

Grant-in-Aid for Specially Promoted Research

Structure and change of broader inequality since the COVID-19 crisis: Economics research based on household panel data



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Purpose and Background of the Research

● Outline of the Research

This project aims to conduct a new academic study using the global economic crisis caused by COVID-19 as a natural experiment to provide insights into the structure of inequality in the Japanese economy and its medium- to long-term evolution. In this project, we consider a broader concept of inequality, not only in monetary terms, but also in non-monetary terms. This includes well-being, including health and work-life balance and resilience to various shocks, including flexible workstyle and social capital. We construct internationally comparable representative household panel data as a common infrastructure and conduct empirical research in various subfields of applied economics. Based on the foregoing, we will examine how the COVID-19 crisis exacerbated broader inequalities over the medium- to long-term and how factors that influence these inequalities, such as the development of new technology, declining birthrate, aging population, workstyle reforms, tax and fiscal systems, and social policy will vary over the medium- to long-term.

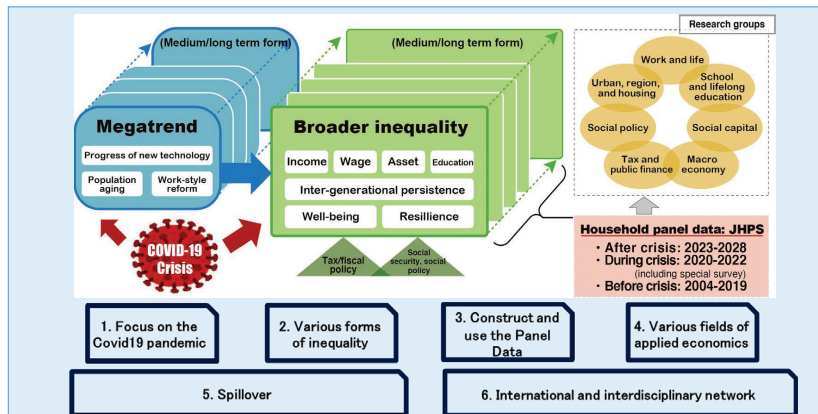


Figure 1. The impact of the Covid-19 pandemic on economic inequality in the background of mega-trend

● Various forms of inequality

We deal with the broader inequalities presented in Figure 2: monetary/non-monetary inequality and inequality of outcome/opportunity. Accordingly, the COVID-19 crisis may have triggered a long-term shift in the structure of inequality and its influence on the economy by accelerating megatrends, such as population aging and labor market polarization.

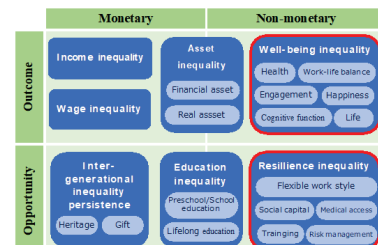


Figure 2. a broader concept of inequality

● Construct and Use Panel Data

Panel data are data obtained by following the same economic agents over a long period. To examine the long-term shift in the structure of inequality after the COVID-19 crisis and its influence on the economy, it is essential to use panel data that follow households over time based on survey items linked to academic research questions. The advantage of JHPS and its COVID-19 special survey is that it not only collect a variety of internationally comparable information on households before and after the crisis but also on well-being, such as health, happiness, satisfaction, and values, which are necessary to survey in real-time. The panel data will be made available to researchers in general.

Expected Research Achievements

This project sets the following academic questions:

- Does the COVID-19 crisis have a medium- to long-term impact on the behavior of economic agents, and could it be a historical turning point to induce major structural changes?
- Has the COVID-19 crisis exacerbated inequalities not only in monetary aspects such as income, assets, and education, but also in non-monetary aspects such as resilience (e.g., workstyle, social capital, and crisis management) and well-being (e.g., health, work-life balance, and housing quality) in the medium- to long-term?
- Did the COVID-19 crisis accelerate megatrends that widen inequalities, such as the development of new technologies, the declining birthrate, and the aging population?

For the above research purposes, this study will involve researchers from various subfields of applied macroeconomics and microeconomics and will comprise seven research groups: labor economics, education economics, macroeconomics, urban economics, tax and finance, social capital, and social policy. Each group will conduct empirical analyses from their respective fields of expertise, focusing on the shift in the structure of inequality under the COVID-19 crisis and resilience to various shocks.

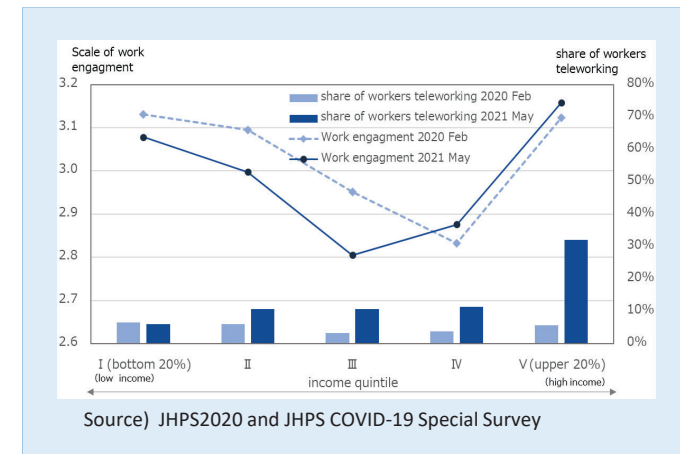


Figure 3. Inequalities of resilience and well-being

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