

Revisiting the Scarring Effect of a Recession at Entry to the Labor Market in Japan

The existence of the scarring effect of a recession at entry is widely recognized in Japan.

However, it has not been examined whether the prolonged recession in 1993-2004, which is called job market "ice-age," has changed such effects. I estimate the scarring effects in Japan following the methods proposed by Genda et al (2010) and Rothstein (2021) using data covering younger cohorts than Genda et al (2010). My estimates show that the scarring effects are no longer statistically significant for cohorts who enter the labor market after 1993.