

Regional Business Cycle and Growth Features of Japan

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Abstract

In this paper we analyze the regional features of the Japanese economy over the 1955-2009 period. In specific, we will study the regional convergence of income, the evolution of income inequality and the allocation efficiency among the 47 prefectures. The main findings are as follows.

- The difference in per capita output levels across regions are quite high.
- Output and consumption inequality decreased dramatically during the 1955-1975 period.
- Income share of labor has been declining in all regions.
- Capital productivity inequality is larger than labor productivity inequality and is increasing over the 1975-2008 period.
- Results of analysis TFP growth and capital accumulation are important in accounting for regional output growth.
- Regional convergence exists in the 1955-2009 period: Both unconditional convergence and convergence conditional on labor shares, investment rates and productivity growth.

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- The comovement pattern of consumption and output are puzzling. This is similar to the international comovement puzzle (BKK 1994).

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