

# Hysteresis and Sluggish Growth in Wages and Prices: The Case Study of Japan

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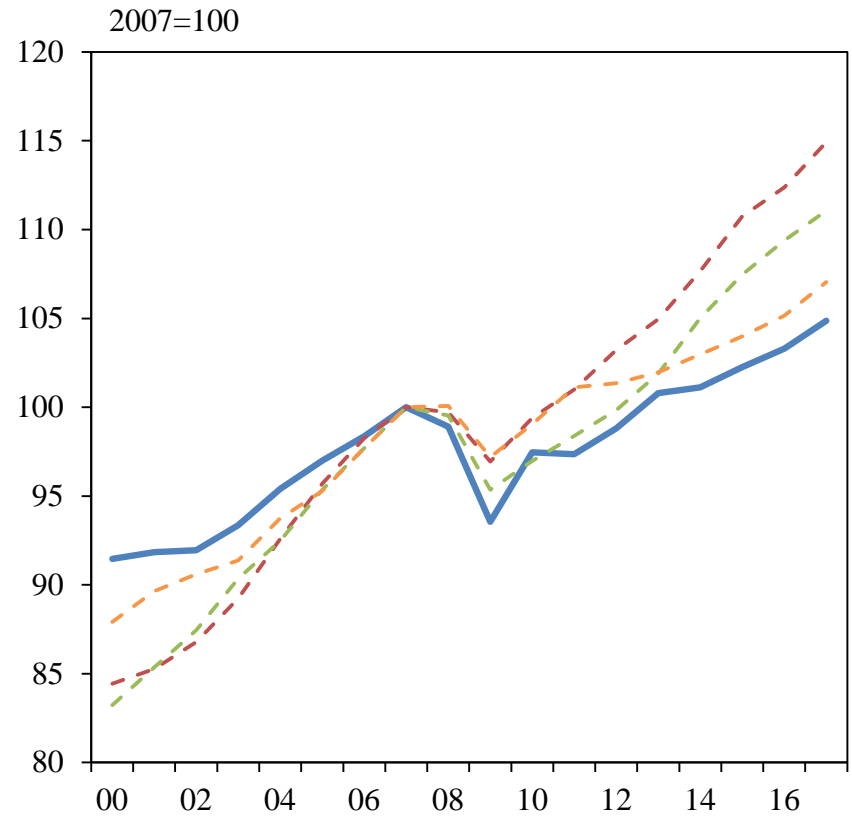
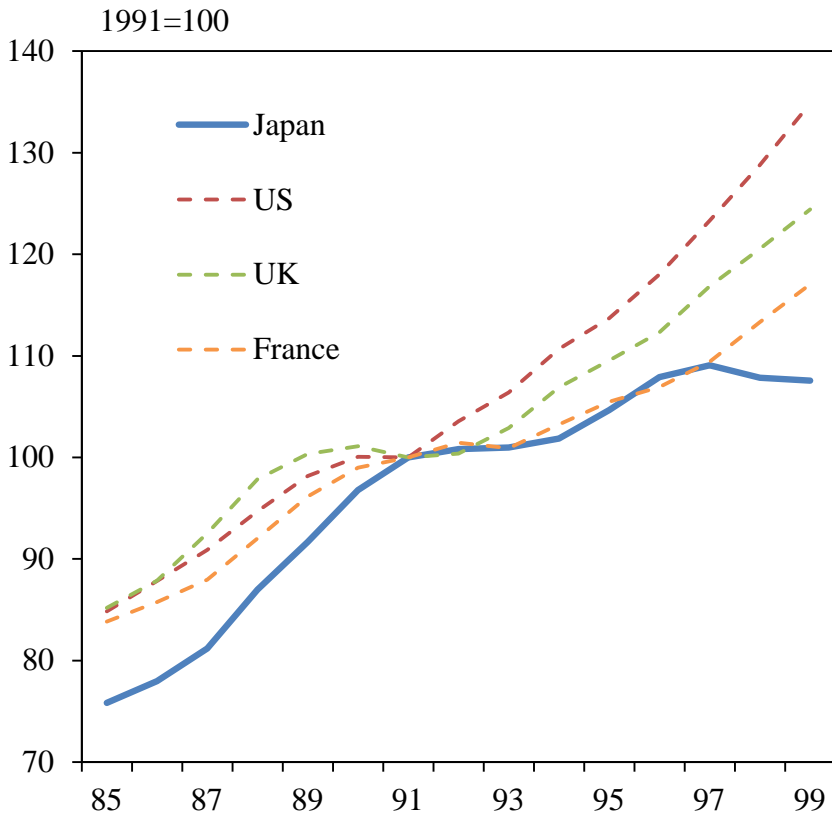
Masahiko Kataoka

*Director, Secretariat of the Policy Board*

# Real GDP Growth

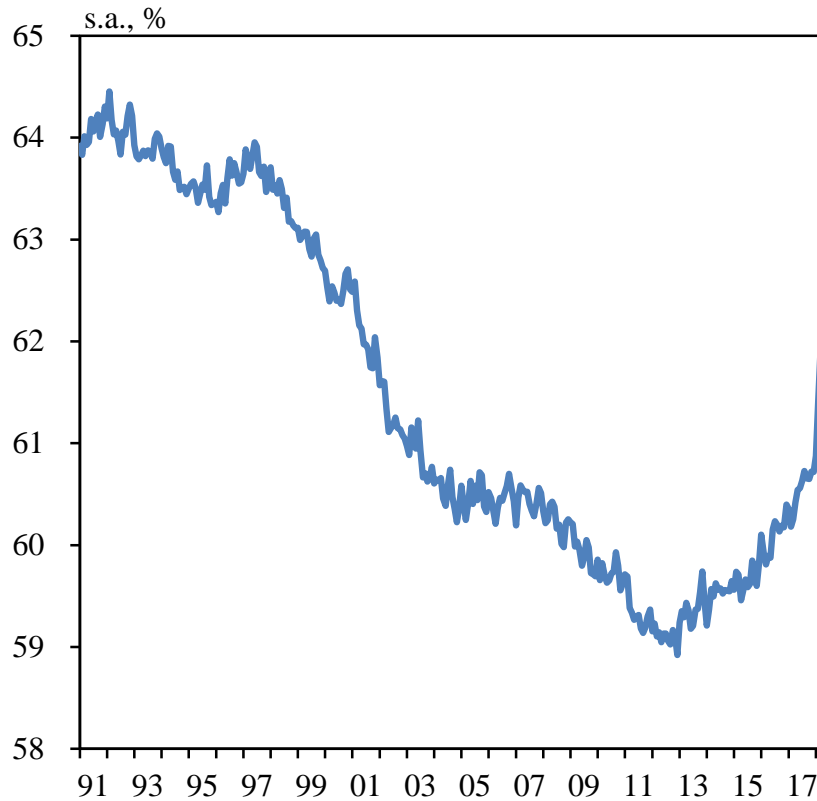
1985-1999

2000-2017

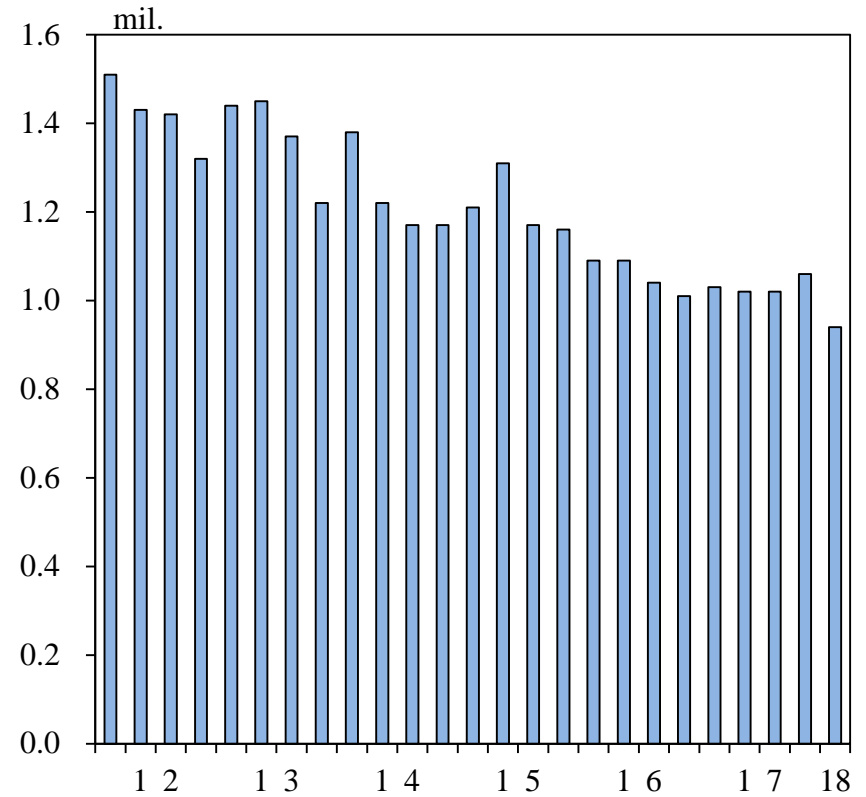


# Labor Force Participation Rate

Labor Force Participation Rate



Discouraged Workers

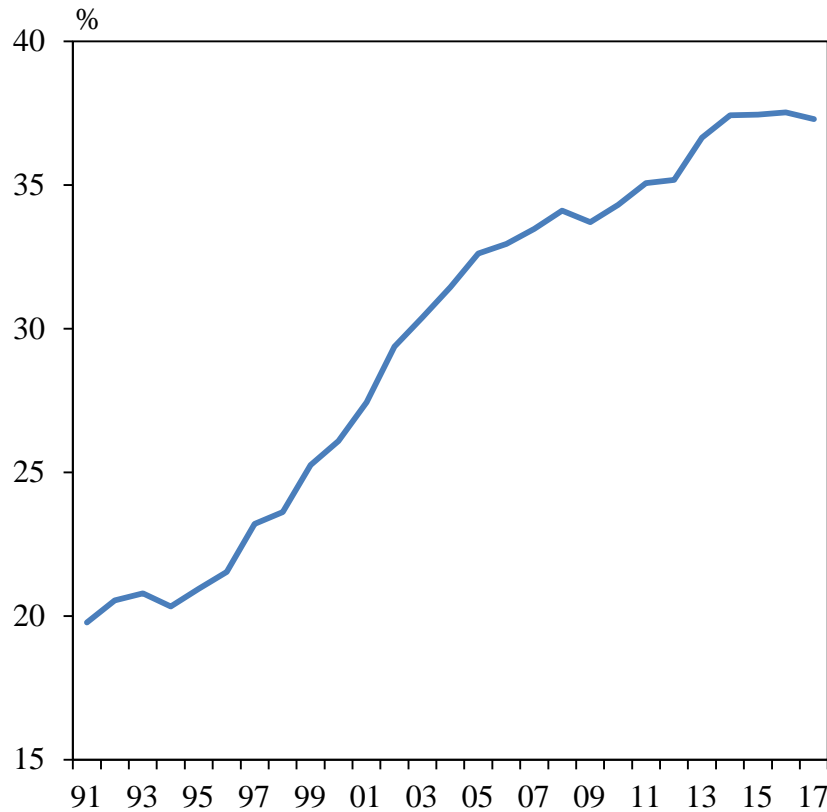


Note: Discouraged workers are people who are not seeking employment because they feel that they have no prospect of finding a suitable job.

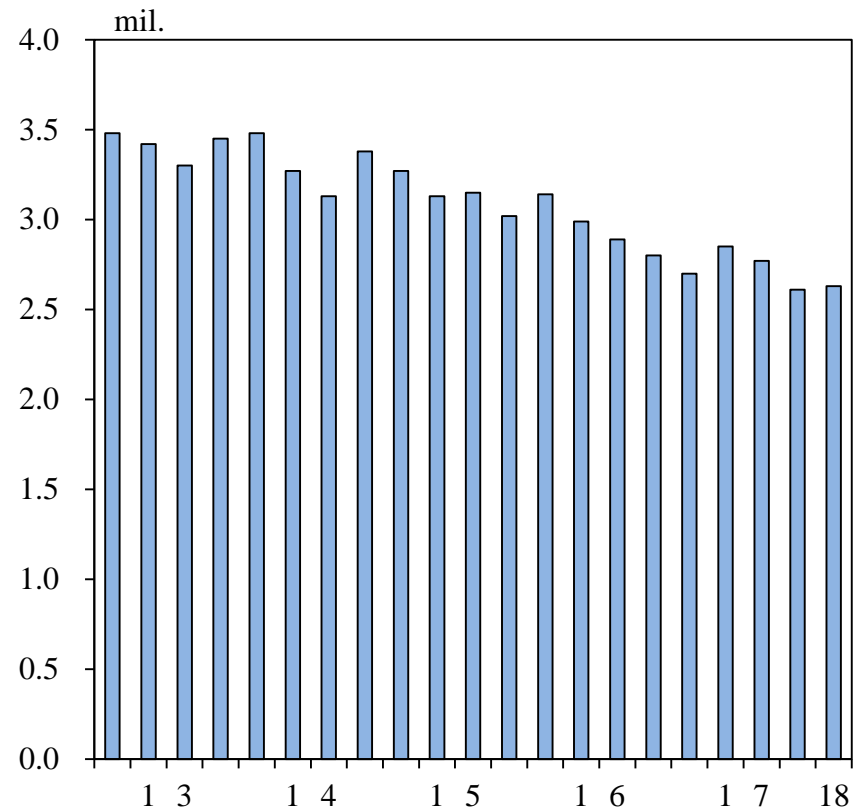
Source: Ministry of Health, Labour and Welfare.

# Non-Regular Employment

## Non-Regular Employment Ratio<sup>1</sup>



## Non-Regular Employment due to Economic Reasons<sup>2</sup>



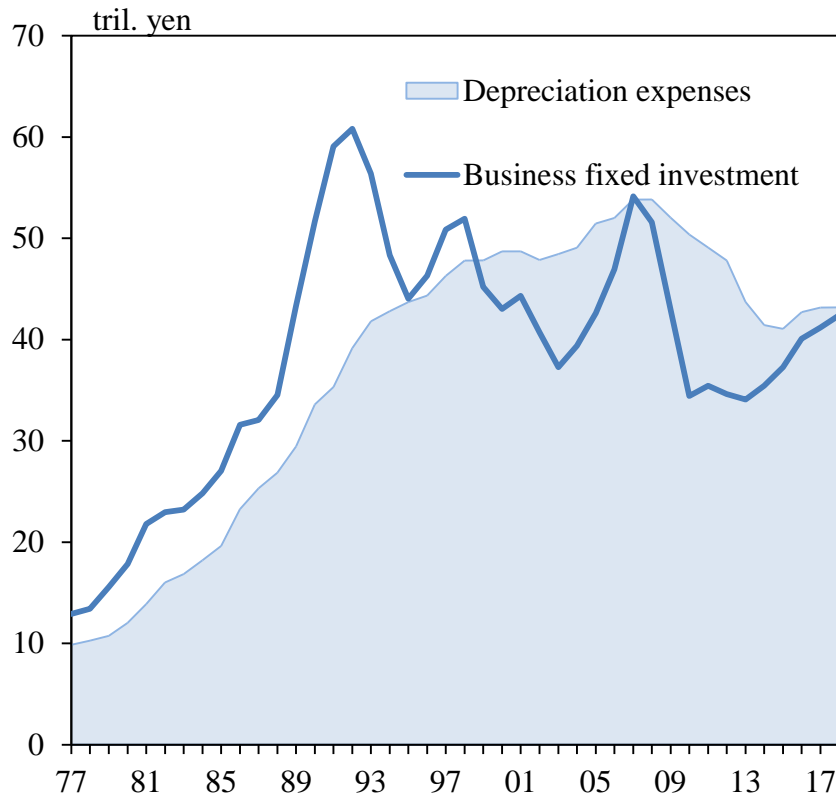
Notes: 1. The ratio of non-regular employment to total employment excluding executives of a company or corporation.

2. The number of those who work as non-regular employees due to the absence of firms that will employ them as regular employees.

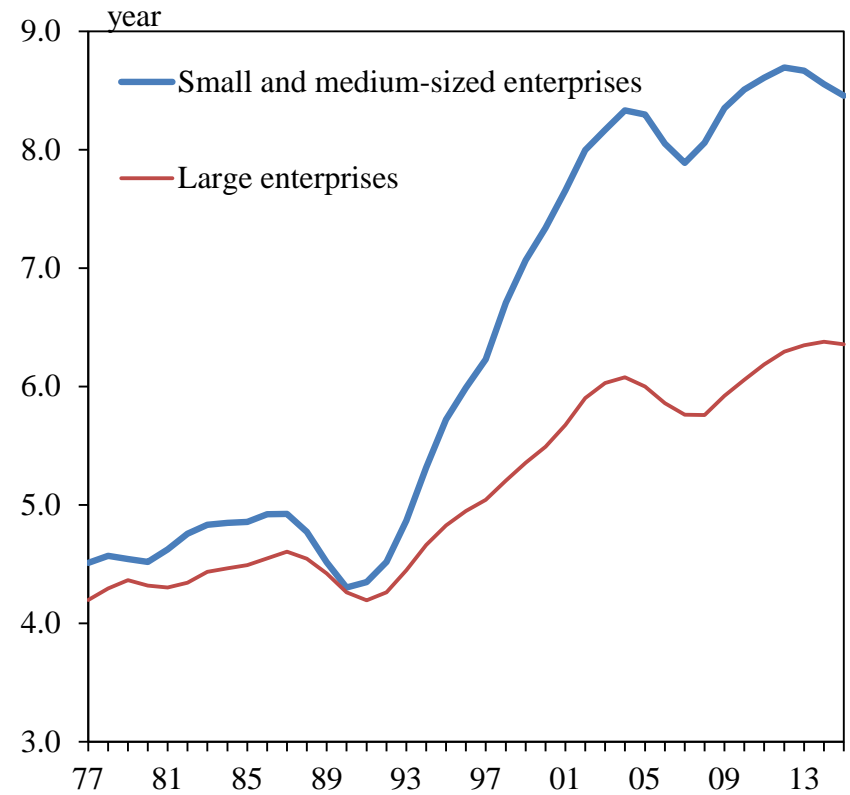
Source: Ministry of Health, Labour and Welfare.

# Business Fixed Investment

Business Fixed Investment

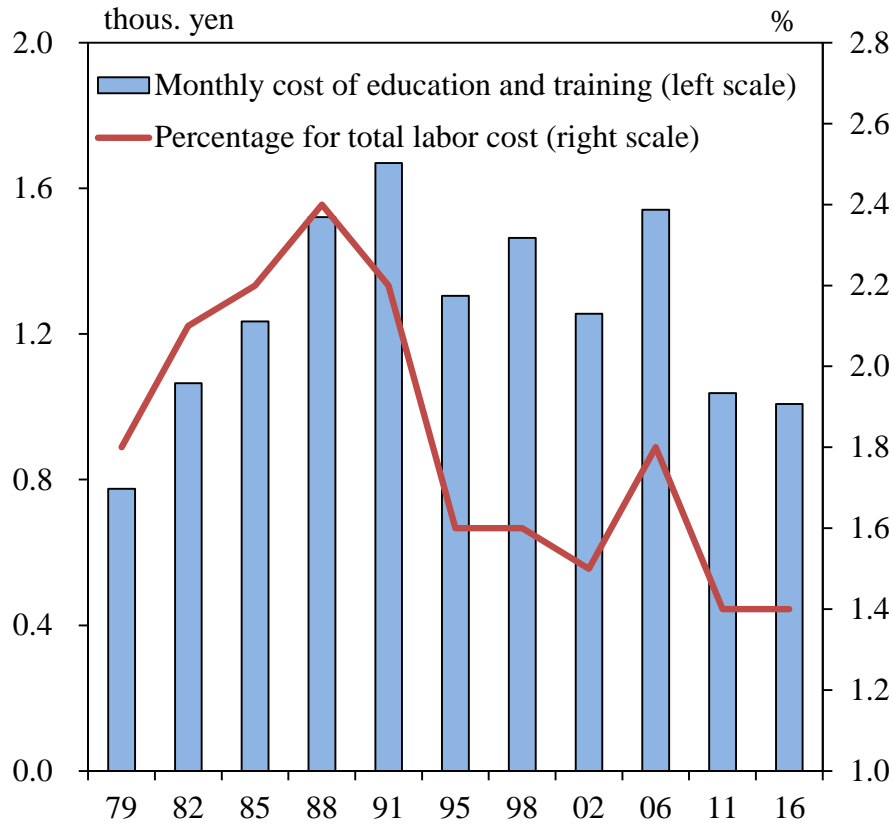


Vintage Year

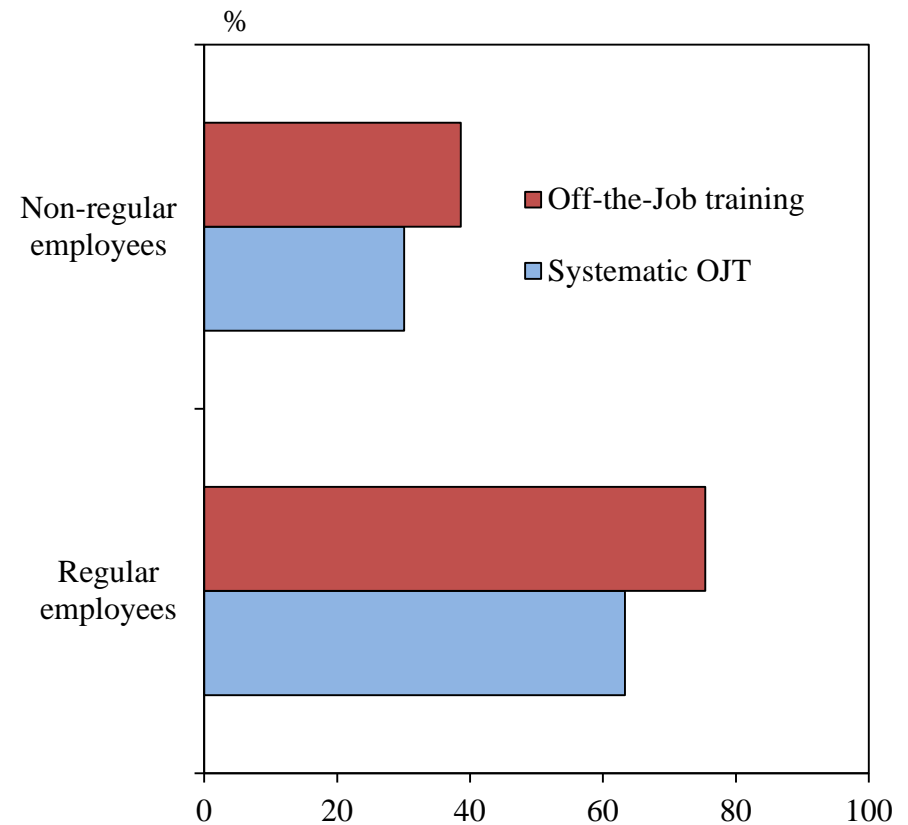


# Education and Training

## Cost of Education and Training

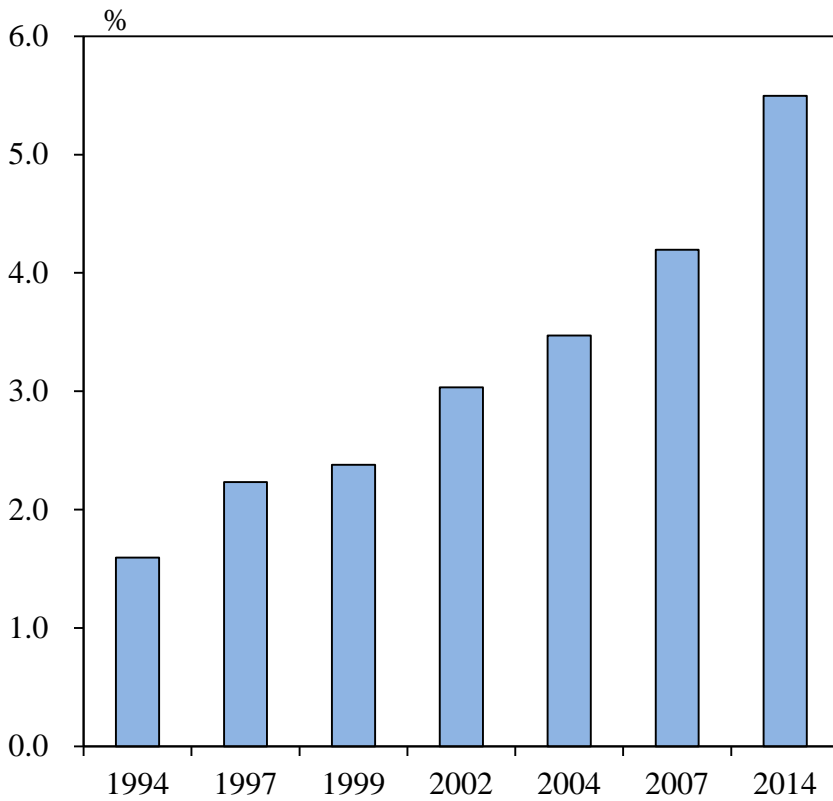


## Implementation of Job Training

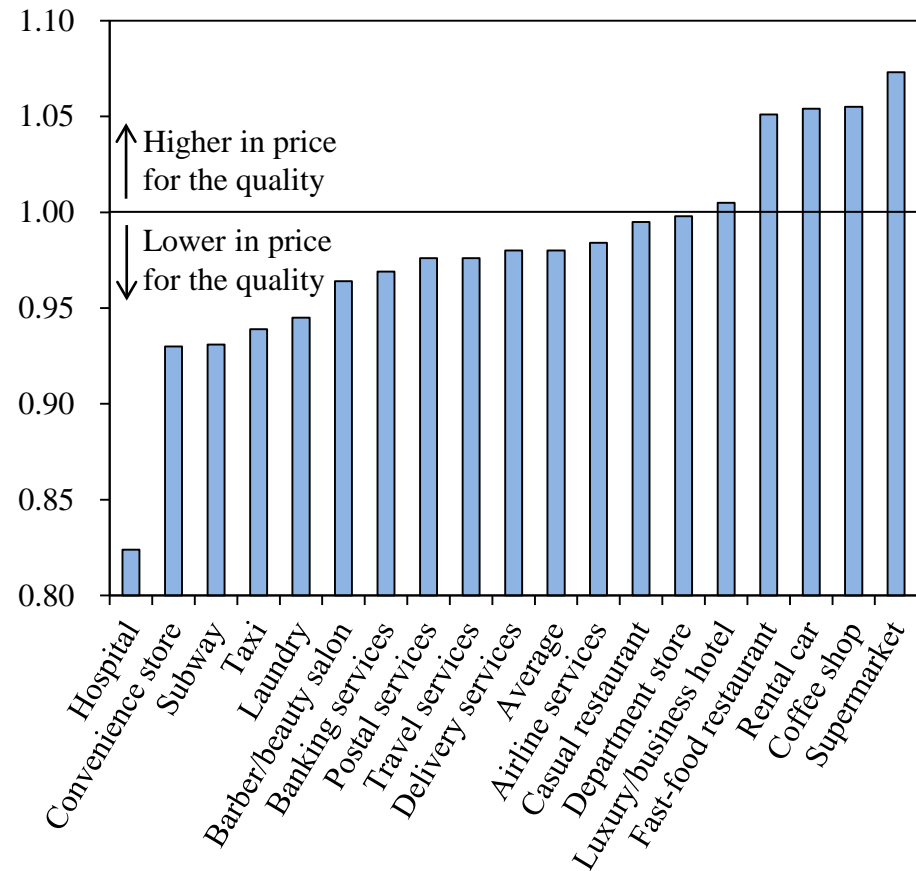


# Extravagant Services

Proportion of 24-hour Stores



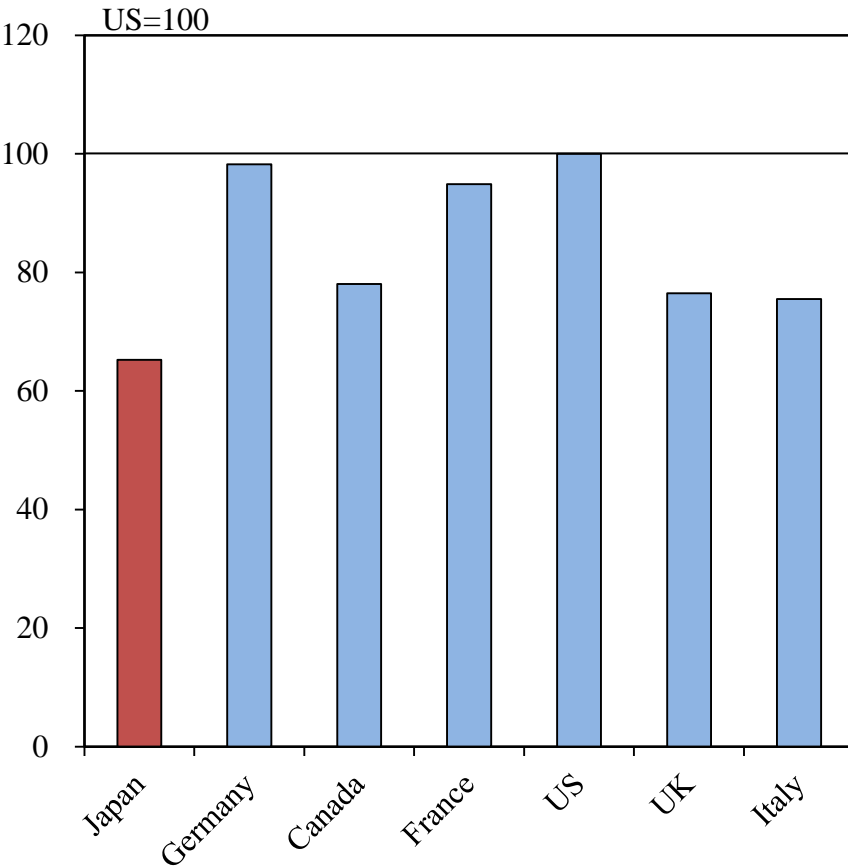
Services in Japan Higher/Lower in Price for the Quality (Comparison with the U.S.)



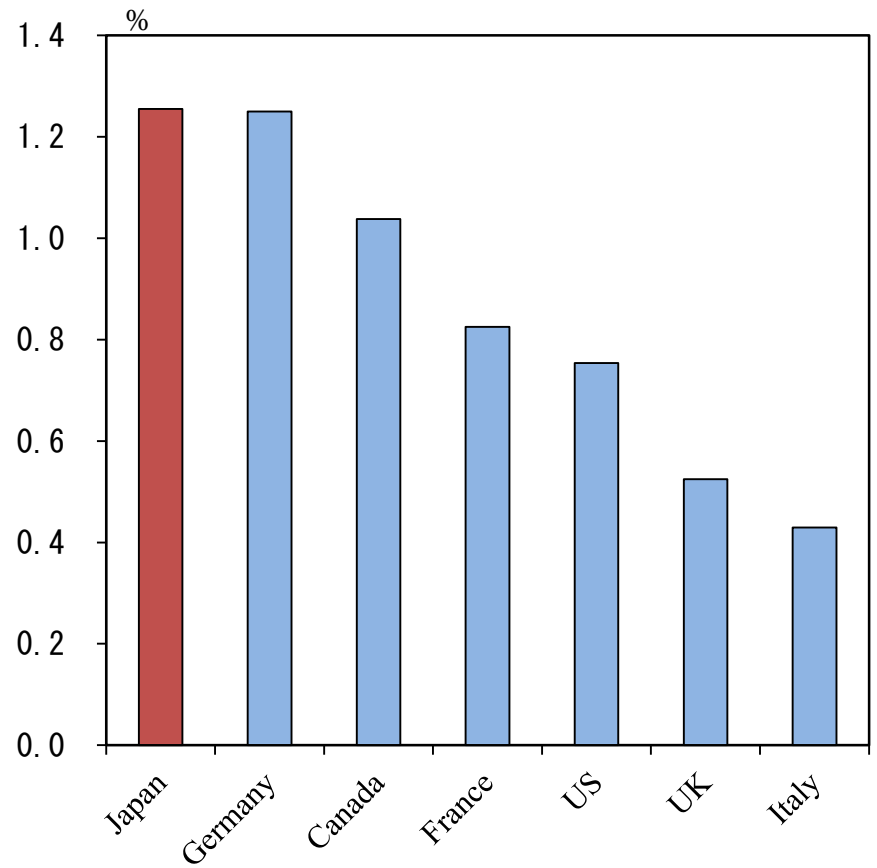
Sources: Ministry of Economy, Trade and Industry; Japan Productivity Center.

# Labor Productivity per Hour Worked

Labor Productivity in 2017



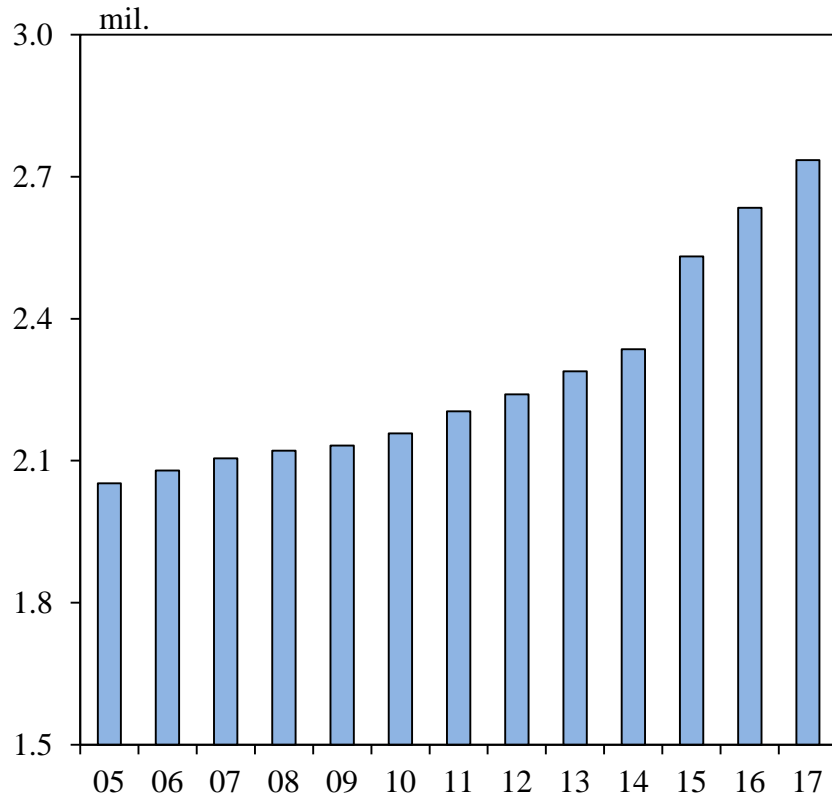
Productivity Growth (2010-2017)



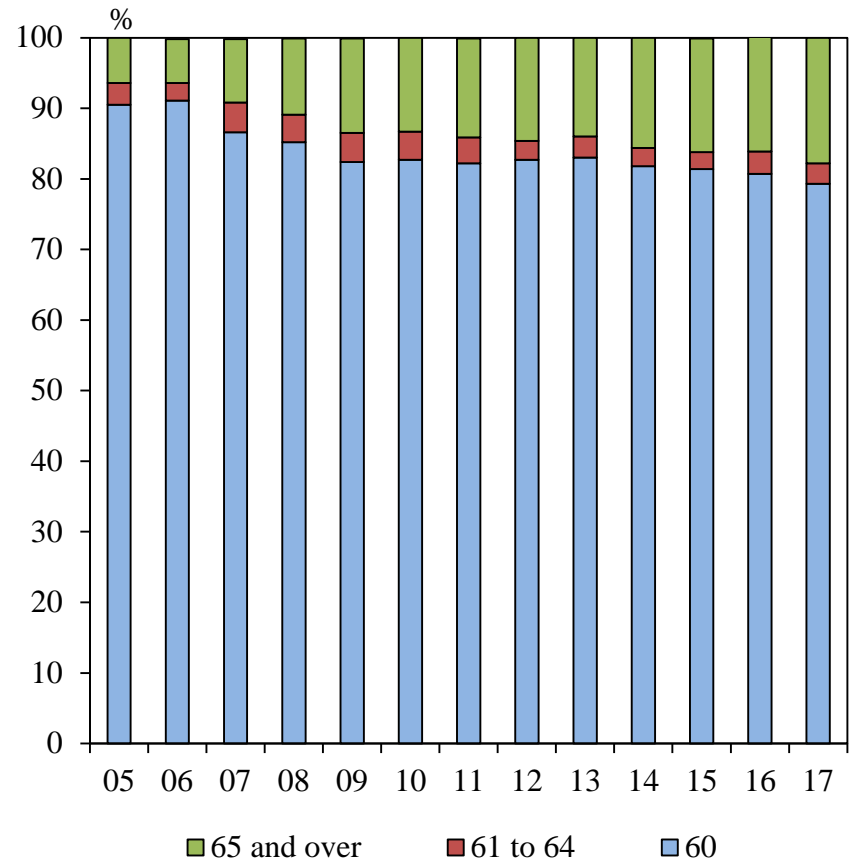


# Women and Elderly Labor Force Participation

## Capacity in Nursery Schools



## Mandatory Retirement Age



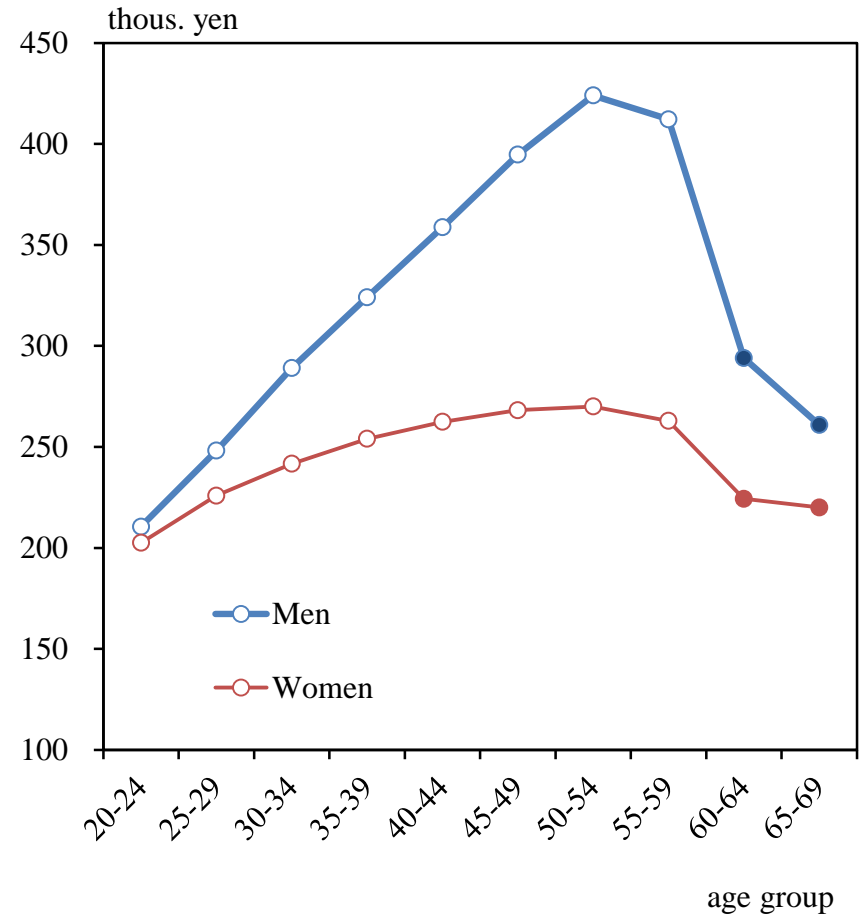
# Employment and Wage Structure

## Share and Number of Employees

10 thous.

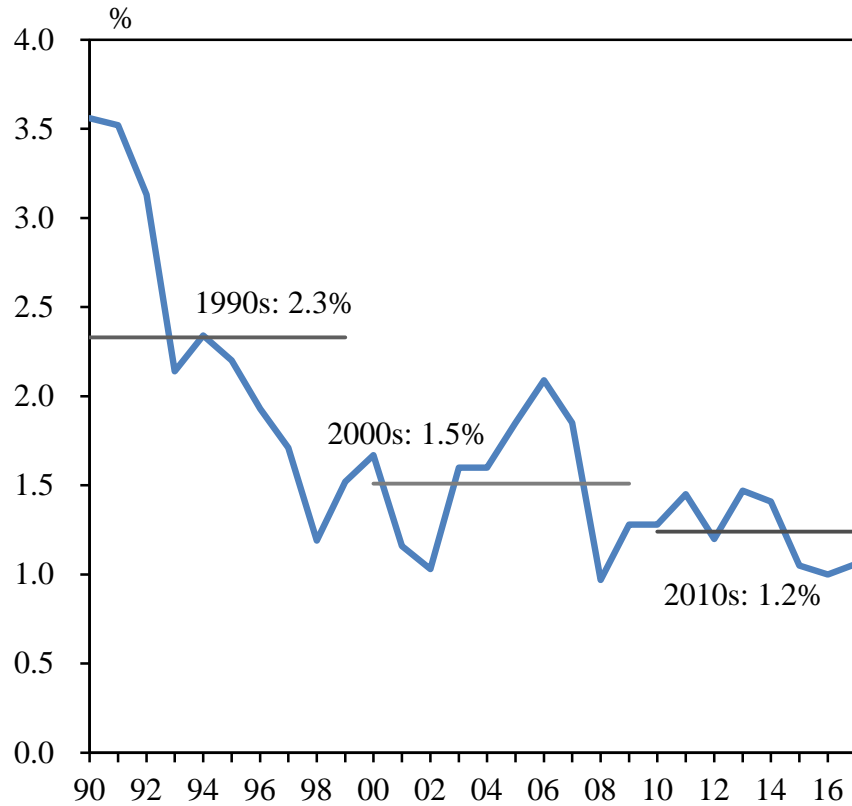
		2007	2017	Difference
Men	Under 60	48.7% (3,133)	44.1% (2,881)	-4.6%p (-252)
	60 and over	9.8% (628)	12.1% (790)	+2.3%p (+162)
Women	Under 60	35.6% (2,288)	35.6% (2,322)	+0.0%p (+34)
	60 and over	5.9% (378)	8.2% (538)	+2.4%p (+104)

## Wage Structure

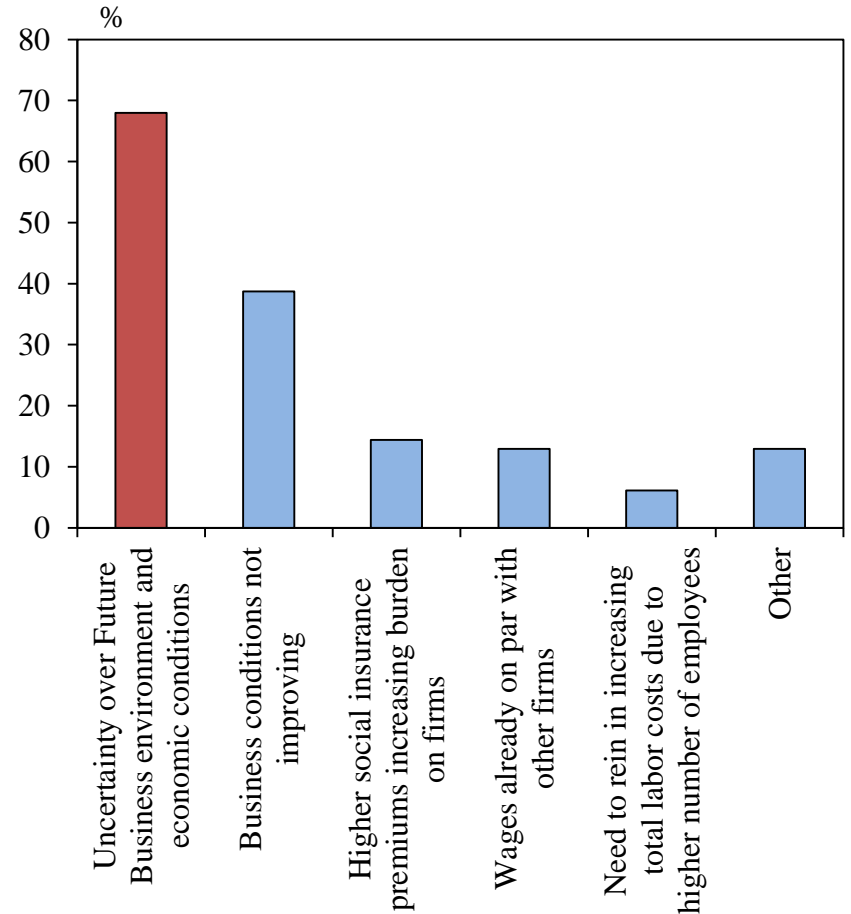


# Business Confidence and Wage Increase

## Firms' Forecast on the Real Growth Rate for the Next 5 Years

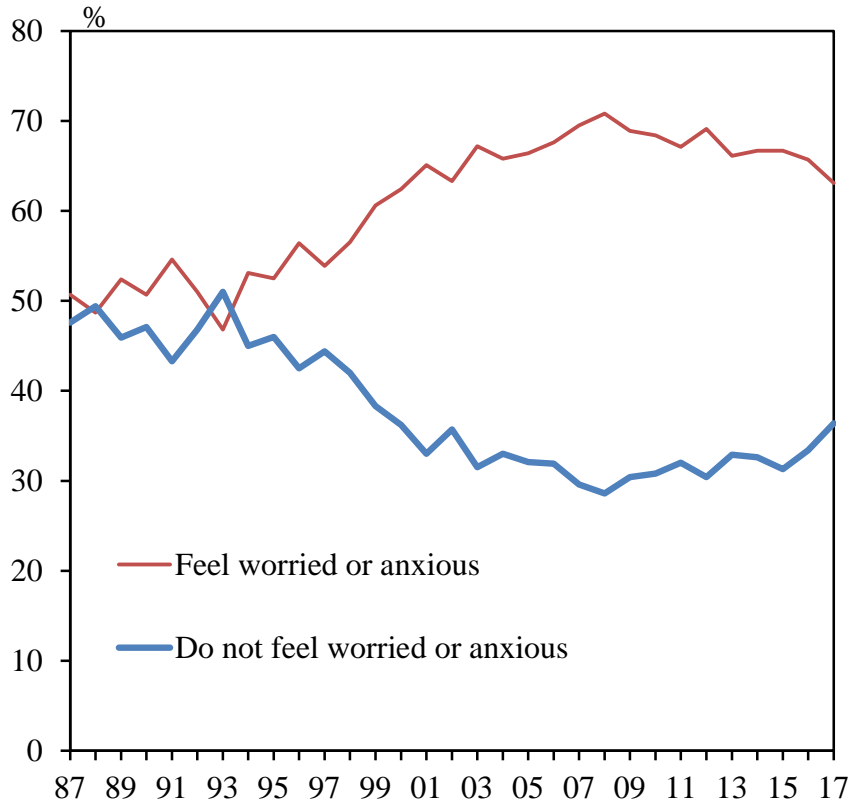


## Reasons Firms Are Passing Over/ Undecided on Wage Increases

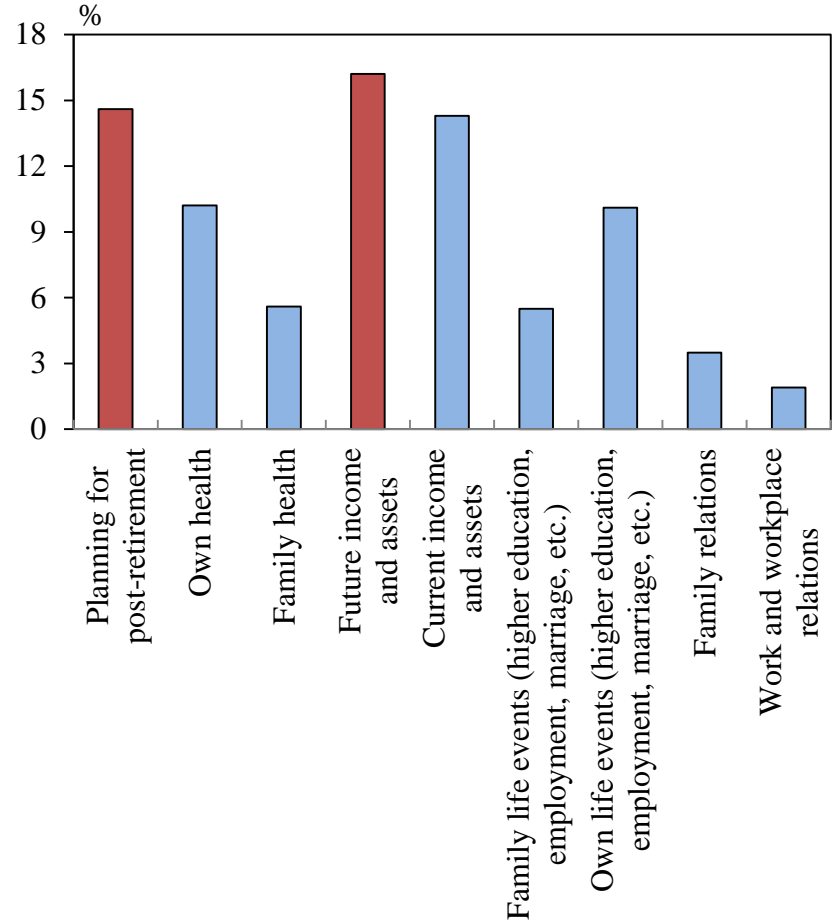


# Anxiety of Households

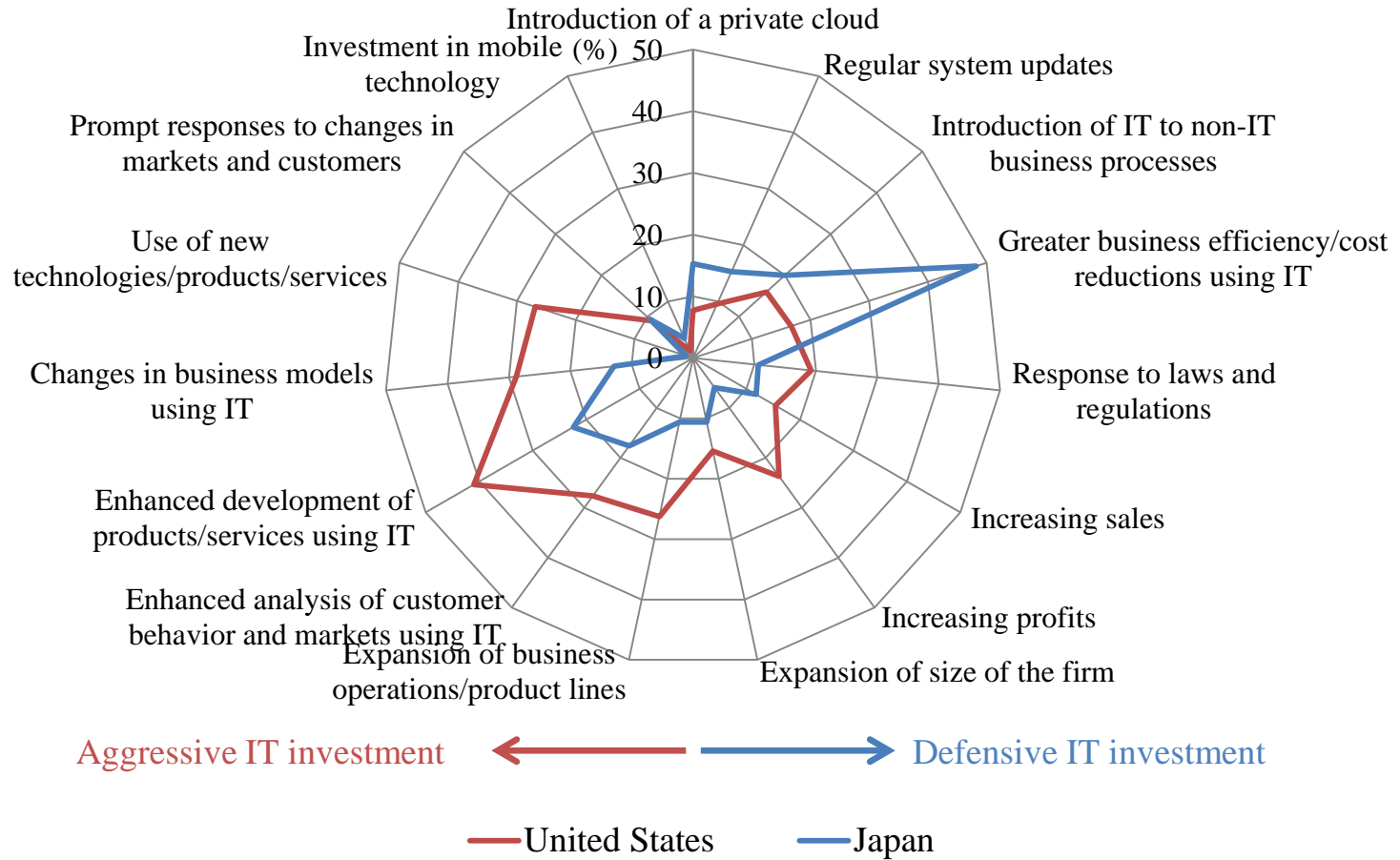
## Worries or Anxieties in Everyday Life



## Causes of Worries or Anxieties (Changes between 1992 and 2017)



# Purpose of Increasing IT Budgets

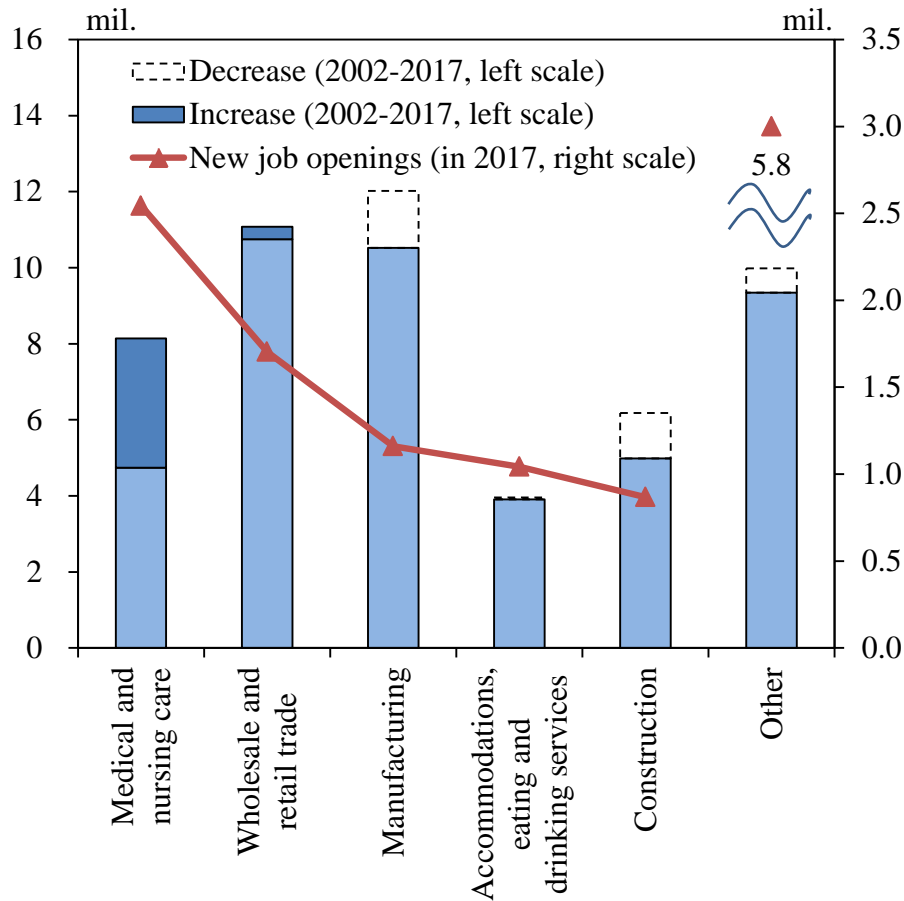


Note: 85 Japanese firms and 156 U.S. firms answered to the questionnaire. Figures in the chart indicate the proportion of firms that selected each choice. Since this was a multiple-choice questionnaire, the sum of figures exceeds 100%.

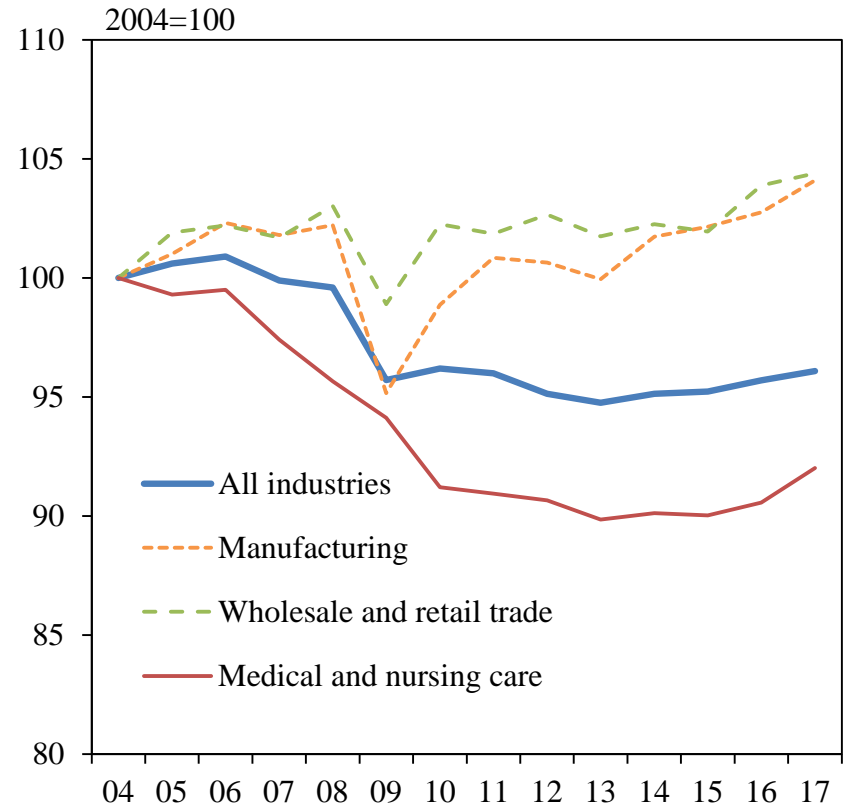
Source: JEITA.

# Demand for Labor and Wages

## Change in Number of Employees and New Job Openings



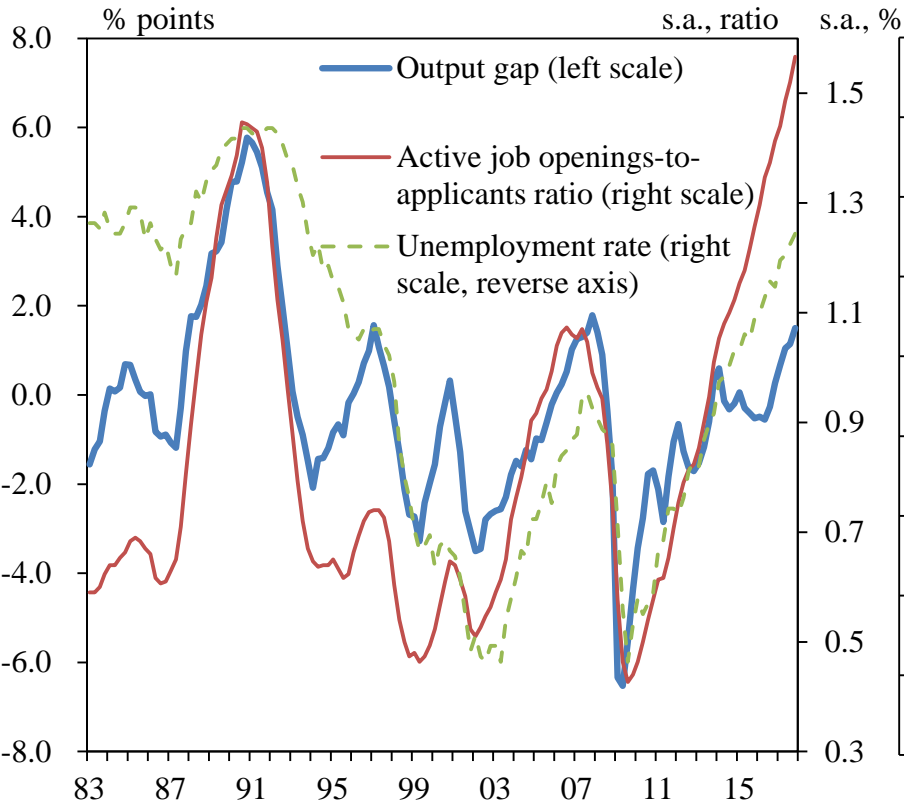
## Change in Wages



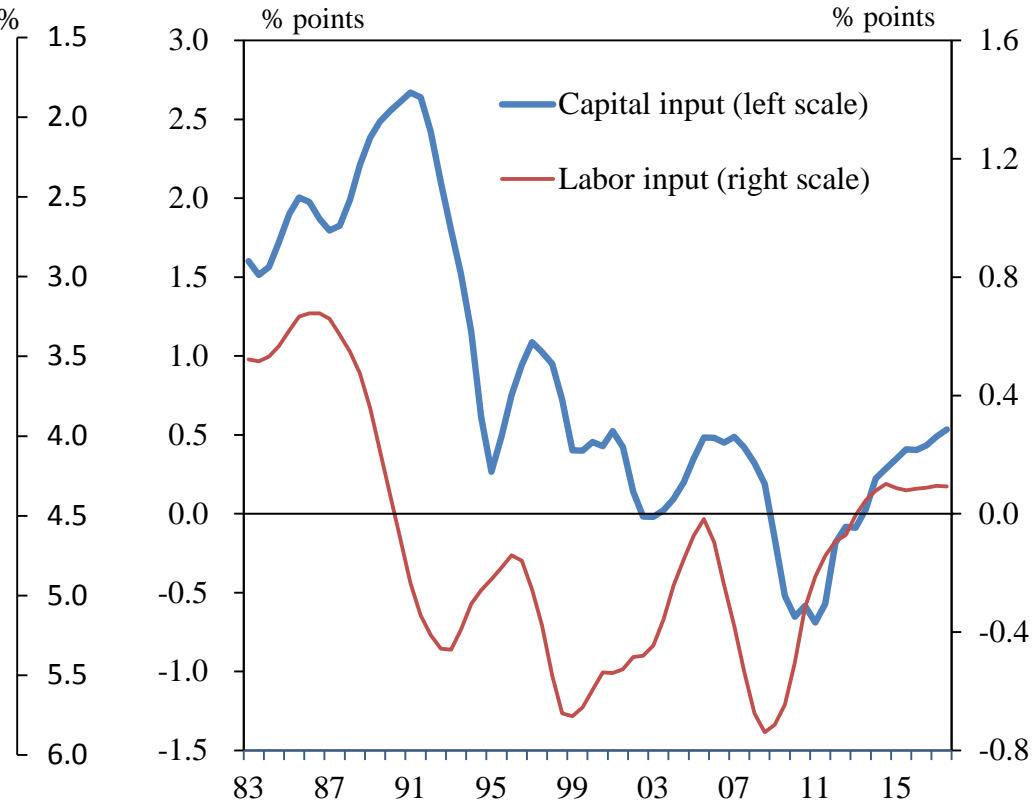
Source: Ministry of Health, Labour and Welfare.

# Output Gap and Changes in Supply Capacity

## Output Gap and Labor Market Tightness

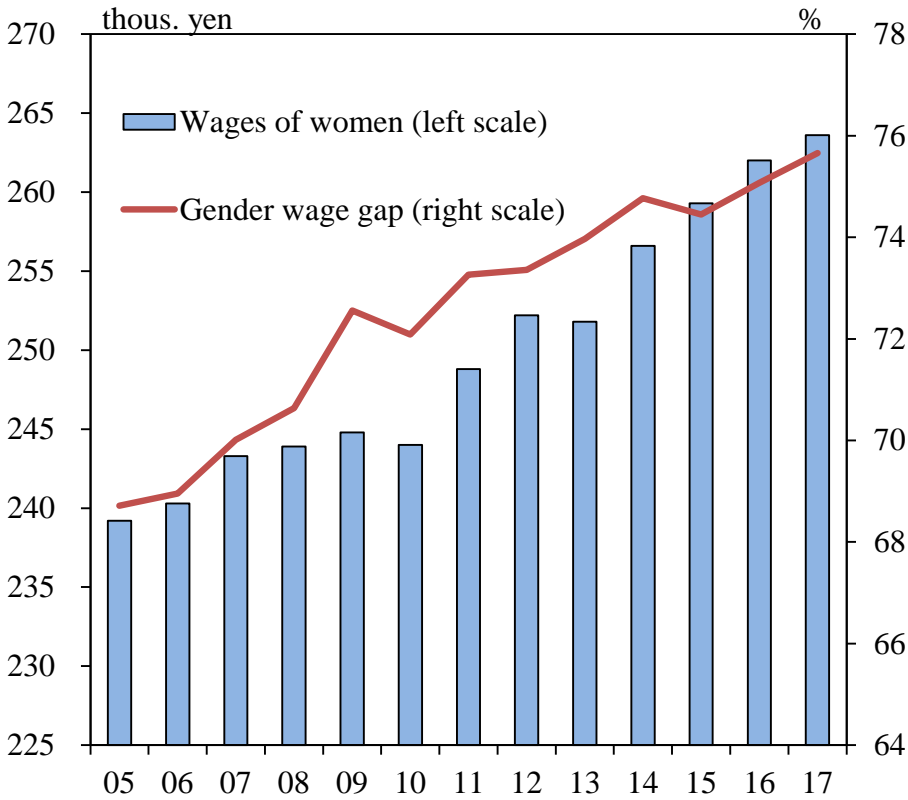


## Capital and Labor Input Growth (Contribution to the Potential Output)



# Structural Reform

## Wage Gap



## Foreign Visitors and Workers

