

Structural Estimation and Interregional Labour Migration: Evidence from Japan

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Abstract

This paper empirically tests the relationships among wage, market potential and interregional migration based on economic geography model. We investigate migration of manufacturing workers between 47 Japanese prefectures in the 1980s and 90s using structural estimation method. As a result we find that nominal wage is positively correlated with market potential and prefectures which offer relatively high real wage attract workers in the 1980s while those of relatively low real wage push out workers in the 1990s.

Keywords: Structural Estimation, Interregional Labour Migration, Real Market Potential.

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