

GREAT EAST JAPAN EARTHQUAKE AND FIRMS' "OVERLAPPING DEBT PROBLEM"

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〈SUMMARY〉

The aim of this paper is to document the status of firms' "overlapping debt problem" after the Great East Japan Earthquake by using unique survey data on firms located in the disaster-hit area. Our main findings are threefold. First, from an efficiency viewpoint, we find that the number of firms facing what we call the "TYPE I problem," a problem that loans are not provided to high-quality firms that should be able to borrow, is smaller than the number of firms facing the "TYPE II problem," a problem that loans are provided to low-quality firms that should not borrow. Second, the shares of firms facing the TYPE I and TYPE II problems are similar between damaged and non-damaged firms. This finding implies that implemented policy measures alleviated the TYPE I problem, while they did not substantially exacerbate the TYPE II problem. Third and finally, from a distribution viewpoint, we find that the fraction of firms facing the "TYPE III problem," a problem that firms suffer from heavy burden of overlapping debt, is larger for damaged firms than for nondamaged firms. This finding implies that the earthquake increased the burden of disaster-hit firms.