Regional Disparities in Unemployment Rates in Japan: Convergence or Polarization?

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Abstract

This paper investigates regional disparities in unemployment rates in Japan from dynamic and spatial perspectives. We build six-period panel data of local unemployment rates by integrating 1980–2005 Population Censuses. We show that regional disparities in unemployment rates have been shrinking from a long-term perspective. However, our results from a distribution-based approach show the possibility that transition matrices in post-bubble period lead to a polarization pattern. Using spatial statistics, we find that local unemployment rates show a significant spatial autocorrelation. In addition, while regional disparities reducing, hot and cold spots of unemployment rates are observed.

JEL classifications: C21, J64, R12, R23.

Keywords: Regional Disparities, Local Unemployment Rate, Convergence, Polarization, Spatial Statistics.

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