

**THE STRUCTURAL CHANGE OF BALASSA-SAMUELSON
EFFECTS IN JAPAN IN 1990S**

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〈SUMMARY〉

This paper investigates the structural change and decline of Balassa-Samuelson effect in Japan. Due to perfect wage arbitration, Balassa-Samuelson effect assumes wage equalization between tradable and non-tradable sectors. But in 1990s, this assumption had collapsed. Therefore the impact of relative labor productivity of tradable sector on relative price of nontradable goods had declined. For that reason, the impact of relative labor productivity of tradable sector on real exchange rate of Japan had decreased after 1990s.