APPENDIX

Methodology Used for Measuring the Dispersal of Public and Private Power by Policy Field

To ensure consistency of data across policy fields, 2018 data are used which is the latest available information for active labour market programmes.

(i) Dispersion of public power within the structure of the state (D): This is approximated by assessing the percentage of revenue and expenditure that is centralized or devolved.

\[ D = \frac{(a_1 + a_2)}{2} \]

Where \( a_1 \) = Expenditure at the state and local level as a per cent of general government expenditure

And \( a_2 \) = Revenue collected at the state and local level as a per cent of general government revenue

(Social security is considered to be centralized rather than devolved)


(ii) Dispersion of private power in labour markets (L): Maximize labour force participation and ability to compete in the labour market through upper-secondary education, vocational training and active labour market schemes.

\[ L = \frac{(b_1 + b_2 + b_3)}{3} \]

Where \( b_1 \) = Labour force participation rate in per cent

And \( b_2 \) = Population with at least an upper-secondary education in per cent
And \( b_3 = \text{per cent of upper-secondary education undertaking vocational training} \times \text{per cent GDP spent on ALMP} \)


Education attainment – Adult education level – OECD Data (https://data.oecd.org/eduatt/adult-education-level.htm). Data for Japan taken from (OECD, 2015) hence it is stale although is unlikely to have changed significantly.


(iii) Dispersion of private power in product markets (\( W \)): Mean real wage growth over a ten-year period (median wage growth would be a more appropriate measure due to faster rise in wages of top decile but due to data limitations the mean is used).

\[
W = \frac{r_{2018} - r_{2008}}{r_{2008}} \text{ where } r_i \text{ (real wages) are indexed at } 2008 = 100
\]

\[
r_i = \text{Nominal wage growth}_i - \text{CPI}_i
\]

Sources: Average annual wages (https://stats.oecd.org/Index.aspx?DataSetCode=AV_AN_WAGE). No data issues identified for 2018


(iv) In order to ascertain whether the three power indices are linked to positive growth or higher levels of wealth, GDP per capita in constant 2010 US$ is used 2008–2018.