

Immigration, imports, and (im)mutable Japanese labor markets

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Abstract

This paper investigates the effects of globalization—measured by an increase in immigration and in imports from China—on labor market outcomes in Japan. We attempt to identify the causal links using a shift-share instrument based on previous settlement patterns of migrants for immigration shocks, and the one based on previous spatial allocation of sectoral employment for import shocks. The results suggest limited impact of these variables on wages, however, significant effects are found in the late 1990s, suggesting their interactions with Japan’s Lost Decade.

Key Words: immigration, China trade shock, wages, Japan

JEL codes: F16, F22, F66

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