

## Abstracts

### The Power of Economic Thinking for Understanding the Labor Market and Policy Effects

**Munetomo Ando** (Nihon University)

Recently, the cooperative efforts by economists and jurists to understand the labor market and policy effects have attracted much attention in Japan. In order to enrich these challenging activities, we have to achieve greater mutual understanding between the two disciplines. The purposes of this paper are to explain the way of economic thinking, to demonstrate the functions of incentive mechanisms, and to reconsider the role and limits of governmental intervention in the labor market.

### Econometrics of Labor Market Policy Evaluation

**Daiji Kawaguchi** (Hitotsubashi University)

This paper introduces parametric-econometric methods for labor market policy evaluation. Multiple regression to control observed heterogeneity and instrumental variable regression to extract exogenous variation are introduced as methods to identify causality from non-experimental data. Difference-in-difference and panel estimation methods are also introduced as ways to control unobserved heterogeneity.

### The Effect of Changing the Child-care Leave System on Continuous Female Employment after First Childbirth

**Kazuma Sato** (Keio University)

After the child-care leave law came into force in 1992, it has undergone several revisions. How do the amendments affect continuous female employment after first childbirth? This paper examines this question using Keio Household Panel Survey (KHPS). Empirical results from probit model analysis suggest that female employment rates after first childbirth have not substantially changed during the period from 1992 to 1999. However, the employment rate of women who worked at the workplace that established a child-care leave system and who had their first baby after 2000 has significantly increased. Extension and improvement of this system will make it more available and increase the rate of females that continue in employment after first childbirth.

### An Overview of the Workforce Investment Act

**Hiromi Hara** (The Japan Institute for Labour Policy and Training)

This paper summarizes the present status of the Workforce Investment Act (WIA) and the approach that the U.S. federal government has taken to implement policy evaluation. We will first overview the history of policy evaluation in the U.S. and summarize the WIA as an institution. Subsequently, we will introduce the WIA's approach for the improvement of performance measures to promote policy evaluation. It is advisable for us to construct our own data for policy evaluation on the basis of the review results of the U. S. approach if we implement policy evaluation employing the quantitative method. At the same time, common performance indicators that the U. S. has introduced will serve as a reference.

### Policy Process in the 1987 Revision of the Labour Standards Law: Attempt to analyze by the Oral History Method

**Osamu Umezaki** (Hosei University)

This study examines the policy process in 1987 revision of the Labour Standards Law. This revision changed the statutory working hours from 48 hours per week to

40 hours per week. However, working hours up to 46 hours per week were still allowed for several years after the revision. This was a big change at that time, and the new Labour Standards Law exerted a huge influence on the working hour problem. To examine this policy process, this study investigates the oral records of two former Ministry of Labour staff members involved in the revision. The oral history method was used to analyze the policy process. The advantage of the oral history method is that it enables researchers to analyze the “intention” of the people involved in policy-making, which is difficult to accomplish through the analysis of documents alone. In labour law policy, the adjustment of opinions between two or more interest groups of labour, management and etc. is inevitable. In the 1987 revision, the Labour Standards Law Society and Central Labour Standards Council had leadership; therefore, the opinion has been adjusted in detail. This study analyzes the adjustment process in detail and verifies the feature of the policy decision that the society and council initiated.

How should We determine the Labor Policy: An Essay on the Orthodoxy of Labour Policy Council

**Ryo Kambayashi** (Hitotsubashi University) and **Shinya Ouchi** (Kobe University)

This paper presents a theoretical examination of the council system that has long been used for the decision-making in regard to labor policy. The council system has traditionally been viewed as summit negotiations between labor and management. In reality, however, council members are not necessarily representatives of labor and management in all cases throughout the country. Moreover, the members include the third party who should represent the public interest. Because it is not always necessary for a third party to intervene the bilateral negotiation between labor and management, in addition to the inappropriate representativeness of labor and management, the council system may be the place where they, as government delegates, simply collect helpful information from big business and big unions. The Labour Policy Council may have been using these two factors depending on the problem and situation. Lately, the council can neither resolve labor-management confrontations nor show its legitimacy in an increasing the number of cases, as has been seen in the formulation of the Labour Contract Law. Against the background of these tendencies, we can point out the possibility that representatives of the council have failed to establish a common knowledge between the above two factors of the role and premise of legitimacy of the council.