

Abstracts

A Study on Regional Labour Market Using Prefectural Data: Empirical Analysis of Regional Disparity in Unemployment and Non-Employment

Kazufumi Yugami (The Japan Institute for Labour Policy and Training)

This article examines static differentials in unemployment and non-employment rates by prefecture based on census figures through basic methods. The results show that, firstly, while the apparent regional disparity in unemployment rate decreases significantly considering the supply and demand attributes of the labour forces, the real-term disparity has also declined in the last 10 years. However, the results also show that, in the recent economic slowdown, the regional disparity in real wage cost and declined demand have affected the disparity in unemployment rate. Secondly, the disparity in non-employment rate among prefectures, with population attributes taken into account, is positively correlated with controlled disparity in unemployment rate, and people become discouraged from seeking employment more in areas with higher (or increased) unemployment rates. This kind of negative effect has recently led to a relative increase in the number of NEET among youths, which is categorized as "others," indicating that the deteriorating situation of the regional labour market is one of the causes behind the increasing number of NEET among youths.

Regional Characteristics of the Japanese Youth Labour Market

Souichi Ohta (Nagoya University)

This paper investigates the regional characteristics of the Japanese youth labour market at the prefectural level. The major findings are as follows. First, the youth unemployment rate tends to be higher in a region when the number of job vacancies for high school graduates is smaller, the share of small firms is higher, or the share of non-regular workers is higher in that region. Second, the small number of job vacancies in a region results in the frequent migration of workers to other regions, which mitigates the unemployment problem in the original region. Recently, this mechanism is weakening because many young workers in an area with a high unemployment rate find it difficult to have good employment opportunities outside the region due to recession. Third, it is clarified that the differences in the economic and social characteristics among regions lead to differences in the attitudes of young workers toward employment. A plausible policy implication is that an effective labour market policy should consider the characteristics of each region.

The Cohort Factor in Increase/Decrease of the Work Force in Japan: A Correlation Analysis Featuring 256 Metropolitan Statistical Areas

Kosuke Motani (Development Bank of Japan)

A correlation analysis of 256 urban municipalities with a population of over 50,000 nationwide (10% in commuter areas) on the fluctuations in the census figures for the first and second halves of the 1990s revealed that: 1) the fluctuations in the numbers of employed and unemployed people and non-labour force are not correlated; 2) the fluctuation in the number of employed people and that of the population aged between 20 and 59 have a strong positive correlation; and 3) the fluctuations in the population aged between 20 and 59 can be analyzed into the move-in/move-out factor and the population pyramid factor (initial population aged 15-19 minus population aged 55-59). Both factors have significant positive correlations with the fluctuations in the number of employed people. The downward turn in the number of employed people witnessed nationwide as well as in urban areas in Tokyo, Nagoya and Osaka after peaking in 1995 is also attributed to the population pyramid factor. In order to

deal with this structural problem, it is necessary to promote the employment of women and elderly people, in addition to measures against unemployment and economic stimulus programs.

Abolition of Factory Construction Restriction Revitalizes Osaka Economy

Etsusuke Masuda (HSBC Securities (Japan) Ltd.)

The major culprit for the chronic decline of the Osaka economy was the law restricting the construction of factory plants in central Osaka. In Greater Osaka, labour productivity in manufacturing declined sharply, while transformation into a service-led economy lagged far behind Greater Tokyo through the 1990s. However, factory construction projects expanded vigorously after the law restricting factory construction was abolished in July 2002. Regarding preferred sites for future factory construction, the attractiveness of Osaka almost doubled in a questionnaire conducted in 2003, whereas the attractiveness of foreign locations plummeted, indicating the end of the hollowing out of the Japanese manufacturing industry. The current recovery of the Japanese economy should turn into full-fledged rapid growth on the back of the pent-up demand to build factories in Greater Osaka over the last three to four decades.