1. Title:  

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3. Abstract:  
This project studies macroeconomic and welfare effects of the COVID-19 crisis in Japan. The economic impact of the pandemic is hardly uniform across individuals of different age, employment status, occupations, genders, and skills, and across firms producing goods that are susceptible to infection risks at different degrees. To quantify short- and long-run macroeconomic consequences, we build a dynamic general equilibrium model populated by overlapping generations of individuals that are heterogeneous in these critical dimensions and demand different types of goods.

There are mainly three goals of this project. First, we build a model to explain a decline in earnings that differ across groups of individuals as well as changes in wages across industries, consistently with the data. Second, we examine welfare effects of the COVID-19 shock on heterogeneous individuals through macroeconomic changes in the short- and long-run. The quantitative analysis interacts with how the government responds to the shock and how it deals with increased government debt in the medium- and long-run. Finally, we study how this crisis can relate to the structural change in the Japanese labor market in terms of occupations and sectors.

4. Data description:  
- Employment Structure Basic Survey by Statistics Bureau of Japan  
- Monthly Labour Survey by Ministry of Health, Labour and Welfare  
- Family Income and Expenditure by Statistics Bureau of Japan  
- JCB Consumption NOW by Nowcast, Inc.

5. JEL codes: E24, E62, J11, J21, J62, H55

6. Keywords: Japanese Economy, Employment, Labor Market Heterogeneity, Overlapping Generation Model, Inequality, Welfare Effects, Structural Change