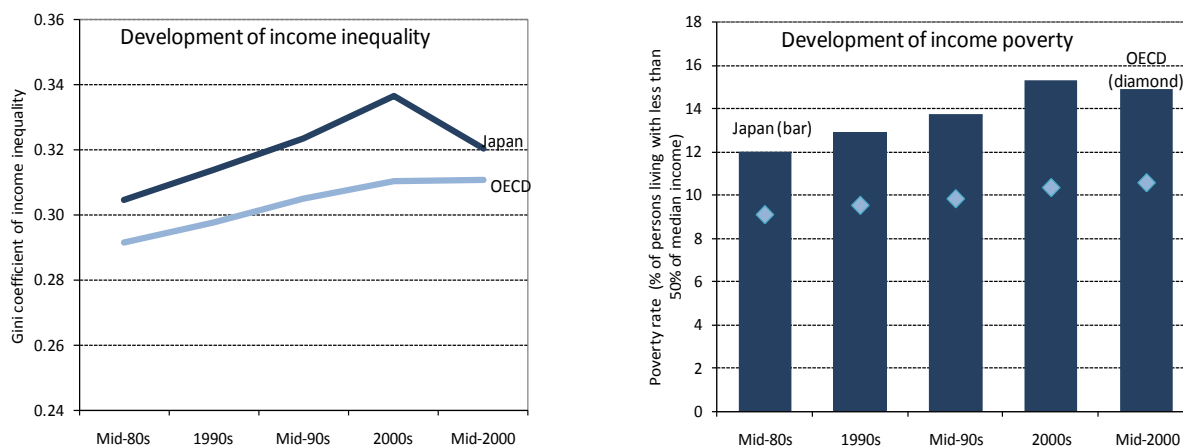


### COUNTRY NOTE: JAPAN

Income inequality and poverty have declined in Japan over the past five years, reversing a long-term trend towards greater inequality and poverty. Nonetheless, Japan's level of poverty (meaning people who live on less than half median incomes) is still the 4<sup>th</sup> highest across the OECD area.

Figure 1. **Income inequality and poverty started to decline in 2000**



Source: *Growing Unequal?*, OECD 2008. Income is disposable household income adjusted for household size.

- Household incomes have declined in the past 10 years. Lower income groups felt the pain most in the late 1990s, but rich families saw their incomes fall in the early 2000s. The average income of the poorest 10% of Japanese people is around US\$ 6,000 in purchasing power parities – below the OECD average of \$ 7,000. The average income of the richest 10% is \$ 60,000 – considerably *above* the OECD average of \$ 54,000.
- Income from work and savings have become 30% more unequal since the mid-1980s, compared to an average increase in OECD countries of 12%. Only in Italy has the increase been bigger than in Japan.
- Japanese society has been ageing rapidly. The population share of elderly people doubled and the number of children fell by one third in the past 20 years. These changes are one reason for the rise in inequality.
- Since 1985, child poverty has increased from 11 to 14%, while poverty among people aged 66 and over has slightly decreased from 23 to 21%. This is still above the OECD average of 13%.