

# Does immigrant cause Japan prefectures' economy to diverge? Evidence from Geographically Weighted Panel Regression

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*This paper analyzes the impact of immigration on different macroeconomic indicators, using production function. We use data on immigrant stock as well as prefecture account from 2009 to 2018. Regression results show that immigrant workers positively affect employment, and do not crowd out native employment. Increase in immigrant workers do not affect any other indicators. However, Geographical Weighted Panel Regression (GWPR) indicates that immigrants' positive impacts on employment, and negative impacts capital-to-output ratio are significant in selective prefectures, which are resulted from an increase in output but not capital. The results show how the average effects capture by OLS may not fully convey the economic impact of immigration. These results are consistent with how Japan has been accepting least-skilled workers in recent years.*

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