

## **Abstract**

As issues on poverty attract public attention in Japan, raising minimum wage is seriously discussed as a viable policy option to alleviate poverty. This paper examines whether minimum wage is well targeted anti-poverty policy through the examination of background of minimum wage workers and whether raising minimum wage has negative side effect through the reduction of employment of unskilled workers. The analysis based on micro data of large-scale government household survey, Employment Structure Survey (Shugyo Kozo Kihon Chosa), reveals that about a half of minimum wage workers belongs to household with annual income more than 5 million yen (about 50 thousands US dollar), but the gradual increase of minimum wage does not indicate systematic evidence of negative impact. Raising minimum wage does not seem to have serious negative side effects on employment but it is not well targeted policy toward poor households.

**Key Words:** Minimum Wage, Poverty, Targeting, Employment, Japan

**JEL Classification Code:** J23 (Labor Demand), J38 (Wage Related Public Policy)