

The effect of deregulation of the “Act concerning the Industry Restriction”

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Abstract

Rapid population growth in large cities in Japan was seen from the mid 50's to 60's. This led to the enactment of the *Act concerning the Industry Restriction (AIR)* which mainly restricted manufacturing activity to avoid congestion and environmental problems in the central area of Metropolitan region and the central area of the Kinki region in Japan. The AIR is said to have a greater negative impact on restricted area, so the effect of deregulation of AIR is expected. We conduct causal inference on this place-based policy to assess whether such a deregulation take effect. Our results support this view.