

Effects of Public Works on Private Employment after a Natural Disaster:  
A Case in the Stricken Area of the Great East Japan Earthquake

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**Abstract**

After the Great East Japan Earthquake on March 11, 2011, the government of Japan commenced rich-funded reconstruction operation. However, there are said to be severe side effects: reconstruction requires plenty of public works, say, to rebuild infrastructure, thus, there is an inevitable shortage of labor force in the private sector. This situation can be interpreted as crowding-out of private demand through the “labor market channel of fiscal policy” that Alesina et al. (2002) emphasized. If this is the case in the stricken areas, those areas will face secular stagnation in the future.

In this study, we estimate the hazard function of job vacancies in private sectors using 39,437 job posting data from July 1 to December 31, 2015. The results show that an increase in the number of job postings in the construction industry prolongs the vacancy duration of private employment, especially in marine product industry, as we expected.

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