

Report on japan base wages rise for first time in nearly two years and how it is ...

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EFFECT OF JAPAN WAGE INCREMENT Japan is the third largest economy in the world. Being one of the superpower nations, one would expect that the wages offered in Japan are exceptional. This has, however, not been the case for the past decade until recently when Japan's Prime minister requested an increase in wages by manufacturing and exporting companies in Japan (Tabuchi 1).

The request to increase wages is a strategy to boost the economy. Japan has one of the largest informal worker populations in the world. Increasing these workers wages would mean an increase in overall labor productivity. There has not been any official overall increase in wages since the late 90's. This means that the economy of Japan has been facing a downhill trend for almost fifteen years. Companies like Toyota and Panasonic were on board with the idea with Toyota promising a point eight increase in overall salary which has had no change since 2008 (Tabuchi 1).

The GDP of Japan has had an increase rate of about one percent per annum, which is a very slow rate for a third best economy state. The move to raise the wages will have an impact overall spending nature of workers, the more the workers have to spend the faster the economy grows. Increase in wages will give a reason for consumers to spend as opposed to the earlier trend where consumers had no need to spend. The increase is a strategy to encourage consumers to let go and spend a little more than they have been in the past. Spending more will eventually lead to an increase in the Nikkei stocks exchange domination.

Work Cited.

Hiroko Tabuchi. For The First Time in Years, a Raise for Many Japanese Workers. New York Times. 2014. Web March 30 2014 .