



Does Inequality Matter?

HOW PEOPLE PERCEIVE ECONOMIC DISPARITIES AND SOCIAL MOBILITY



How does JAPAN compare?

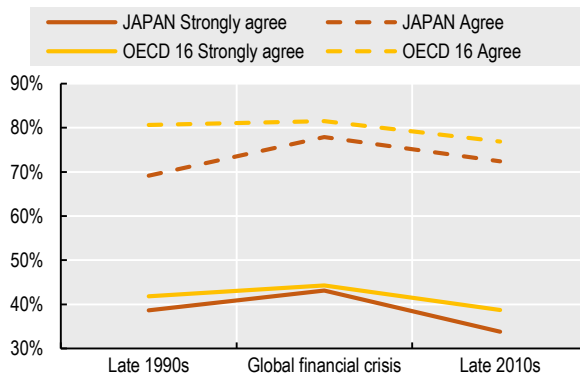
Across the OECD, most people are concerned about inequality. Concern varies across countries, and is higher where people perceive wide economic disparities, low intergenerational mobility, and that working hard does not suffice to get ahead in life. The more people are concerned about inequality and perceive low social mobility, the higher their demand is for redistribution. However, there may be insufficient support for inequality-reducing policies if people do not agree on policy options or have doubts about the effectiveness of such policies.

Is inequality a concern in Japan?

In Japan, concern about income inequality is slightly lower than on OECD average, even though the actual level of inequality is higher (Figures 1 and 2). In 2017, 72% of people agreed that income disparities were too large – the OECD average was 78% – and around 34% strongly agreed.

Figure 1. Concern about income inequality in Japan is similar to the OECD average

Share who agree that income differences are too large



Source: OECD (2021), [Does Inequality Matter?](#), Chapter 2.

Concern about inequality peaked during the Global Financial Crisis of 2007-08, and then returned to

levels similar to the late 1990s (Figure 1). The changes in the level of concern during the past two decades were more pronounced in Japan than the OECD average. The latest available data for year 2019 show a slightly higher level of concern (74% agree, with 37% strongly agree).

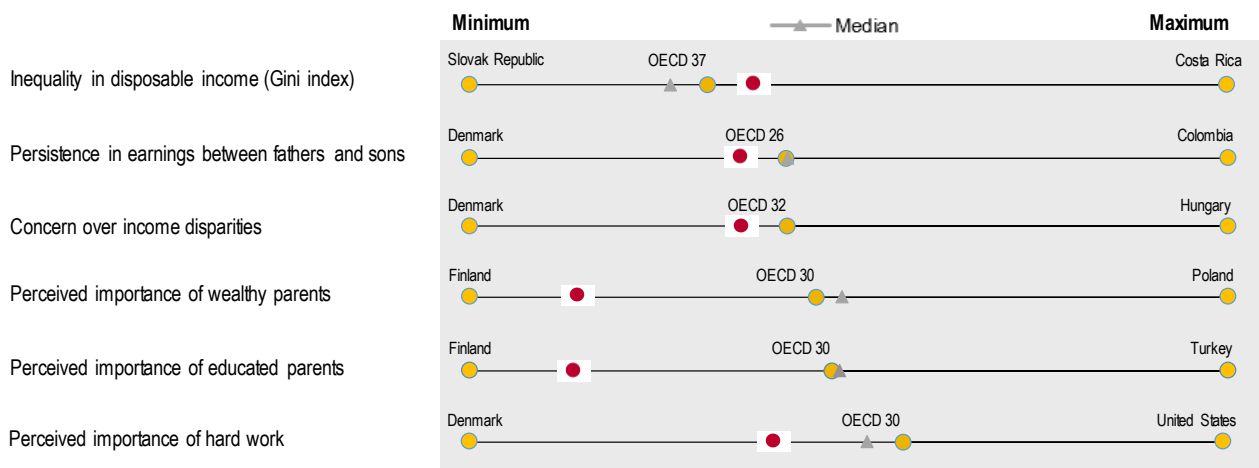
What factors affect the level of concern?

People in Japan have a strong belief in equality of opportunity, which could be why they are relatively less concerned about the level of inequality (Figure 2). In comparison to the OECD average, in Japan, people are much less likely to believe that circumstances beyond someone's control, such as their parents' education or wealth, matter to get ahead in life. As a comparison, conventional indicators (such as the degree to which child's earnings are affected by their parents') also suggest higher than average mobility, though not as much as perceptions.

However, Japanese people's confidence in the equality of opportunity has fallen over the past decade. The fall in confidence is mainly due to a decrease in the importance attributed to hard work (Figure 3), which came together with a slight increase in the importance attributed to parental characteristics.

Figure 2. Perceptions are not always aligned with actual levels of inequality in Japan

Actual vs. perceived indicators of inequality

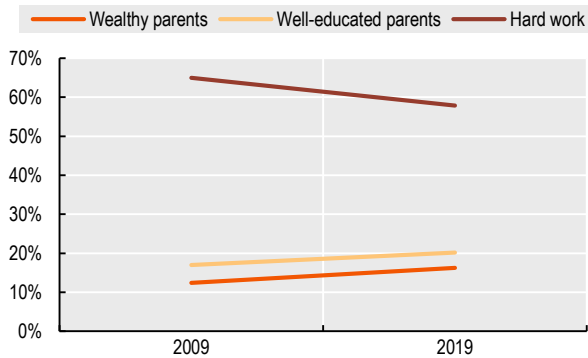


Note: The OECD averages refer to countries available for each indicator. Concern over income disparities is the share that strongly agree (the comparison is similar for those who agree or strongly agree) and refers to 2017, where data are available for more countries (value for Japan is similar to that in 2019). Inequality indicators refer to the latest available year; for perceived importance of hard work and wealthy parents to 2009.

Source: OECD Income Distribution Database; OECD (2018), [A Broken Social Elevator?](#); OECD (2021), [Does Inequality Matter?](#), Chapter 2.

Figure 3. Confidence in equality of opportunity has fallen in the past decade

Share who think that each factor is very important or essential to get ahead in life, Japan



Source: OECD calculations on ISSP 2009, 2019.

How much support is in Japan for inequality reducing policies?

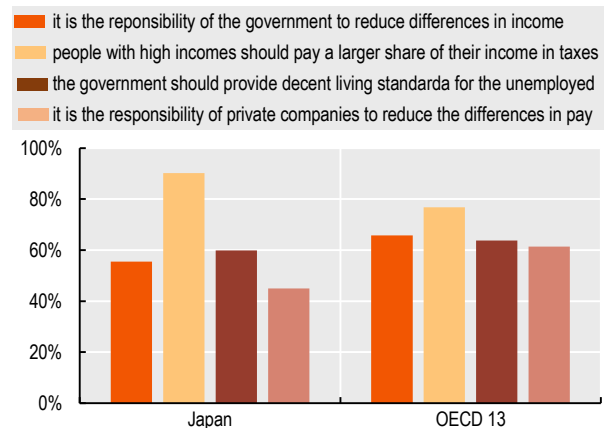
Compared to most other OECD countries, fewer Japanese citizens believe the government is responsible for closing the income gap between rich and poor people (56% as opposed to 66% in the OECD average, with a minimum of slightly more than 50% in New Zealand and Denmark and a maximum around 85% in Italy and Slovenia; **Figure 4**). This is not only explained by the lower level of concern with income differences, but also by a lower share, among those who are concerned, that believe it is the responsibility of the government to reduce the differences (in 2019 it was 66% in Japan vs 80% on the OECD average; the value was even lower in 2017: 59%).

The gap between Japan and the OECD average is even larger when it comes to views on the role of the private sector. Less than half of Japanese citizens believe the private companies are

responsible for reducing pay differences, compared to OECD average of 60%.

Figure 4. Demand for progressive taxation is stronger than on OECD average

Share of population who think that... - 2019



Note: OECD 13 refers to countries available in ISSP 2019 (Australia, Switzerland, Chile, Czech Republic, Germany, Denmark, Finland, United Kingdom, Italy, Norway, New Zealand, Slovenia). The comparison with OECD average was similar in 2009 (for which data are available for 30+ countries).

Source: OECD calculations on ISSP 2019.

Behind a lower level of support for a general government intervention to reduce income difference, however, lies a more heterogeneous level of support for different concrete policies. While the support for government-sponsored assistance to the unemployed is close to the OECD average, there is an ample consensus that individuals with high incomes should pay a more than proportional share of taxes. Such support for progressive taxation has remained stable over the last two decades, with a share of agreement remaining around 90%, while it is below 80% on OECD average.

How can people's perceptions of, and concerns about, inequality inform policy?

Understanding how people form their perceptions and opinions is important for getting citizens and governments on the same page about policies that reduce inequality and promote social mobility. This includes:

Better understanding of public support for reform: Inequality of outcomes and opportunities matter to people, and hence policies should address both aspects. Nonetheless, people may favour specific policy mixes, depending on their beliefs and preferences.

Better understanding of the effectiveness of policies: People favour policies that they believe are effective. It is necessary to evaluate the impact of inequality-reducing policies transparently and facilitate people's understanding of how they function.

Better information on inequality and equality of opportunities: Providing reliable information about inequality can help provide a common ground for public debate and address division and polarisation of public opinion.

Contacts

Any questions? Contact us at: wellbeing@oecd.org

For more information, access the complete report at: <http://oe.cd/does-inequality-matter>