

Incidence, Optimal Use and Rationale of Place-Based Job Creation Programs

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Abstract

First, this paper empirically evaluates the incidence of the place-based job creation program, which is rarely studied in Japan. The program increases employment, especially in the agricultural, retail trade and service sectors that most treated cities promote. Second, this paper theoretically demonstrates that this program's optimal subsidy is to provide cities with improved policy to reduce the suffering of aging owners and to empirically verify this result. Third, this paper assesses the rationale of this program and does not observe a strong reduction in sales, workers and establishments in the neighboring cities of the treated city.

Keywords: place-based policy, job creation, optimal subsidy, rationale

JEL code: J23, J64, J68, R23

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