

Preface

There is concern being voiced in Japan about the mounting inequality of income distribution. It is about what equality, or rather *inequality*, engenders. In particular, it is alleged that the high inequality of income has led to loss of equal opportunity. The purpose of this book is to scope out the truths behind these worries. It is also an attempt at various policy recommendations that might restore equity and economic efficiency.

Some seven years ago I published a small nonacademic book in Japanese that had similar aims. The book was well received by readers and the media. It encouraged economists and the larger public to debate the issue of high inequality in Japan. My hope for this English-language edition is to bring the debate to the outside world because high inequality of income has become a global issue as well.

This English-language edition, however, is more than a translation from the Japanese edition. It is an entirely new edition, rewritten from beginning to end. I have several reasons for enlarging the English-language edition:

First is the position of Japan in the world. Internationally Japan is at once a highly industrialized country and a relative late player. It is an Asian country whose culture differs from that of the West but a democratic country despite its traditional society, which is much as it was before the war. These and other features of Japan provide us with unique base for international comparisons.

Second is the academic orientation of the book. Unlike the Japanese edition, a large number of relevant scholarly works are noted to support the discussions. Besides this literature in economics, the literature in ethics, philosophy, political science, and sociology is included where appropriate to the understanding of inequality.

Third is the demand, in this more academic English edition, for rigorous distinctions to be made between equality of opportunity and equality of outcome, between equality of opportunity in education and equality of opportunity in occupational attainment within the hierarchies in organizations, between welfare states and nonwelfare states, and between income distribution and economic growth. To these are added discussions on the importance of native ability, and the cubic hypothesis concept is introduced to illustrate the movement of high income inequalities.

Fourth is the allowance for changes occurring in Japan in the interval of years since the publication of the Japanese edition. The criticisms and debates on income inequalities have led to developments that had to be included in the English-language edition.

Japan today is at a crossroad. Japan's period of economic prosperity has come to an end, and there is a need to revitalize the economy and halt the drift toward higher inequality. Some specialists have argued that the rising inequality is unavoidable and is due to a cycle that will help Japan regain its economic strength. I do not subscribe to this view, as will be clear from the points I make in this book. I leave it to readers to judge whether or not I am right.