

Focus: A World Shaken by Economic Inequality (Summary)

Essay: Human Globalization and the Domestic Labor Market

Junichi Goto (Professor Emeritus, Kobe University)

Human globalization has been rapidly advancing in recent years against the backdrop of chronic labor shortages in specific industries and occupations as well as declining birthrates and aging populations. However, because the international movement of people is not a flow of “manpower” as a productive resource but rather a flow of “workers” as integral human beings, it encompasses not only the positive effects of domestic economic expansion but also various negative effects such as poor working conditions and fixed inequality. It should not be forgotten that measures to deal with labor shortages are not limited to accepting foreign workers; there are various alternative measures such as improving labor productivity, utilizing domestic workers such as women, the elderly and young people, and relocating goods (importing labor-intensive goods). Foreign workers have hitherto been gradually accepted with no substantive discussion on this issue. However, now that the rate of increase in foreign workers has slowed down amid the coronavirus pandemic, it is time to go back to the starting point and consider the significance of accepting foreign workers as well as effective alternative measures.

1 Income Inequality and Economic Policy in America

Hiroaki Miyamoto (Professor, Tokyo Metropolitan University)

Income inequality has continued to widen in the United States over the past 40 years. While the income of the rich is increasing in proportion to total personal income, the income share of low- and middle-income earners is declining, widening the gap between the rich and poor. The coronavirus pandemic has exacerbated this gap. While the poor face a deteriorating employment environment, the rich have benefited from higher stock prices, greatly increasing the value of their assets. Widespread economic disparities have shaken social cohesion and deepened political divisions. The Biden administration stresses that it will eliminate social divisions and reunite the United States, but it will not be easy to repair or eliminate these divisions. This paper surveys the current state of income inequality, which is a major cause of the social divide in the United States, examines its causes, and discusses economic policies necessary to eliminate income inequality. In addition to expanding income redistribution policies and reexamining the tax system, this report points out the importance of “predistribution” policies such as investment in education and labor policies to narrow the gap.

2 Interregional Migration and Economic Disparities in China

Yan Shanping (Professor, Graduate School of Global Studies, Doshisha University)

China’s rapid economic growth over the past 40 years has prompted changes in employment structures as well as urbanization along the same trajectories as Japan. This is due to the migration of labor from the low-productivity agricultural sector and the outflow of population from low-income rural areas. The rapid growth of the national economy has been achieved by the relocation of labor resources, while the economic gap between regions and rural-urban sectors has also been shrinking with the changes in the labor market. Using published data from the State Statistical Bureau of

China, this paper first surveys the migration of labor between industries and the migration of people between rural and urban areas, and then analyzes the scale of inter-provincial migration and the concentration of migration in 31 provinces, autonomous regions, and directly-controlled municipalities (hereinafter collectively termed “provinces, etc.”) nationwide, and further clarifies that the shift from absolute surplus to relative shortage of labor force has caused the rapid increase of wage level, and at the same time, the economic gap among the provinces, and between rural-urban sectors tend to narrow. The paper concludes with an outlook on the future of labor mobility and economic disparities.

3 Disparities Problem in Japan and Korea in the Post-industrial Era

Shin Arita (Professor, Institute of Social Science, The University of Tokyo)

Various socioeconomic disparities have emerged as social problems in Japan and Korea due in part to the post-industrialization and globalization of recent years. This paper discusses these disparities, focusing mainly on the disparities in intergenerational social mobility opportunities and job availability, while also noting the effects of institutional conditions in each country. The results of the latest social stratification studies show no clear downward trend in pure intergenerational social mobility opportunities in either country, but the actual social mobility opportunities experienced by people have declined significantly, especially in Korea, due to the end of industrialization. On the other hand, the disparities in job availability manifest themselves as a serious problem in the difficulties young people have in finding work because of institutional conditions in Korea. The employment challenges faced by young people in Japan are not as serious as those confronting their Korean counterparts, because the cultivation of vocational skills in new graduates is largely entrusted to companies. Establishing a suitable system for cultivating vocational abilities in line with technological changes in the whole society is expected to become an important issue for both countries in the future.

4 Technological Innovation, Economic Globalization, and Income Inequality: A Study of Regular and Non-Regular Employment in Japan

Hitoshi Sato (Director-General, Research Operations Department, IDE-JETRO)

The structure of regular and non-regular employment has become firmly established in Japan's labor market, as it continues to rely on long-term employment based on the successful experience of the period of high economic growth, while increasing liquidity in some areas in response to various environmental changes. Recent years have seen the emergence of remarkable changes in work styles, like freelancers and gig workers, which share many similarities with non-regular employed against a backdrop of advances in information and communication technology. These changes have led to a diversification of working styles, but at the same time they have created more serious disparities in income, employment stability, social safety nets, education and training. The COVID-19 pandemic highlighted these disparities. To fully enjoy the benefits of further advances in digital technology and economic globalization expected in future, labor mobility and skills retraining are important. But both are lacking in Japan's labor market bifurcated between regular and non-regular employment. If technological innovation and globalization continue to advance under the current conditions, the gap between regular and non-regular employment could widen. The scope of vocational education provided to employees by companies will be further limited. Public assistance will therefore become even more important.

5 Impact of the Pandemic on Asia and the Challenges of Japan's Foreign Labor Policy

Yasushi Iguchi (Professor, School of Economics, Kwansai Gakuin University)

Since the latter half of the 1990s, the Japanese economy has seen a gradual increase in the number of foreign workers as wages stagnate under deflation and the shift toward non-regular employment continues. Since the mid-2010s, the number of foreign workers has rapidly increased by almost 200,000 a year due to a rebound in economic growth and a decline in the working-age population. Then, in February 2020, the coronavirus pandemic hit. The movement of people across national borders was brought to a virtual stop. Over the past year and a half, the movement of international labor has been halted, and the maintenance of supply chains in Asia has been adversely affected. Moves towards gradual resumption of international movement of people are gaining momentum. However, in April 2019, before the outbreak of COVID-19, the focus of Japan's foreign labor policy shifted toward short-term measures to counter labor shortages, and there has been no substantial improvement in the development of foreign human resources, their acquisition of Japanese language skills, or the securing of human resources in local labor markets. The following paper empirically examines short-term as well as medium- to long-term trends in foreign workers by skill level and region from the perspective of securing the human resources necessary for maintaining society in light of the situation in Asia and trends in technological innovation, and discusses scenarios for reforming foreign labor policies and resuming the movement of people after the pandemic.