

Abstracts

The Effects of the Great East Japan Earthquake on the Labor Market: Increased Mismatches in Employment in the Disaster Areas

Yoshio Higuchi (Keio University) , **Tomohiko Inui** (Nihon University) , **Toshiaki Hosoi** (Economic and Social Research Institute) , **Isao Takabe** (Economic and Social Research Institute) , **Atsushi Kawakami** (Gakushuin University)

This paper analyzes the effects of the Great East Japan Earthquake on industrial production, demographic changes, and the labor market in Japan, especially in Fukushima, Iwate, and Miyagi Prefectures, which are the areas that were worst-hit by the earthquake and the ensuing tsunami on March 11, 2011. The main findings of this paper are as follows. 1) Industrial activity in Japan is in the process of recovering from the disaster in general. Seafood processing factories located in coastal areas of the prefectures in question have suffered severely from the tsunami and show little signs of recovery. 2) Regarding the demographic changes, outmigration of younger generations from Fukushima has accelerated, mainly due to the Fukushima nuclear power plant accident associated with the earthquake. 3) The labor demand in the disaster areas, in turn, has improved. However, the number of unemployed workers is still large throughout those areas, and claims for unemployment benefits are increasing. This unemployment problem is partly due to increased mismatches in the local labor markets in the areas in question. The job seekers are looking for jobs in local factories despite the fact that the number of employment offers from local factories is still low. Except for the disaster areas, the effects of the earthquake on the nationwide labor market, however, are quite limited.

Estimating Both the Short- and Long-term Effects of the 1995 Hanshin-Awaji Earthquake on Afflicted Labor Markets

Fumio Ohtake (Osaka University) , **Naoko Okuyama** (Osaka University) , **Masaru Sasaki** (Osaka University) , **Kengo Yasui** (Ritsumeikan University)

This paper estimates both the short- and long-term effects of the 1995 Hanshin-Awaji Earthquake on afflicted labor markets. This analysis might help us construct a long-term vision for restoring areas of eastern Japan that were afflicted by the 2011 Great East Japan Earthquake. Our findings show that in the short term, the number of new part-time vacancies increased, but both the numbers of new part-time job seekers and job replacements largely decreased. The number of job replacements then picked up significantly, but afterward decreased again. For full-time workers, the numbers of new job seekers and new vacancies increased significantly, but the number of job replacements decreased. This could be due partially to mismatches between job seekers and available vacancies. The number of job replacements for full-time jobs increased until 1999, but decreased afterward.

How Will the 3.11 Earthquake Transform the Population and Labor Market in Iwate, Miyagi, and Fukushima?

Zhou , Yanfei (The Japan Institute for Labour Policy and Training)

Existing literature on disasters suggests that “human capital” and “trends of growth/decline” could be two key factors in determining the speed and extent of recovery. No matter how deeply physical capital is destroyed, as long as the human capital is largely reserved, the economy will be restored in a relatively short period. Meanwhile, disasters will have little long-run impact in growing cities, but they may cause declining cities to never return to their initial sizes. Then, how will the population and labor market in the three Tohoku prefectures (Iwate, Miyagi, and Fukushima) recover from the 3.11 earthquake? Among the three prefectures, Fukushima suffered the biggest loss of human capital, chiefly triggered by the radiation concerns of the nuclear accident. In addition to its huge loss of human capital, before the earthquake, Fukushima’s population and economy suffered from a trend of decline relative to the nation. Hence, the population and employment size of Fukushima will be restored relatively slowly and may hardly return to its initial size. Turning to Iwate and Miyagi, although they have lost roughly the same

fractions of human capital, Miyagi is expected to rebound more robustly and recover faster. This is because Miyagi was on a trend of relative growth before the earthquake, while Iwate was on a trend of relative decline. The actual recovery trajectories of the three Tohoku prefectures, at least for the first twelve months of recovery, are in accordance with my predictions.

Employment Policies in Disaster Relief and Reconstruction Activities

Yuji Genda (University of Tokyo)

This paper examines the employment policies for confronting the disasters caused by the Great East Japan Earthquake. While many firms were urged to utilize public subsidies to keep employees, the governmental budget for these subsidies was not actually sufficient and was nearly exhausted. The duration of unemployment benefits has been repeatedly updated for unemployed and laid-off persons, but benefits will finally come to an end for most of them. A new job training scheme for unemployed people whose employment insurance has run out is now being introduced nationally with support for living costs. But the current job training scheme will not be enough to cease from increasing welfare reliefs at the disaster-affected areas. Additional incentive programs to promote job training should be introduced, since these programs are beneficial for both trainers and trainees. Employment funding projects played a crucial role in decreasing unemployment after the Lehman crisis and the serious earthquake. It will also be important to compare, based on empirical evidence, intensive support for selected active firms with comprehensive support for firm groups that constitute the supply chain to determine which the most effective policy of job creation is. Following the lessons from the disasters, we should now create a “resilient employment system” that will be resistant to future crises, and we should create employment policies that ensure the resiliency of the employment system.

The Great East Japan Earthquake and the Future Labor Law

Shinobu Nogawa (Meiji University)

The purpose of this paper is to make clear the future of labor legislation, examined in the light of the circumstances after the Great East Japan Earthquake. Against this catastrophe, the Japanese government implemented a policy of urgent support. Though it is not sufficient, it was effective for preventing the sudden disruption of the labor market as much as possible to maintain employment. The basis of this policy is the traditional type of employment insurance system. Repeating this approach in the future is not reasonable. Japan, before the earthquake, experienced a gradual decrease in employment and an increase of non-regular workers, and was also faced with demands for the establishment of work-life balance. To build labor legislation on the assumption that large-scale disaster occurs, it is important to expand work possibilities. More specifically, first, opportunities for career and vocational training for non-regular workers should be provided, and the possibility of employment in organizations other than employment companies, such as worker cooperatives and NPOs, should be established. Second, the capabilities of the labor market should be strengthened before the second stage of stable employment is reached, and it is also necessary to consider expanding the support system for job seekers and the labor contract system.