

Abstract: Does a high employment rate among peers increase one's own employment probability? We exploit the random assignment of temporary housing to evacuees from the Fukushima Daiichi nuclear power plant accident to identify the effect of neighbors' employment rate on the probability of finding a job after evacuation. We use unique survey data collected in 14 clusters of temporary housing 2.5 years after the accident, to estimate the effect of the ratio of neighbors who had already been working before moving to the temporary housing on the length of time that passed until the initially unemployed evacuees restarted work. We find a significantly positive peer effect—a one-standard-deviation increase in the initial employment rate of one's peers makes the hazard of restarting work 1.53 times larger during the six months after the move-in. Furthermore, we test social norms to work and information sharing as the potential underlying mechanism of the observed peer effect, and we find suggestive evidence for social norms.