

Regional patterns of employment changes in Japan: Evidence from the 1990s*

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Abstract

In this article, we study changes in employment of less-educated men and women in Japan in the 1990s using aggregate data. A summary of wage growth patterns across regions in Japan from 1990 to 2000 reveals that the low-wage regions experienced a higher growth in mean wages than the high-wage regions. The aggregate data on employment show that decline in employment of less-educated young men and women was concentrated in the low-wage areas. For the older group, a fall in employment of men occurred in the highest-wage regions that include large metropolitan areas. We investigate whether the changes in employment can be explained by differential wage growth across regions. We find that higher wage growth in the low-wage regions is associated with large employment decline for those aged 25-39, but not for the older age group.

JEL classifications: J21, R11

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