
Introduction

Regional Employment

This issue's special feature is regional employment in Japan. Various types of disparities have been recently observed in Japan, and it has become a major social issue. Widening income gaps, disparities in treatment between regular and non-regular employees, youth employment issues such as NEET or *freeter*, and "working poor" issues have been extensively discussed. Regional employment is another topic which has caught much attention recently. The widening gap in employment between urban and rural areas is one factor causing this problem. In this issue, six studies were carefully selected to present an overall picture of regional employment issues.

First, one needs to find the reason why regional employment has been aggravated. In his *Circumstances behind Growing Regional Disparities in Employment*, Yoshio Higuchi examines the current status and cause of regional disparities in employment by using a variety of data. He argues that such disparities derive not only from the recession in the 1990's, but also from a more structural problem. Regional gaps will become smaller if labor mobility is high. Higuchi points out that the declining birthrate and aging population inhibit such mobility. He also shows an estimate that the decrease in government expenditures due to financial distress has impacted regions which have a high ratio of jobs created by such expenditures. Higuchi further argues that economic globalization has worsened regional employment and that regional spontaneous efforts to develop plans for job creation is necessary.

While Higuchi identifies the reason for the deterioration in local employment, there are some regions which enjoy a relatively good job environment. Takeo Kikkawa's *Regional Resurgence and Job Creation* identifies the characteristics of such regions by analyzing the factors determining employment improvement from an industrial point of view. He argues that there are roughly two types of regions with successful job creation. The first one is the Shiga Model where industrial accumulation leads to good performance in the manufacturing industries, which results in vitalization of the local economy and job creation. The second is the Nagahama Model, where innovation of tertiary rather than manufacturing industries results in an energized regional economy and new

jobs. By carefully portraying these two patterns, Kikkawa points out that the effective use of local resources and inviting demand from external markets are key points in regional resurgence leading to job creation.

The subsequent four studies present specific discussions of regional employment policies by the government and municipalities. In his *Measures for Supporting Regional Job Creation in Japan*, Minoru Ito compares policies by the 1990s and after 2000, and points out that there are significant differences between them. The former policies were simply planned by municipalities by adopting government policy, and thus ignored regional characteristics. Such policies were relatively effective until the 1970s when the social infrastructure in each region was insufficient, but their effect largely declined in the 1990s. Therefore, the regional policies after 2000 were changed so that municipalities could take the initiative in planning and creating plans for regional resurgence. Ito's report concisely summarizes this history.

Special zones for structural reform were one of the features of these policies since 2000. Such zones introduce special regulations which meet regional characteristics, based on municipalities' and private companies' spontaneous planning. The objective is to vitalize the regional economy. There are only few studies which analyze the effects thoroughly. In his *Job Creation by Local Initiatives: Effects of Special Zones for Structural Reform*, Kazufumi Yugami measures the effect of the special zone by using econometric methods. First, he used The Japan Institute for Labour Policy and Training (JILPT)'s unique survey on municipalities implementing the special zone and then analyzed subjective opinions on its effect on employment. The ratio of those replying that the special zone had an effect was high in those municipalities which had implemented related measures before they were approved as such a zone. He also gave an analysis by using the actual number of the employed and concluded that the zone's effect on creating jobs was not evident. It was rather that the municipalities, which had improvement in employment in related industries, decided to become one of the zones.

Vitalizing the economy is not the only objective of regional employment policies. Placing employment is also an important aspect of these policies. Yanfei Zhou's *A Convergence Analysis on the Efficiency of Public Job Placement Services in Japan* analyzes factors determining the efficiency of matching of public employment referrals, such as the rate of filled vacancy and

placement. First, through chronological analysis, she identifies that the labor movement between regions contributes to a convergence in matching efficiency in regional blocks. She then points out that the regional employment rate and the level of the rate of filled vacancy are rigid. Zhou conducted a regression analysis describing labor supply/demand indicators, labor force and industrial structures, and indicators of measures of each region's public job placement agencies, and found out that the regional gaps of matching efficiency were influenced more by the market share of public job placement services, supply and demand of the labor market, and the industrial and labor structure. Therefore, she points out that one needs to be careful in measuring employment office's performance using the rate of filled vacancy and employment.

Lastly, Hiroaki Watanabe's *Present Situation and Issues of Municipal Employment Strategy* analyzes regional employment strategies implemented by municipalities, using a survey conducted by JILPT. The result shows that municipalities with visions or plans on employment measures have a strong tendency to establish a specialized section in charge of developing measures for job creation. Such municipalities implemented various employment measures which have resulted in certain effects. Having the specialized section is only possible when securing human resources with expertise, which is a challenge for many municipalities. While it is necessary for municipalities to have a clear vision on the employment issue, it is also equally important for them to foster key persons or leaders to realize such a vision.

Regional job creation will become increasingly important, but it can only be realized through a long-term process. Fostering regional leaders is indispensable. The featured studies hereby not only precisely identify the status and cause of regional employment problems in Japan, but also successfully provide politically significant suggestions through objective analysis. Furthermore, JILPT has put significant efforts into studies on regional employment issues, which resulted in achievements such as Ito, Yugami, Zhou, and Watanabe's works. We hope that this feature will promote an understanding of regional employment problems in Japan.

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