

**THE POLITICS OF URBAN DEVELOPMENT
IN A GLOBAL CITY:
TOKYO AND WATERFRONT SUB-CENTRE PROJECT**

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Abstract

It is widely believed that globalisation of economic production and emergence of an integrated world order is the main rationale behind many urban development projects in the world cities. The other major phenomenon concerning urban development in the advanced industrial countries is wide spread use of public private partnership in the project as a result of state-market realignment since the end of the 1970s. These two discourses were combined together and have created a particular image of the city in the global economy. That is cities are competing each other to attract mobile trans-national capital by, for instance, the urban infrastructure project carried out by public private partnership in entrepreneurial manner. The author believes that the argument is leaned toward economic determinism without giving proper attention to the role of national and local government, and argues that this image is by no means universal. The thesis explores how public bodies and the business community in Tokyo saw the opportunity and potential danger of the globalisation of Tokyo and devised strategic development policy. The case study of Tokyo Waterfront Sub-centre, one of the flagship project for globalisation of Tokyo, illustrate unique relationship between national government, Tokyo Metropolitan Government, and the business community behind the project. The author analyses power relations between them in the framework of Urban Regime Theory with additional parameters which are the position of Tokyo in global economy, and its integrated inter-governmental system. The author concludes that contrary to the popular argument of globalisation and urban development which emphasises the power of global economic forces to determine the fate of the city, Japanese government set the framework of the strategic action, and Tokyo Metropolitan Government was a main agent to carry out the project. The author also attributed the relative strength of state policy to historically constructed relations between public and private sectors in Japan known as Capitalist Developmental State.

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Abbreviations

BHP	Bureau of Harbour and Port [TMG]
BOJ	Bank of Japan
CDS	Capitalist Developmental State
CNDP	Comprehensive National Development Plan
CPP	Chamber of Policy Planning [TMG]
CRDP	Capital Region Development Plan
DIC	Development Industry Complex
EPA	Economic Planning Agency
GGFCF	Gross Domestic Fixed Capital Formation
LDP	Liberal Democratic Party
JAPIC	The Japan Project Industry Conference
JFEO	Japan Federation of Economic Organisations
MHA	Ministry of Home Affairs
MITI	Ministry of International Trade and Industry
MOAF	Ministry of Agriculture and Fisheries
MOC	Ministry of Construction
MOF	Ministry of Finance
MOT	Ministry of Transport
NLA	National Land Agency
PMO	Prime Minister's Office
PWS	Public Work State
TMG	Tokyo Metropolitan Government
TWDSC	Tokyo Waterfront Development Steering Committee
TWSP	Tokyo Waterfront Sub-centre Project
TWSI	Tokyo Waterfront Sub-centre Incorporated

THOUGHTS FOR A PRELUDE

“A New Type of city has appeared. It is the global city. Leading examples now are New York, London, and Tokyo. ... these three cities have undergone massive and *parallel* changes in their economic base, spatial organisation, and social structure” (Sassen, 1991, p. 4, original emphasis).

CHAPTER I : INTRODUCTION

1.1 The Focus of the Research

This thesis is an attempt to find an alternative analytical approach to the study of Tokyo as a World City. Its main focus is land use planning and spatial transformation in Tokyo in the 1980s. Tokyo has experienced dramatic rises in property prices, changes of strategic planning direction, flourishing redevelopment and a few Urban Mega Projects (Olds, 1995, 2001) during this period. They are commonly observed phenomena in other world cities, and are usually explained by the development of the role of the city in the global economy (for instance, Marcuse and van Kempen, 2000). The current mainstream academic discourse of global economic integration is based on the assumptions of neo-liberal ideology and a minimal role of the state in national economic management. As a result, the world city is often understood as being a 'by-product' of the global economy and the international division of labour. According to some, (Friedmann, 1986, 1995; Sassen, 1991) the global economy defines basic characteristics of the economic functions of the world cities, which in turn shapes their social compositions and spatial structures. Because of the nature of global capitalism, which is eager to expand and conquer every corner of the globe, and because of the assumption that each city is inserted into a single global hierarchy of world cities, the discourse claims that there is a universal convergence of economy, society, and space in the world cities. The social and economic organisation, and the urban policies of world cities tend to share a similar direction, favouring and fostering competitive advantage in the urban economy at the expense of more progressive and distributive social policies. I believe current world city discourse claims the independence of market mechanisms to such an extent that it can be criticised for economic determinism. This thesis challenges this notion and instead presents a 'state centred analysis' of the world city through the examination of land use policy and redevelopment projects in Tokyo.

Tokyo has been constantly identified as one of the top three world cities in academic literature in the last twenty years (Friedmann, 1995; Short and Kim, 1999) and a number of studies have been carried out to explore its socio-economic characteristics (for example, Rimmer, 1986; Sassen, 1991; Douglass, 1993; Waley, 2000). The main body of opinion has,

however, started to question the usefulness of the externally orientated approach to world city research (for instance, White, 1998). Instead, some have turned to the role of nation state in Japan, theorised as Capitalist Developmental State (CDS), as the source of a more relevant explanation of the development of Tokyo (Hill and Kim, 2000; Fujita, 2000). Therefore, this thesis starts from the premise that Tokyo is different from other world cities, and needs a different analytical approach, which takes into account the role of state. The thesis focuses particularly on examining the ways in which state institutions have shaped the national land use system, strategic planning in Tokyo, and the waterfront project. The main data set used for the analysis of the latter two extends as far as the early 1990s. This is because Japanese economy seems to have entered into a different phase after that period, and there are so many uncertain factors, which makes academic research premature. Development since the late 1990s, however, is briefly touched upon in the concluding chapter.

The remainder of this introductory chapter explains how I have pursued the research objectives, the way in which the thesis has been organised for that purpose, and how this thesis may be able to contribute to the wider debate. The thesis is organised into three-parts. Firstly, mainstream world city literature is reviewed and its weaknesses, especially in relation to Tokyo, are exposed; this forms the critical perspective of the research. Secondly the CDS, the theoretical foundation of the 'state centred approach', is presented. Its historical background, its ethical and moral foundations, and the way in which government officials managed to utilise it in terms of legitimacy are explained. National land use policy and the strategic planning system are discussed with specific reference to the CDS. Thirdly, a detailed examination is carried out of the Tokyo Waterfront Sub-centre Project (TWSP), the flagship project of Tokyo as a world city. Institutional relations between the central government, the TMG, and the business community are examined through the framework of Urban Regime Theory. It is at this level of project analysis that the three different geographical scales of interests: the global, the national, and the local are interwoven and analysed integrating three bodies of theory which correspond to the geographical scales: world city, CDS, and Urban Regime.

1.2 Global Economy, World City¹, and Convergence

The thesis starts with a review of the literature of the global economy and the world city. This literature highlights the significant changes in the world's leading metropolises such as London, Tokyo, and New York in the last twenty years. It also presents the way in which those changes have been interpreted in relation to global economic change. A number of social science researchers and commentators have devoted a considerable amount of time and effort to understanding and interpreting the ways in which the urban economy and society has been transformed in relation to world economic change. It is called the 'World City Paradigm (WCP)' (Friedmann, 2001), which is widely accepted as the mainstream research paradigm of world metropolises. It generally takes an economic-centred approach which emphasises the greater mobility of capital with the lessening of the constraints of time and space (Friedmann and Wolfe, 1982; Friedmann, 1986; Sassen, 1991). From this perspective, world cities are essentially the products of global capital and the international division of labour, and the roles of state, the local government, and the local community is regarded as minimal. Some have even gone further and claimed that similar trends in the world cities -the industrial structure of advanced producer services and financial services, the polarisation of social and occupational structures, and the spatial structure of gentrification and segregation- are signs of urban convergence caused by global economic forces.

The idea of global convergence is, however, too simplistic and far from satisfactory, because as world cities correspond to the world's major metropolises, they tend to have long-standing histories as human settlements, trading places, and as the centres of civilisation in their respective regional hinterlands, and their role as a collective organisation means they have their own institutions, regulations, and traditions (Abu-Lughod, 1999). Firstly, the current round of globalisation discourse has been heavily influenced by Anglo-American style neo-liberal ideology, and it tends to cover non-Anglo-American cities in the same manner. Secondly, because of that, the role of the state in the capitalist economy tends to be discounted as minimal, and is not properly considered by the Anglo-American tradition. Thirdly, the lack of comments on institutional aspects in global city research (Smith, 2001) further enforces the impression of convergence and causes serious deficiencies in an otherwise well-developed research paradigm. Both Sassen and Friedmann

¹ Some academics differentiate between the 'world economy' and the 'global economy' as well as between the 'world city' and the 'global city' (for instance, Sassen, 2001, Epilogue), but others use the term interchangeably. I use the term 'global' and 'world' interchangeably in this thesis unless the context clearly distinguish them.

have recognised that this research paradigm has neglected the role of the state (Sassen, 1998; Friedmann, 2001).

1.3 Japan, Capitalist Developmental State, and Urban Planning

With regard to these weaknesses, this thesis argues that the World City Paradigm needs to broaden its scope to include socio-cultural variables and institutional dynamics in order to construct a more subtle and elaborate analysis of world city formation. As long as WCP takes the western model of the market economy for granted, it overlooks indigenous political economy and its implications upon the world city. This thesis is particularly concerned with the role of the state in Japan, and the way in which it has impinged upon the development of Tokyo.

Japan and Tokyo can make considerable contributions to the analysis. Firstly, Tokyo is the one truly top-level world city located outside the West, and thus has a distinctively different cultural tradition. Secondly, Japan is well known for the uniqueness of its political economical philosophy, known as the Capitalist Developmental State (CDS), which rejects the autonomous market philosophy of the West and instead emphasises the economy as being embedded in the 'social whole' (Johnson, 1982; Henderson and Appelbaum, 1992). This political economical philosophy, arguably to a large extent, provides a framework for the legal system, institutional relations, and business practices. It is often drawn on to explain Japanese economic success (Johnson, 1986), and my particular focus here is to explore how the state and government officials acquired the legitimacy not only to construct a regulative framework for the market, but to actively intervene in the capitalist system, and what kind of mechanism sustained this practice.

Although the CDS is a general framework which theorises relations between economy and polity in Japan, it is worth considering it in relation to urban planning and to the policies of physical infrastructure, the national land use system, and the urban mega project, as they are important components of a capitalist economy. Because urban planning is situated at the interface between market and public interests (Newman and Thornley, 1998), it is particularly bound to be influenced by ideological and political factors concerning the appropriate degree of market intervention.

Thus, in this thesis, I posit the CDS at the centre of understanding and explaining the way in which Tokyo has developed as a world city as a result of the configuration of relations between the market, the state, and civil society. Central to the formation of my hypothesis is

the idea that the urban development process in the 1980s which was assumed to have been caused by the global economy was as much the result of state policy grounded in the philosophy of the CDS.

1.4 Data section: Land Use Policy, Strategic Planning, and the Waterfront Project

This hypothesis is developed and examined in the thesis in two different ways. One is through the review of academic literature and government documents, and the other is through the empirical investigation of a redevelopment project. Firstly, the review of literature and documents uncovers the ways in which state influence has impinged upon the urban planning system. In Japan, the provision of physical infrastructure such as roads, bridges, and ports is led by state officials through a complex network of development related industries, and a hierarchical inter-governmental structure. This mechanism is referred to as the 'Public Work State' (PWS), and it epitomises the influence of the state. National land use policy and the Comprehensive National Development Plan (CNDP) in particular, are both closely related to the PWS as they exemplify policy priorities and the locational justification of infrastructure projects. The PWS is significant not only as a vehicle for infrastructure provision, but also because of its inter-organisational relations between state officials, the development industry, and political leaders. These relations are significant because, in the CDS, the state is understood as a complex entity which devises and implements policy through complex relational mechanisms. The PWS embodies the CDS in this respect.

Secondly, the relational aspect of state influence is examined through the regime analysis of the waterfront development project. Regime Theory is widely acknowledged as a well-developed analytical framework for urban politics (Stone, 1986; Stoker, 1995). Its main focus is the institutional relations of public and private agents with regard to certain policy issues, and it explains how they make alliances and reach collective decisions. The theory is usually applied to the analysis of city-wide comprehensive political power, and issues such as welfare services, education, local economic development, and electoral politics. In this thesis, however, the theory is applied in a more restricted sense, which means that particular concepts and terminology are borrowed from the theory to construct the relevant parameters with which to evaluate the institutional relations between the agencies involved in the project. Thus this thesis does not intend to find an urban regime per se, nor identify its

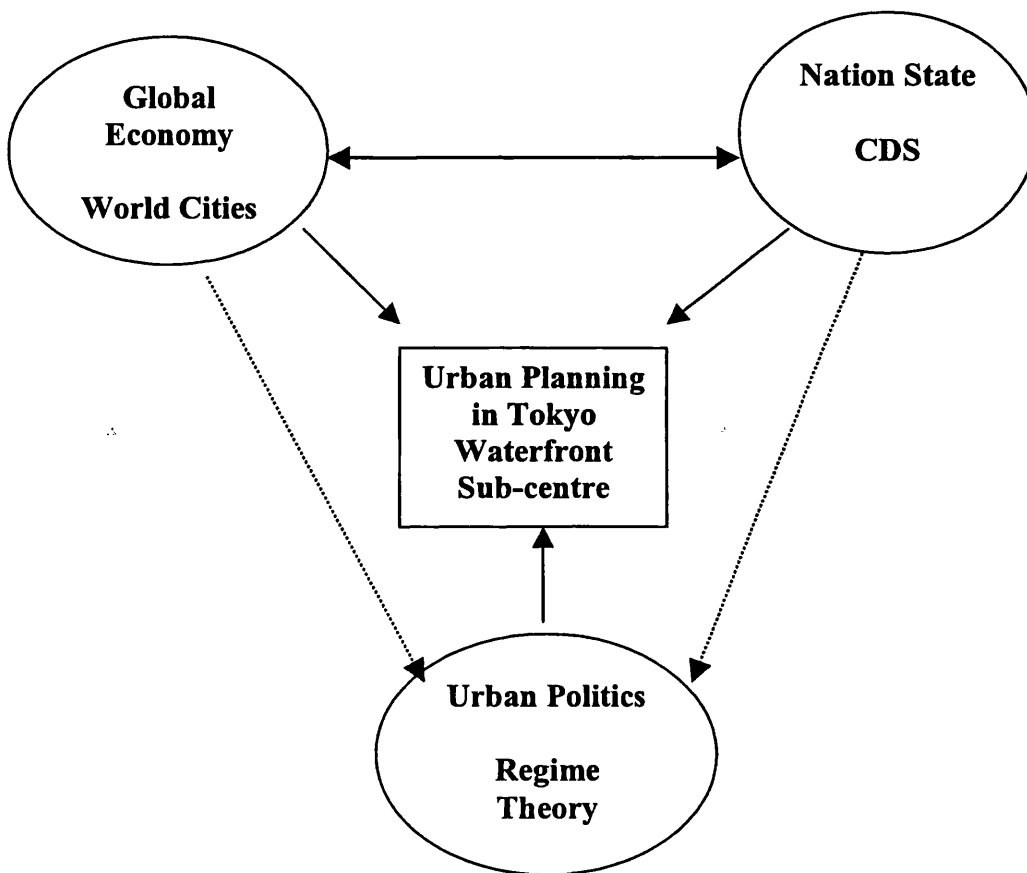
particular characteristics in Tokyo. Instead, regime theory is utilised as an analytical tool, and a method of exploring institutional relations and the influence of the state.

1.5 The Original Contribution of the Thesis

This thesis intends to contribute to the debate about the global economy and world city formation in three ways. Firstly, its overall contribution is to present a 'state-centred' analytical approach to the debate. The limitations and weaknesses of an over-reliance on extra-national factors in world city research are exposed through the review of world city literature. The thesis, instead, presents the CDS as an organising principle of the political economy of Japan, and situates it at the centre of the explanation of the urban development of Tokyo in the 1980s. Although there are others who have applied the theory of the CDS to explain various characteristics of Tokyo as a world city (Hill and Kim, 2000; Fujita, 2000; White, 1998), this is the first study which is specifically focused on physical development, strategic planning, and the redevelopment project, and analyses these with reference to the CDS.

Secondly, the thesis synthesises three levels of theory - Global economy and World City Paradigm, the CDS, and Regime Theory - into one analytical framework with which to investigate the redevelopment project (Figure 1.1). Each of these has strengths as well as weaknesses as explanatory tools. WCP sheds light on the roles and functions of world metropolises in the integration of the global economy and the formation of a single market, but tends to underestimate the role of the state. The CDS, in turn, explains the principles on which the political economy in Japan is organised, and emphasises the role of state in leading the economy. However, CDS theory is very general and mainly focused on the national level, and not directly related to the city level. Therefore, Regime Theory is brought in to cover the urban level analysis. This theory, however, is almost exclusively based upon the financial and administrative structure of the American local government system, and thus needs to be adjusted to apply to Japan and Tokyo. This is where the CDS provides the country-specific institutional environment of the Regime and helps in making the adjustments. Regime theory is also concerned with the interaction between the structure and the individual agent (Horan, 1997), and between the market environment and the political structure, thus WCP also provides an appropriate structural model for the ways in which political decisions are made, and supplements the analysis. Therefore, the three theories complement each other, make up for each other's weaknesses, and create a positive framework.

Figure 1.1 A New Analytical Approach



Thirdly, using a framework created in this way makes it possible to present an ‘institutional approach’ (Healey, 1997) to world city research. This marks a contrast to the functionalist approach of existing world city research, which rather mechanistically applies the logic of the global economy and the international division of labour to the explanation of the characteristics of the world city. This approach has been criticised for not paying sufficient attention to the ways in which the global economy is interwoven with national and city-specific institutional structures through human actions and political decision-making. As a result, it has left an impression of economic reductionism and structural determinism. In contrast, the analytical framework adopted in this thesis is based on the assumption that institutional structures, such as the legal and administrative framework, cultural values, and social conventions, are crucial for framing the economic judgements of individuals, thus choice is constructed relationally, and inherently has a political dimension. The project level analysis investigates the detailed decision-making process between the national government, the Tokyo Metropolitan Government, and business leaders in Tokyo over the strategy of the planning and implementation of the project. Therefore, it is an attempt to ‘humanise’ and uncover the political dimensions of world city development.

1.6 Structure of the Thesis

The thesis consists of three parts which form six chapters, plus introduction and conclusion. The first part, comprising Chapters 2 and 3, is devoted to the construction of the wider debate to which this thesis seeks to contribute. Chapter 2 introduces the literature and debate which has interpreted global economic change, and its implications for urban economy. The study of the spatial consequences of global economic integration, that is the creation of a global urban hierarchy of world cities is criticised for its lack of institutional analysis. Chapter 3 focuses on Tokyo and its economic change in the 1980s. The standard hallmarks of a world city such as the increase in the number of Trans National Corporations (TNCs) and the expansion of the financial market are juxtaposed with the arguments which favour the influence of state power. Comparative research between Tokyo and New York emphasises the difference between their national political economies based on the CDS in Japan and liberal economics in the USA (Hill and Kim, 2000; Fujita, 2000).

The second part of the thesis constructs the theoretical foundations of the ‘state-centred’ approach, and explains the way in which land use and planning policy was influenced by state institutions. Chapter 4 unpacks the CDS and outlines its theoretical foundations. It also analyses the way it affected urban planning at a national level. The particular set of institutional actors based on the huge amount of state investment in the physical

infrastructure, the centralised planning system, and state led economic development traditions created a structured coalition called the Public Work State. This was the mechanism behind physical change and urban restructuring. Moreover, the chapter explains how the national comprehensive development plans and the Minkatsu policy reflected the characteristics of the CDS. Chapter 5, focuses on Tokyo, and concentrates on state influence on its physical development. Firstly, the history of city building and infrastructure development is traced from the 1860s when Japan opened up to international trade and diplomatic relations, and the involvement of Japanese government is examined. Secondly, political and administrative changes of policy direction due to the change of governorship is discussed. The 'Progressive Idealism' of the Minobe administration in the 1970s which emphasised confrontation with the national government gave way to the 'Conservative Pragmatism' of the Suzuki administration in the 1980s which was more tune with the national administration. Suzuki's policy favoured physical infrastructure development and big projects, which received support from the national government. He also promoted his idea of the world city as a catalyst for the infrastructure projects.

The third part extends the analysis to institutional relations at a project level. Chapter 6 constructs an analytical framework through the examination of literature on community power studies and the regime analysis. Regime analysis particularly focused on the role of the business community and how its informal relations to local government created a capacity to govern, but this approach has been criticised as for its too narrow focus on local agencies. In the case of Tokyo, as a world city, the framework expands regime analysis to include national as well as international agencies. Chapter 7 addresses these issues through the analysis of the TWSP. The chapter outlines the planning and implementation process as a form of narrative from the interview data to illustrate how relationships between public and private actors evolved and how decisions were made. Then, the findings are examined in the light of regime theory, and the way in which the institutional relationship in TWSP took a different form from that of the Urban Governance model is discussed. The chapter concludes within the notion that although due to Tokyo's world city role and the heightened interest of its private sector, the growth coalition-like organisations were created to link the private and public sector, closer examination suggests that this was not a locally based governance arrangement, but was heavily influenced by national government policy, and the way in which the actors related to each other followed the pattern of the CDS.

The final chapter readdresses the 'state-centred' approach to the study of Tokyo as a world city, and discusses the implication of the findings upon wider theoretical debate. Firstly, different elements of urban physical changes in Tokyo, such as the history of city building,

inter-governmental relations, strategic planning, Minkatsu policy, and TWSP discussed in the previous chapters are drawn from the previous chapters, and the role of the state institution is discussed in relation to the CDS and global economy. The section presents the 'state-centred' approach as a comprehensive analytical perspective based on CDS. Secondly, the implication of the 'state-centred' approach to general debate about the global economy and world city formation is discussed. The most immediate issue is the city-state relationship in global economy. Contrary to the popular argument of the nation state losing its significance and world cities becoming the subjects of global economic force, this thesis supports the idea that in Tokyo the state actually concentrated its resources on a world city as the new growth centre of the national economy. The second and more wider issue is what is the most fruitful way of studying the world city. World City Paradigm, originally proposed by Friedmann (1986), has been under some criticism in recent years. This section considers what the 'state-centred' approach can contribute to the paradigm. Finally the thesis concludes with a brief evaluation and suggestions for future research. This research could be extended in geographical and historical context. The case of Tokyo and the role of the state for its development could be compared with other Asian world cities. It is also interesting to extend the research to the period after 1992. After the collapse of the 'bubble' economy and the prolonged recession, the Japanese economy went into a new phase. Tokyo was hit particularly badly by the collapse of property market and the bad debt in financial institutions. As a result, recent urban policy put more emphasis on competitiveness and attracting investment from outside. Thus, the role of the state and CDS need to be re-examined in the light of new economic reality.

CHAPTER II : World City Paradigm

2.1 Introduction

Throughout human history, big cities have played a central role in the trading and exchange of goods, services, and human knowledge in the wider territory. They have always been at the forefront of economic activity and civilisation. It was not until the 1980s, however, that urbanist turned their critical eyes to extra-national economic activity, and exclusively relate the nature of urban change to the process of evolving world economy. The approach, known as World City Paradigm, was pioneered by John Friedmann (Friedmann and Wolfe, 1982; Friedmann, 1986; 1995) and later developed by Saskia Sassen (Sassen, 1991; 2001). The basic argument of their thesis is that the increasing integration of economic activity across the globe transformed the role of the city in the world economy, which in turn, marked significant implications in many ways upon the nature of urban change. The aim of this chapter is to outline their argument, critically examines its intellectual strengths, exposes its weaknesses, and suggest a way forward for further investigation.

This chapter starts with a brief introduction to the nature of world economic expansion and the form of integration in the last twenty years, followed by discussion of its limitations and the response from nation states and cities. Pro-market and neo-liberal economic policy, which is inseparable from economic globalisation, has been the major source of urban policy change in the last twenty years. The role of the city in the new world economy is also discussed, and the hierarchy of 'world cities' is presented. Then it moves on to review of literature which interprets and theorises the impact upon cities. World City Paradigm is introduced as a theoretical framework with the basic hypothesis from Friedmann and Sassen's benchmark study. Their work is critically evaluated from three points: its insufficient treatment of socio-political variable in analysing urban change: its addressing of the relationship between the role of nation state and the global city, and its ideological orientation towards Anglo-American neo-liberalism.

2.2 Global Economic Change

Globalisation

The signs of globalisation are abundant in our daily life in the late twentieth century. It can be observed “from supermarket shelves to clothes tags” (Knox 1995, p. 3). The process of globalisation can be explained as the greater integration of capital, human resources, and information across national boundaries in the processes of production, distribution and consumption, which promotes similar economic, cultural, and political conditions across the globe. It is now very difficult to find any products or services which have nothing to do with international trade and investment (Short and Kim, 1999). As a discourse, moreover, globalisation has been perceived as the single source of economic / social / cultural change in the contemporary world. As a result, it has become the ‘Meta-Narrative’ or ‘Master-narrative’ of our time replacing Marxism and Modernisation Theory, and created a popular sentiment that there is a force operating beyond human control which is transforming the world (Waters, 1995).

Globalisation is a complex of phenomena, which is multi-faceted as well as multi-layered. They cover multiple aspects of human life ranging from economic and, political, to social and cultural dimensions, on multiple and often overlapping geographical scales from global and national, to local, neighbourhood, and individual levels. There is a vast range of literature that covers the various aspects of globalisation, therefore the material for the following review is necessarily selective. As the object of analysis in this thesis is urban spatial change in relation to economic factors, the selection of the literature is mainly limited to the sphere of the global economy and its implications on urban change, mainly following and criticising the World City Paradigm.

Global Economy

Global Financial Market

The evidence of economic globalisation is wide-ranging, so I will artificially categorise it into four dimensions, which are, in fact, inter-related. Firstly, the emergence of the integrated global financial market is the most powerful manifestation of the global economy. This is characterised by the growth of the off-shore market, the operation of 24-hour banking and global trade, the development of new financial instruments such as index

trading and hedge funds, and the flourishing of institutional investors like pension funds. Aided by the liberalisation and de-regulation of the market and the development of communication technology, these factors are all contributing to the ever increasing volume and faster turnover and circulation of financial resources around the globe (Thrift, 1989).

New International Division of Labour

Secondly, there is a marked change in the way in which production systems are organised in relation to their location and business operation. Production sites (initially manufacturing, but now increasingly service and knowledge production including research and development) are dispersed over the globe, making use of locational advantages (labour market, transport cost, etc) and aided by improved communication technology. New International Division of Labour has replaced the old division: natural resource extraction from developing countries and value added production in developed countries, has been replaced by an integrated production-distribution system (Frobel, et al., 1980). The rapid development of Newly Industrialised Countries (NICs) and Asian Tigers, the relative decline of manufacturing output in the USA, and the uneven performance of Western European countries are the most tangible examples of the changing geography of world production (Dicken, 1998).

Trans National Corporation

Thirdly, Trans National Corporations (TNCs) have emerged as key players of the global economy through merger, acquisition, and direct investment in foreign corporations (Cohen, 1981). The multiple locations and functions of TNCs has made it possible to organise the global network of production, exchange, finance, and distribution across national borders which is the key to the 'deep integration' (Dicken, 1998, p. 5) of the global economy.

Telecommunication and Transport

Technological advancement is the fourth factor. The three dimensions of the global economy mentioned above would never have materialised without the development of communication and transport technology. The convergence of information technology and telecommunication networks has created a communication network across the globe illustrated by the internet and www. They have enabled ever more rapid circulation and dissemination of knowledge, image, and information feeding into the process of economic integration. Without it, there would be no global financial market, and no media network. At

the same time, physical links between places typically air traffic links between the major world cities has intensified (Shin and Timberlake, 2000). The flow of passenger traffic more than doubled between 1983 and 1994 (Short and Kim, 1999, p. 41, Table 3.14). This has enabled face to face contact to happen with greater ease, so critical for crucial corporate business strategy formation and decision making. There is even a suggestion that the mode of development has shifted from 'industrial' to 'informational' and may eventually transform many aspects of urban living (Castells, 1989).

The Changing Role of the State

National Regulatory Framework

These economic changes have been accompanied by changes to the way in which nation states operate. They have transformed themselves in responding to, adjusting to, and addressing global economic integration since the late 1960s. This transformation was a response to the increasing contradiction between two types of systems on different levels - one is the global dynamics of capital accumulation, and the other is national forms of economic regulation. National institutional frameworks and the way they exercise power have experienced profound change. As capital accumulation by private sector on a global scale becomes clear, the framework of national regulation has become less relevant. Economic superpowers such as TNCs operate their businesses without regard to national boundaries, which makes nation states no longer the predominant institutions in the control of cross-border transactions. The regulatory conditions which underwrote post-war economic growth were gradually eroded by the end of the 1960s. The Bretton Woods International Monetary System which consisted of tight control of international financial flow by fixed currency rates, the World Bank, and the IMF, was overwhelmed by the global credit system and unregulated currency markets. These included offshore and 'Euro Dollars' markets and the growing power of non-governmental investors (Swyngedouw, 1992). The economic turmoil and high inflation during the mid to late 1970s caused by the oil crisis and the third world debt further deepened the crisis. The Bretton Woods system also provided economic sovereignty to individual countries, as well as fostering openness and international co-operation (Short and Kim, 1999). Thus it could be said that the system envisioned an 'international economy' in which the world market consisted of trade and investment between autonomous states.

These international considerations fed into domestic politics and state policies. Provision of universal welfare was a characteristic of the post-war Western economy, but has become

increasingly difficult to maintain at the same standard since the mid 1970s. Keynesian economic policy consisted of full employment and publicly provided welfare services such as health, education, and housing, sustained by large investment through national bureaucracy. The policy goal is to maintain an overall level of consumption to match the level of production which increased dramatically due to technological advances (Lipietz, 1985). The collapse of the Bretton Woods system (i.e. flexible exchange rates and less regulations) induced the transformation of national regulatory systems. The new regulative framework, tentatively called the Schumpeterian Workfare State was explained by Jessop:

“...In abstract terms, its distinctive objectives in economic and social reproduction are: to promote product, process, organisational and market innovation in open economies in order to strengthen as far as possible the structural competitiveness of the national economy by intervening on the supply side: and to subordinate social policy to the needs of labour market flexibility and / or the constraints of international competition” (Jessop, 1994, p. 263).

New Institutional Development

Two specific policy developments should be observed as a result of the global economic change and transformation of national regulative framework. One is the reduced role of state in economic management. More pro-market policy based on New-Right political philosophy was adopted, thus more public sector work was contracted out and the greater involvement of the private sector was encouraged. As a result, it was claimed that:

“Today's governments throughout the world are more inclined to cooperate with private businesses in the making of tax and employment policy....States have become another player in the global market rather than separate control institutions” (Short and Kim, 1999, p. 4-5).

The resurgence of pro-market ideology and the re-organisation of regulation structures has also made a great impact on national welfare policy. Coupled with the disappearance of the manufacturing base, a persistently high level of unemployment and rising social security costs, the priorities of national governments have shifted from wealth (re)distribution to wealth creation.

The other specific policy development is the territorial reorganisation of the responsibilities.

Regional economic blocks such as NAFTA (North American Free Trade Agreement), EU (European Union), and ASEAN (Asia) emerged. In the case of the EU, substantial regulatory capacity developed which has taken over some of the functions which traditionally belonged to the national government (e.g. territorial economic development). At the same time, aided by the devolution of political power and administrative decentralisation, sub-national (regional and urban) scale governments gained new capacities, though their power has yet to be tested. In summary, the transformation of state policy resulted in bi-focal forces: one is to strengthen international organisation, and the other is to revitalise the sub-national government.

2.3 Theory and Debate about World Economy

Emergence of the 'Global' Economy

There is a discussion of how to interpret and theorise the new developments of world economy. Those who claim that we are witnessing a new phase of world economy, which they call *the global economy*, claim there has been a radical departure from the long standing *international economy*. There has been cross-border trade throughout human history, the flow of capital, labour, goods, raw materials and tourists, but the key articulators of this were national states. *International economy* was regulated, controlled and managed by the state officials within the state institutional framework, thus embedded in the inter-state system. This view was largely informed by the World System Analysis developed by Immanuel Wallerstein (1974, 1979). Although it originated around 1500 in Europe, the market economy had never spread so widely as to incorporate almost every corner of the world and every aspect of human society until recently. Consequently, the way in which the global economy operates, and the relationship between the developed world and the developing world has also been transformed. The simple division of labour between the natural resource extraction in the developing world and value-add manufacturing in the developed world has been replaced by a web of production and distribution which covers the globe, and which is referred to as the New International Division of Labour. World System Analysis conceptualises the new economic order as a three-part structure: the single market, the multiple state system, and the structure of core, semi-periphery, and periphery. The integrated global economy brings the monolithic logic of market mechanism to every economic decision in a world where no single state can dominate totally, as used to be the case in the age of world-empires, and gives space for manoeuvre to trans-economic actors (Wallerstein, 1974, 1979). The conclusion drawn from this perspective was that the

contemporary world economy should be treated as single entity, and any meaningful study of social change should not be limited to any single national framework, but must incorporate the world system (Taylor, 1995).

Those who advocate the so-called 'Hyper' *Global Economy* thesis, however, go further and emphasise the importance of an economy freed from national frameworks by pointing out the increased mobility of capital and diminished significance of national boundaries (Cohen and Zysman, 1987; Reich, 1991). Their view is that the world economy today shows little regard for national borders, for example in the dispersal and integration of production and distribution sites, and that the obstacles of geographical distance have been reduced significantly as communication / transport technology has advanced. In the words of Reich (1991):

“There will no longer be national economies, at least as we have come to understand the concept ... As almost every factor of production –money, technology, factories, and equipment- moves effortlessly across borders, the very idea of American economy is becoming meaningless, ...” (ibid, p. 3 and p. 8).

Some of them went even further and devised terms such as the 'Borderless World' and the 'End of Geography' to illustrate the nature of the new global economy (Ohmae, 1995).

The implication of their thesis can be summarised as follows. Global economic forces are the source of the urban dynamics which has led to the decline of state power and significance (Strange, 1986; Appadurai, 1996). This is based on several premises. Firstly, their view of the current globalisation debate is based on particular theoretical readings of Neo-Liberal market orientation or Marxist structural subordination of the state to the economy (White, 1998). Secondly, they believe that the technological advance of telecommunications networks accelerates the circulation of capital, information, people, and images (Castells, 1989; Thrift, 1987) and this helps to diminish the importance of place. Thirdly, they see evidence of the penetration of global forces on a smaller spatial scale, at city and state levels (Fainstein, Gordon and Harloe, 1992; Sassen, 1991) as a powerful manifestation of a ruling global economy. Their view is that although state and urban governments can 'mediate' global influence in some cases, global economic forces 'dominate' urban life in general (Beauregard, 1995).

Scepticism against 'Global' Economy

They have, however, met with scepticism among the academic community which argues that the novelty of the world economy is exaggerated and the transformation from the international economy to the global economy is not that clear cut. Their argument consists of several points. Firstly, their view is that the world economy opened up as the result of the unsupervised movement of capital weaker state regulation due to the scale of migration prior to World War One, thus it is not a new development (Kozul-Wright, 1995). Secondly, they emphasised governed nature of the global economy by highlighting the function of international treaties and agreements, and super-national organisations such as the EU. They claimed that the main players of the global economy, transnational corporations and financial services, are, although seemingly enjoying the freedom of global business, are actually operating within the framework set by the nation states (Hirst and Thompson, 1996). Thus it is more appropriate to describe the nature of globalisation in its current form as internationalisation. Thirdly, it is still relatively rare to find business firms that have significant foreign ownership or representation on their supervisory boards. Characteristically, most of them display a national bias in the control of their management and systems of operation (Budd, 1998), and therefore cannot be called genuinely transnational and cannot be free from national cultural identity in some way or another. Fourthly, there is the argument that the state has its own will and the means to exercise it. They claim that the state can “challenge, usurp, collude with, and create market” (White, 1998; p. 470, Savitch, 1988; Dielman and Haamnet, 1994) and thus is not necessarily subordinated by global economic forces.

The debate between the two has not settled yet, but it seems to be increasingly clear that certain kinds of changes are happening in the world economy in qualitative terms; not in the volume of trade and transactions, but in the way in which they are organised (Dicken, 1998). Thus, the former view of globalisation is widely accepted by the political and economic leaders who believe that increasing globalisation is inevitable, and that it will eventually provide greater benefits for all sections of society. This view is, however, heavily influenced by neo-liberal market ideology (Thornley, 2001), thus should not be taken for granted.

2.4 World City

This last section describes the theory of the evolution of the world economy and its critiques on a general and on an abstract level. This section discusses how urban economy is

influenced by world economic changes, what role cities play in the process, and how it has been interpreted and theorised. One thing both sides have agreed on in the globalisation debate is the role of the metropolis in the world economy today. They emphasize the city as the socio-cultural infrastructure which supports global business operation and constitutes a significant part of the global market. Some have even argued that the city has replaced the nation state, functioning as the dynamo of world economy. Research reveals that face-to-face contact, and social and cultural interaction referred to as 'institutional thickness' (Amin and Thrift, 1995) creates roles and norms, and sense of solidarity and trust among members which is the breeding ground of innovative ideas and new practices. Global economy is only invigorated through socio-cultural infrastructure in global cities.

The Emerging Global Urban System

The implication of world economic change on the spatial structure of cities and regions across the globe is discussed here. Section 2.2 discussed how fundamental change has happened in the way the world economy is organised, and suggested that the network of cities, which are often geographically apart, plays a vital role in the process. In this section, I point out four aspects of this which indicate the creation of a 'global urban system' as a basic infrastructure to sustain and flourish the greater integration of the global economy.

The emergence of the global economy has brought cities into a complex network of commodity chains, financial markets, producer services, tele-communication networks, and tourist and holiday destinations. It should be restated that it is these cities that have enabled the world economy to perform truly globally by deepening the integration, and have transformed it from an international economy to the globalised economy which was discussed in the last section. Thus, the global economy and the global urban system are mutually supportive and two sides of the same coin, and cities simultaneously both reflect and embody the global economy.

The mobility of capital and human resources has been dramatically increased by the reorganisation of production processes and technological advances, which have enabled business to locate offices and factories over an ever wider area. The development of tele-communication technology, and especially the invention of the internet and WWW made have had a great impact on geographical scale. Some have even predicted that simultaneous and multi-directional communication may eradicate geographical distance altogether, as Mitchell wrote:

“The net negates geometry ... it is fundamentally and profoundly aspatial. ... The net is ambient –nowhere in particular but everywhere at once” (Mitchell, 1995, p.8).

Cities, however, perform a crucial role in articulating dispersed business activities by providing a place for strategic planning and coordination, finance, recruitment, and other corporate services, as well as serving as markets. As a result, some cities have emerged as the ‘hub’ of an economic network, playing a key role in the command and control functions of their respective regional or in some cases global hinterlands. According to Sassen (1991), this bi-focal force, of both dispersion and concentration, is the basic mechanism in the formation of the world city. She describes it as follows:

“The fundamental dynamic posited here is that the more globalised the economy, the higher the agglomeration of central function in relatively few sites, that is the global cities” (Sassen, 1991, p. 5)

Some commentators argue that these cities have created a hierarchical structure according to their comparative strength and competitiveness in the global economy. Their importance is measured by indicators such as financial markets, headquarters of TNCs, the agglomeration of producer services, and telecommunications networks. Numerous studies have been carried out to rank world cities according to those criteria (Friedmann, 1995; Hall, 1966; Hymer, 1972), and identified dozens of cities as global financial, multinational, regional and national articulations (Friedmann, 1995, p. 24, Table 2.1). Those cities identified, are chosen mainly on the basis of the functions they perform, namely command and control functions in the global economy, and not on the basis of their size, which distinguish this from the previous attempt to rank cities by Geddes (1949) and Hall (1966) based mainly on the size of the city and the associated strength of its economy. In most cases, the top of the list is shared by London, Tokyo and New York, and these three cities have become synonymous with the Global City². Others argue, however, that a ranking based on individual attributes is increasingly unsatisfactory as it does not take into account the nature of the connections and links between world cities (Hall, 2001), thus they prefer less a hierarchical interpretation of the network (Knox, 1995). The network-based ranking was demonstrated by Smith and Timberlake (1995), and Short and Kim (1999) using the data of airline links and passenger flow between the world’s major airports. The result revealed the close links and large

passenger flows between London, Tokyo, and New York as well as between other European countries, thus supported the earlier argument of those three cities as being in prime command and control of function in the network.

A World City Hypothesis

It is this context of the integration of global economy, the formation of global urban systems, and the emergence of the Global City that has prompted the development of a new research framework, dedicated to systematically exploring relations between urbanisation and globalisation. (Sassen 1991, Friedman 1995) The pioneer of world city paradigm was John Friedmann. His paper with Goetz Wolff back in 1982 was the first attempt to seek direct connections between urbanisation and global economic change in the contemporary world, and it set the tone of the discussion for the next twenty years. Their basic thesis was neatly summarised by the author as follows:

“Our basic argument is that the character of the urbanizing processes - economic, social, and spatial- which define life in these ‘cities’ reflect, to a considerable extent, the mode of their integration into the world economy”.
(Friedmann and Wolff, 1982, p. 309).

They stressed in this paper that their thesis was not a theory but a perspective and a framework through which to study urbanisation in the late twentieth century and perhaps beyond. This means that what they did was to propose a way of looking at what happened in the city and understanding the process of urban change in relation to the evolution of the global economy. This perspective was based on the premise that the driving force behind urban change is the transformation of the world economy and the emerging network of cities which embody it. Thus urban structural change is, “for the most part a process of adaptation to changes that are externally induced” (Friedmann, 1986, p. 70).

One of the leading proponents of the World City Paradigm is Saskia Sassen, and she raised Friedmann's argument to a new height of sophistication with great “sociological imagination” (Friedmann, 1995, p. 29). Her biggest contribution to the study of global city, among many, is to re-emphasise the city as the focus for the research of social life in relation to globalisation, as she claimed that the city reflects the “concrete, localised processes through which globalisation exists” (Sassen, 1996, p, 206). In the middle of global

² That is why those mega-cities in the Asia such as Manila and Jakarta are often excluded from the

economic de-centralisation and flexible production in which the placeless logic of the market economy aided by time-space compression through technological innovation prevails, Sassen argued that the “inherited place dependency of the globalisation process” (Brenner, 1999, p. 436) becomes clear. She insisted that it is precisely the role of the global city as a place of articulation, which coordinates and organises dispersed production sites, that enables the global economy to properly function. In other words, global economic order involves both 'centrifugal and centripetal forces' (Smith and Timberlake, 1995), and without the global city, the global economy would not have taken shape as it has.

Characteristics of the World City

The Structure of Hierarchy

The paradigm has made very useful contribution to increase the understanding the nature of contemporary urban change in relation to the global economy. It presented a hierarchical picture of cities in the global economy and claimed that cities are cast into a particular role based on the particular functions they play within the global urban system (Taylor 1995). The headquarters of multinational corporations who perform a global control function of manufacture, services, and finance were found concentrated in a small number of cities at the top of the hierarchy, which are called ‘World Cities’. It is now widely recognised that the financial capital and global management function of TNCs is concentrated in a small number of cities such as New York, London, and Tokyo. Global cities are used by global capital as ‘basing points’ (Friedmann, 1986, p. 319) in the spatial organisation of business operations.

“The specific mode of their integration with this system gives rise to an urban hierarchy of influence and control. At the apex of this hierarchy are found a small number of massive urban regions that we shall call world cities. Tightly interconnected with each other through decision making and finance, they constitute a world-wide system of control over production and market expansion” (Friedmann and Wolff 1982, p. 310).

In terms of the financial world, the vast majority of international financial transactions take place in a limited number of cities, namely New York, London, and Tokyo, closely followed by Frankfurt and Paris. The degree of concentration of transactions is even greater than in

the case of the concentration of corporate headquarters. The world ranking of financial centre measured by the number of commercial banks and the size of the market consistently indicate those cities as being the top five (Short and Kim, 1999). The reason for the high concentration was explained by economic and technological conditions as well as on socio-cultural grounds. The market needs a certain amount of demand, supply, financial intermediaries, skilled labour, support business services, and other operational costs. In addition, the presence of a socio-cultural infrastructure such as an adequate regulatory mechanism, business culture, and the sustained and close human contact which develops mutual trust and support is said to be vital (Amin and Thrift, 1995).

There is also a new form of agglomeration of specialised corporate / producer service firms created in the global cities which sustains and strengthens their global control function. Sassen's findings are particularly significant in this regard. According to her, it is these producer services, rather than the mere headquarters of TNCs which characterise the nature of the global city (Sassen, 1988, 1991). It is this service sector agglomeration which creates a particular labour market structure, wealth and employment that gives dynamism and vitality to the economy of global cities.

Social Order in the World City

Observations were made about the impact of global economy on the social order inside the global city. Sassen's particular concern was the structure of the metropolitan labour market and class composition. She argues that global economic forces bring social polarisation in terms of income and occupational structure. The simultaneous growth of specialised professional jobs and manual service work directly contributes to the income disparity and polarisation of social classes. On the one hand, there is said to be creation and reproduction of international high-waged professional and managerial jobs (Beaverstock, 1996). On the other hand, however, low waged service jobs are filled by immigrants, women, and ethnic minorities. Thus, as well as wage disparity, the division of labour according to gender and ethnicity becomes clear. The squeeze of middle class as a result of the loss of a unionised traditional middle-waged working class has also contributed to the polarisation. The phenomenon of social polarisation becomes evident not only in the labour market structure, but in terms of more general living conditions (Mollenkopf and Castells, 1991) including those of education, health, and housing. As a result, the global city has experienced a contradictory increase in levels of wealth and poverty at the same time, thus becoming a place of contrast and struggle. Mollenkopf and Castells, however, were cautious of simple polarisation theory, and instead called for attention to be paid to what they saw as a more

complicated picture. Others also claimed that societies are moving from being relatively cohesive and simple structures divided along clear lines, for instance unionised labour vs. capital, suburban private homes vs. inner city council houses, towards consisting of more fragmented and segmented communities (Fainstein, Gordon and Harloe, 1992).

As a result, world cities were also conceptualised as a place of contradiction and struggle between economic space and living space. World cities are asked to play a dual role, on the one hand to serve the world economy and especially the interest of transnational corporations, and, on the other hand, to protect the interest of the residents (Friedmann, 1986). Therefore global cities are inevitably the subject of political conflict.

New Spatial Forms

Thirdly, there are implications of the global economy for urban geography and spatial forms, such as the creation of new urban spaces in world cities. Although on the one hand, “the spatial form of the city is never a clear and perfect reflection of urban processes” (Bureaugard and Haila, 2000, p. 24) as relatively ‘fixed’ forms of urban physical geography often prevent or obscure rapid and straight forward influence of economic forces, on the other hand, it is generally accepted that the creation of new types of urban space such as waterfront developments, leisure and entertainment complexes, and gentrified neighbourhoods in many cities is strongly linked to contemporary globalisation processes (Olds, 2001; Fainstein, 1994; Zukin, 1992).

The combination of two factors related to economic globalisation explains the creation of new urban space. One is demand - the need for the city to be equipped with the new types of urban space to address its economic and social needs vis-à-vis the global economy, which I have already discussed in the previous sections. The other is the supply - the increased opportunity for property investment. Firstly, as the amount and intensity of the circulation of capital increases due to financial globalisation, urban property, especially prime commercial property, has become the object of speculative international investment (Olds, 2001). In the UK, for instance, direct property investment from overseas amounted to an average of £88 million annually between 1980 and 1985. It soared to £960 million between 1985 and 1990 (Budd, 1992). Secondly, in the process, urban properties have become more deeply commodified. Properties are less appreciated for their social function and valued more as exchangeable financial assets in the market place (Haila, 1991). Their potential for income generation does not come from rent but from their exchange value on the market, thus fuelling property speculation. The gap between the ‘use value’ and ‘exchange value’ (Logan

and Molotch, 1987), which has arguably always existed, has become widened as a result of increase investment from overseas. Thirdly, aided by the development of communication technology and TNCs, professional circles who are involved in international property development have emerged (Olds, 2001). They include financiers, architects, developers and other experts who have the power, knowledge, and interest to operate on the international stage.

One form in which the process described above has taken shape is in the formation of comprehensive large scale property development projects around the world (Hall, 1995; Olds, 1995). Urban Mega Project (UMP) was the term preferred by Olds (1995, 2001) to describe such projects in Asia Pacific, which he defined as:

“... large scale (re)development projects composed of a mix of commercial , residential, retail, industrial, leisure, and infrastructure uses. They are developed primarily in the inner city, on large tracts of former port, railway, industry, military, or racetrack lands...” (ibid, 2001, p. 6).

The purpose of the UMP is to facilitate capital accumulation and boost the socio-economic comparative advantages of a city, by both substantial and symbolic means. Substantially, a UMP functions as an economic and social centre by having office, leisure, shopping, and entertainment complexes, or/with a communication infrastructure like a teleport or container port. The residential elements in UMPs often amount to being protected enclaves for the highly paid professional classes sometimes called ‘citadels’. Symbolically, the development of global media and communication networks projects an image of shared prosperity and success in the urban landscape, represented by sky scrapers, conference centres, and entertainment complexes. Cities which face global competition search for international recognition as credible business centres and global status by transforming their landscape. Urban spectacles together with sports, leisure, and entertainment activities have become part of the physical landscape of global cities (Short, 1996; Short and Kim, 1999).

Above all, those projects are important because they try to ‘fix’ the global flow of capital by providing “functional districts within global cities” (Olds, 2001, p. 30) as well as a “symbolic indication of a robust local and regional economy” (ibid, 2001, p. 33). Therefore they are ‘strategic’ sites for the state and city with which to ‘hook up’ to the global economy.

2.5 Evaluation

Appraisal

Since the first publication of Friedmann and Wolfe, and later ground-breaking work of Sassen, World City Paradigm has attracted considerable attention and controversy in the academic community. The analysis based on the paradigm has certain ambiguity in its definition and precise application, which I will discuss later in the thesis, but it was designed as a 'heuristic' tool, a way of asking questions about world cities (Friedmann, 1995, p. 21), and 'a lens' through which to see a variety of contradictions (Brenner, 2001) in the first place. Therefore, their research has served very useful platform for successive research monographs and has now become an 'obligatory passing point' for the student of urban studies (Olds, 2001, p. 119). Also, the major advantage of adopting this perspective is its capacity to integrate many strands of social science research. As Friedmann himself reminds us;

“The beauty of the world city paradigm is its ability to synthesize what would otherwise be disparate and diverging researches – into labour market, information technology, international migration, cultural studies, city building processes, industrial location, social class formation, massive disempowerment, and urban politics – into a single meta-narrative. ... The world city paradigm not only allows us to make portions of the meta-narrative of capital visible but also provides us with a basis for a critical perspective” (Friedmann, 1995, p. 43).

Criticism

One of the drawbacks of an otherwise successful and popular analytical framework is that economic globalisation has become a 'catch-all' explanation for anything and everything that happens in the world city. Certainly, major socio-economic restructuring in the world city has something to do with global economic change, but the methodological difficulty of 'disaggregating' (Brenner, 2001, p. 131) the distinctive effects of it hampers the effort to determine the degree to which global economic forces are decisive in shaping urban change. The difficulty is mainly caused by the lack of comprehensiveness of the approach. The approach tends to treat the formation of the global city as the automatic outcome of global economic change, and give little space to the consideration of historical / social / cultural /

institutional and political variables, and more crucially, how those variables relate to the evolution of the each other, and to the world economy and the role of the city in it. The reminder of the section discusses four major points, lack of historical perspective, lack of institutional dimension, relationship to the nation state, and Anglo-American ethnocentrism.

Historical Presentism

A major problem of world city paradigm is that it tends to focus on the latest round of global capital accumulation as the primary source of urban change, hence undermining the idea of any continuity in trends of urban change. With the exception of King's (1990) colonial urban system, and Abu-Lughod's (1999) work on the comparative history of three American metropolis, New York, Chicago, and Los-Angeles, the historical context of world city formation is not adequately addressed. The latter work in particular was intended to be a critique of 'presentism' in contemporary urban studies³, in which Abu-Lughod insisted that 'history matters'. Brenner also argued that,

“... contemporary discussions of world cities, post-Fordism, and globalisation have radically exaggerated the historical uniqueness of contemporary urban transformations, which can be understood more adequately in the context of many centuries of interaction between world-scale economic processes and changing localised economic, social, and political conditions” (Brenner, 2001, p. 124).

Instead, she utilised the concept of 'path-dependency' to explain the location-specific, historically continued, and culturally and institutionally structured factors. Each world city could gain a distinct 'portfolio' (Brenner, 2001, p. 128) via these factors.

Lack of Institutional Dimension

The WCP is based on a spatial structural approach, which treats the city as an independent variable and fails to give adequate, and in my view necessary, attention to the role of agents and institutions as units of analysis. Sassen's study in particular was criticised for its inadequacy in analysing the actual networking processes that build relationships between different actors (Zukin, 1992; Smith, 2001). Crucially, it under-emphasised the influence of

³ Friedmann himself acknowledged this point by stating that “If we neglect the other face of the world cities –their rootedness in a politically organised ‘life space’, with its own history, institutions,

political variables on the mechanism of the market, and the role of state is almost totally disregarded (White, 1998). Government policy, however, can influence significantly the way in which cities manage their external relations and internal structures (Goodwin, 1996; Ward, 1995; Hamnett, 1996). The dynamism of urban politics (the politics of growth, coalition and regime formation) in the context of global economic change and state restructuring is not extensively investigated (Brenner, 1999). Central local government relations in a global city are potentially very important because they could re-configure administrative and financial relations which could affect the capacity of the global city for utilising its resources, (Cox, 1990), but these have not been extensively studied. These criticisms suggest that many commentators see her approach as exogenously oriented and over-emphasizing of the economic forces outside the city. To be fair to her, that was not what she meant, but the lack of detailed ethnographic research left that kind of impression. In her words:

“... the global city is precisely the site where global processes can get activated inside a country with the participation of some of its national actors”. (Sassen, 1998, p. 479)

A separate, but related critique expressed the inadequacy of studying global cities as "qua cities" (Ward, 1995, p. 299), because “insufficient consideration is given to the political-administrative structure through which such cities are governed and managed” (ibid, p. 299). Sassen's research in particular is liable to attract such a criticism⁴. Although her global city model is a clear manifestation of the nature of the global economy at work on the ground, her perspective seems to be shifting away from the study of urban change to the nature of the global economy itself. In her words:

“A key purpose of the model is *to understand economic globalisation* not just as capital flows but as the work of coordinating, managing, and servicing those flows...” (Sassen, 1998, p. 478, emphasis mine)

World City and Nation State

The second issue which was not adequately addressed is the relationship between the nation state and the global city. On the one hand, some theorists have claimed that there is an

culture, and politics ... - much of what we observe will remain unintelligible” (Friedmann, 1995, p. 34)

⁴ Sassen herself acknowledged this point (Sassen, 1998, p. 479)

apparent 'dis-embedment' of economy and 'detachment' in social relations between global cities and nation states. As global circulation and the integration of capital, commodities, people, and information intensified, national borders became redundant (Ohmae, 1995). The 'Space of flows' is superseding the 'space of places' (Castells, 1989). Cities and inter-urban networks have become most fundamental geographical unit and appear to be replacing state as the basic territorial infrastructure of capitalist development (Friedmann, 1986). For instance, in the case of London, the City's role as a global financial centre has very little to do with what the rest of the UK is doing (King, 1990) and "The City is now a global stage located in Britain rather than a British stage in the global arena" (Toulouse, 1991, p. 62). Therefore, "What is good for the global city and what is good for the nation no longer coincide" (White, 1998, p. 453). The 'Hollowing out' and the 'retreat' of the nation state can be factors contributing to the phenomenon. On the other hand, however, others argue that it is misleading to contrast the global city and the nation state, because both benefit from the development of the global city. The greater accumulation of capital generated in the global city is an attractive taxable resource for the state, while the basic infrastructure which secures and enhances capital accumulation, ranging from the police, fire services and education, to fixed facilities like airports and communications networks, is provided by the state. Indeed, there are some observations that suggest that the state's strategy is to promote cities as a place for capital accumulation on the global stage (Swyngedouw, 1996). Brenner argues that states are not losing their significance and influence but re-scaling the territory in which they exercise it and re-configuring the way in which they exercise it. Therefore, the national scale of regulation may have been substantially transformed into super national and regional / local levels without losing significance (Brenner, 1998).

Ethnocentrism

Thirdly, the existing study of global cities has been criticised for its bias towards Anglo-American ethnocentrism in terms of the development of its conceptual framework and the interpretation of results. This is because the underlining condition for the theoretical framework of global city research is a neo-liberal ideological hegemony, and this is hidden under supposedly objective investigation (Smith, 2001). Thus scepticism has been expressed with regard to its limited explanatory capacity. The global city model is based on the premise that the economy is the fundamental cause of social change, and assumes the supremacy of the free market economy, private property rights, and the minimum intervention of the state as a norm. The WCP originated in Anglo-American Political Economy tradition, and have strengthened since President Regan's and Prime Minister Thatcher's administration. One of the findings of world city paradigm, that of social and

labour market polarisation in the global city, was also criticised for being disproportionately influenced by the American urban social context. The constant flow of a large number of immigrants, the inadequacy of the social security system, and the lack of large public sector employment created an 'urban underclass' of 'truly disadvantaged' (Willson, 1987) which contributed to polarisation rather than just globalisation per se (Hammet, 1996).

2.6 Convergence of the World City?

These four sets of shortcomings of the analysis lead to the fifth criticism which is that the theory exaggerated the convergence effect of the global economy, which homogenises different global cities into one model (White, 1998). I would argue that because of the New-Right political philosophy and neo-liberal economic policy which dominated the globalisation debate and led the transformation of government policy both at national and urban level, the impression of global economic determinism was over exaggerated. The disproportionate concentration of global city research among English speaking academics further exaggerates this bias as the neo-liberal tradition is most strong amongst them.

Convergence of Economic Function

The review of the literature of World City Paradigm and theories of institutional restructuring against global economic change seems to suggest broadly the direction in which the world cities are heading. Different metropolises in the world which have distinctive geographical, cultural and historical backgrounds seem to be converging in terms of their economic function and public policy. In terms of economic function, World City Paradigm defines global cities as the command and control centres of the global economy illustrated by the concentration of TNC headquarters, centres for financial markets, and the hubs of global communication and logistics networks. Global economic change and the creation of urban hierarchy underlie 'parallel' changes in the three global cities of London, Tokyo, and New York (Sassen, 1991; Smith, 2001), which are thus assigned the same sort of functions by the new international division of labour (Friedmann, 1986). That, in turn, defines the labour market structure in ways such as, the types of jobs created, the wages, the geographical location of jobs and residential communities, and the social / ethnic / class composition of those communities. Thus, "... it is clear that global cities have a single, unitary author: transnational capital" (Smith, 2001, p. 51)

Convergence of Urban Policy

In terms of public policy, market supremacy overwhelmed the state, White (1998) stated that “the market runs the city, ... (and) the eclipse of state by the market and by international considerations” (ibid, pp. 452-453). New Right political philosophy and Neo-classical economic policy has replaced the fiscal equalisation policy characterised by the post-war era by adopting pro-market and pro-business policy at national level. Some international organisations such as the IMF and the WTO also encourage state governments to comply with the liberal market policy that they promote. At the local level, many cities have adopted an ‘entrepreneurial’ approach in order to adjust to the new political and economic reality. Increased economic competition between cities, and reduced support from national governments has pushed city government into shifting their policy orientation from the provision of universal public welfare to the creation and maintenance of wealth directly located in the locality. Inward investment agencies and public and private partnerships at local level are wide spread. As a result, various commentators argued that ‘ubiquity’ (Hall and Hebbard, 1998, p. 6) of entrepreneurial policies throughout the advanced capitalist world is now indisputable from Rust Belt cities (Liverpool, Detroit) Sun-Belt (Bristol) World Cities (London, New York: Dockland, Battery Park, etc.). Thus, age of ‘entrepreneurial cities’ has started.

Global urban hierarchy is strongly related to the emergence of the ‘entrepreneurial city.’ Friedmann acknowledged, on the one hand, that “hierarchical relations are essentially relations of power, and competition for place is always severe among cities” and, on the other, that those hierarchies are not static but flexible. Thus world cities are “driven by relentless competition, struggling to capture ever more the command and control functions that comprise their very essence. Competitive *angst* is built into world city politics” (Friedmann, 1995, p. 23, original emphasis). Short also devised the term ‘Wannabe World Cities’ (Short, 1996, p. 430) to describe those cities who want to climb up the ladder to reach the height of London and New York in the hierarchy. Those cities regard the status as emblematic of power, wealth, and success (Olds, 2001), and seek to actively promote themselves by, for instance, hosting urban spectacles such as the Olympic Games and the World Cup in order to disseminate a positive image of their city. The Global Cities, which are located at the top of the hierarchy, cannot sit back and ignore the challenges of ‘Wannabees’ as they could threaten the established order and take over their position. The ‘I Love NY’ campaign of the 1970s is well known as a response to the declining image of a city, and the Dockland development project in London was partly due to the growth of financial market in Frankfurt. Thus, cities in the global economy seem to show similarities

in responding to neo-liberal and economic globalisation (Harvey, 1989; Molotch, 1990). Those two elements combined create a particular image of the city which is ruled by the logic of global capitalism.

Discussion

Strong criticism, however, has been expressed of this sort of reading. For instance, Short and Kim (1999) urged that, “We should be wary of seeing a homogeneous entrepreneurial city emerging mechanically from global forces” (ibid, p. 117). Smith (2001) also expressed the view that structural, economical, and technological explanation undermines cultural and political processes within cities. In the sphere of world city paradigm, this sort of reading; ‘globalisation can create a homogeneous world city’ was criticised for being based on misguided or one-sided interpretations of World City Paradigm. Brenner argues that it does not represent a general failure of the theory, but that such a totalising view was derived from a particular dichotomous interpretation which equates the ‘global’ with the ‘general, universal, abstract, structural, and dis-embedded’ in contrast to the ‘local’ as ‘unique, particular, concrete, agentic/contested, and embedded’ (Brenner, 2001, p. 133). The theory does not necessarily lead to convergence, because “... the core theoretical claims of world city theory, ...encompassing comparisons have been mobilised to underscore not only the similarities among cities but also their differences according to their specific positions within the global division of labour” (ibid, p. 142). Thus, in his view, diversity among local spaces is “not only compatible with the process of globalisation but is also, arguably one of its most essential expressions and consequences” (ibid, p. 142, also Cox, 1995; Swyngedouw, 1992). Sassen (1998) also responded to White’s (1998) critique of exaggeration of the convergence. Though she admitted that “The development of global city in different cities across the world does indeed signal convergence of something” (ibid, p. 479), she argued that such a convergence was limited to certain economic activity in financial and producer services. In her words, “It is the development and, yes, partial importation of a set of specialised functions and the direct and indirect effects this may have on the larger city” (ibid, 1998, p. 480). The discussion above reveals that the question of convergence in relation to world city formation is still wide open, and thus further examined in relation to Tokyo in the next section.

2.7 Conclusion

This chapter examined the way economic / social / spatial change in the world’s leading

metropolis is understood and interpreted in relation to world-wide economic integration and the spatial development of the division of labour. Reviewing the literature has revealed that world cities acquire a greater capacity for command and control of the world economy through the hierarchical structure of cities. The internal structure of cities is, in turn, characterised by the polarisation of occupational, social, and spatial patterns.

World City Paradigm provides the most comprehensive and coherent explanation of the way in which the world city has emerged and how its internal structure is organised. Some commentators suggest the convergence of world cities in terms of economic function, social structure, and urban policy into a particular model. In short, they argue that globalisation can create homogeneous world city. However, as I pointed out in this chapter, the whole discussion and discourse about globalisation and the world city is heavily influenced by Neo-Liberal economic policy and Anglo-American ethnocentrism. Thus, the next chapter makes a close examination of Tokyo's development as a world city. Tokyo is commonly recognised as one of the leading world cities, yet it is geographically located outside the Western block, and has historically avoided colonisation and thus maintained a degree of cultural independence. It is an ideal location for the testing of the 'global convergence' hypothesis.

CHAPTER III : WORLD CITY TOKYO

3.1 Introduction

Chapter 2 introduced World City Paradigm (WCP) and discussed its effectiveness and shortcomings as a research framework. On the one hand, the analysis systematically theorises the nature of urban development in the world's leading metropolis in relation to the integration of the global market and the emergence of new global order. WCP basically prescribed that the development of a global urban hierarchy cast each individual city into a certain function in the global economy, which transcends national institutions, politics and culture, and assumes convergence in economic base, spatial organisations and social structure among those cities (Friedmann, 1986, 1995; Sassen, 1991). On the other hand, critics identified several shortcomings of the analysis, and questioned its explanatory capacity. Although WCP was not meant to be universally prescribed as an urban model in the first place, it strongly implied that it was applicable to the structure and functioning of *all* cities that perform key control and coordination functions for global capital in the present period of globalisation.

Firstly, they claimed that it overemphasised economic variables and underestimated institutional relations and the role of nation state in particular. Secondly, the study also tends to impose the convergence thesis on cities which have diverse cultural and historical backgrounds. Thirdly, as the whole discourse of the globalisation debate is based on New-right politics and Neo-liberal ideologies which are rooted in the Anglo-American neo-classical economic tradition, the application of this theory in different cultural contexts might raise more questions than it could answer. In summary, although World City Paradigm offers an attractive vantage point from which to comprehend many dimensions of contemporary urban change and to explain their causes by a coherent "single meta-narrative" (Friedmann 1995, p. 43), as a hypothesis, its utility has yet to be rigorously tested.

This chapter exclusively focuses on Tokyo and makes a close examination of social and economic changes during the 1980s when Tokyo faced a tide of global economic forces and experienced rapid transformation. It has been claimed that the urbanisation process in Tokyo

has moved into new phases since the late 1970s. While the earlier phase was characterised as a rural-urban transformation by national industrial growth, the current phase focuses more on the transformation of Tokyo as a command and control centre of transnational and financial capital in the global economy (Douglass, 1993, p. 111). There seems to be a consensus that the integration of the global economy and emerging single market made considerable impact on the way in which Tokyo's economy is structured and the society is organised, and this classifies Tokyo as a world city (Friedmann, 1986, 1995; Machimura, 1992, 1998; Rimmer, 1986; Fujita and Hill, 1993). However, there is no reason to expect that all world cities should have similar features as they are in different geographical settings and have different institutional traditions. This chapter aims to explore the particular characteristics of Tokyo as a world city by investigating the characteristics of its economic transformation during the 1980s, and how these might be interpreted.

The chapter will be divided into two parts. It begins with the economic transformation of Tokyo caused by the development of TNCs and the structural economic changes which followed. They include the rise in the number of head quarter functions of TNCs, the expansion of the financial market, the growth in service sectors, and the development of transport and communication functions, all of which are fairly typical of a world city. Closer examination, however, reveals that Tokyo possesses some unique characteristics which distinguish it from other world cities, such as the direction of flows in investment, human movement, and its social / occupational class structure. The first half concludes that Tokyo is in fact a 'closed' form of world city. The second half reviews the literatures which interpreted the transformation of Tokyo, and explores the way in which the characteristics of Tokyo as a world city is defined in a comparative framework. There are some studies which have revealed significant development in global economic function and related social change in Tokyo (Sassen, 1991 for instance). More recently, however, application of the thesis to Tokyo has been questioned on the ground that it does not give sufficient consideration to the role of institutions and government in the formation of the global city. Some commentators claim that Tokyo differs from other global cities because of the strong influence of state policy (Hill and Fujita, 2000; Hill and Kim, 2000). The chapter concludes by arguing that existing research has mainly concentrated upon the economic element of world city formation, and overlooked institutional and political aspects, in particular the development of urban policies and the politics behind them.

3.2 Economic Background, Globalisation of Tokyo

The following section explores structural economic change and its impact upon Tokyo in the 1980s. Firstly, the evolution of business operations by Japanese corporations is presented as a driving force behind the change. The way they organise operationally complicated and geographically dispersed business has changed the way in which Tokyo is involved in the global urban network. Secondly, I review existing studies of economic and social change in Tokyo in relation to world city literature. According to world city theory, the world city is defined as a centre for international trade and commerce. I list several characteristics which have become apparent during the 1980s among the world's leading metropolis and examine how they developed in Tokyo. They are (1) The world city as a command and control centre of public or private corporations, (2) as a global financial centre, (3) as a key location of specialised service firms, (4) as a site of production and product innovation, (5) as a hub of the global and regional transport network. And, (6) the social / occupational / residential composition in sociological inquiry. The global city is characterised by the polarised nature of occupational and social structures, residential areas, as well as the presence of large ethnic minority population.

There is a familiar picture which is widely shared as the typical image of a global city, such as skyscrapers, office blocks, expensive restaurants, etc. However, beyond that image, researchers have observed some differences between Tokyo and other global cities such as London and New York (Kamo, 1988; Machimura, 1995; Teranishi, 1991; Fujita & Hill, 1993). I will summarise the characteristics of Tokyo's globalised economy and point out the similarities with other world cities as well as the differences.

Evolution of Business Operation

Data shows that drastic changes happened to the Japanese economy in relation to the overseas operation of Japanese corporations in the late 1980s (NEA, 1990). Firstly, the amount of direct foreign investment skyrocketed. Between 1986 and 1988 alone, it exceeded the total amount of the previous 35 years. Secondly, as well as investment by the manufacturing industries, developers, building contractors, finance, and other service sectors increased their shares of investment overseas through property investment, mergers and shared ownership (Rimmer, 1989). Thirdly, the share of investment into Western countries was increased, compared to that to the developing countries, as a result of the third world debt crisis. All three indicate the shift in business operations in which overseas

operations were no longer a branch of special work or a fringe interest but became an integral, and often the key, part of corporate strategy. Business operation evolved from an export orientated model to an integrated production/distribution/sales system. In the former model, raw materials were extracted and imported from overseas mainly developing countries, and the final product manufactured in Japan, and exported to other countries, mainly developed countries. The production system today is more globally integrated based on new international division of labour (Teranishi, 1991). Japanese TNCs' business operations have spread around the globe, not only trade, but also overseas production, financing, and direct foreign investment⁵. Data reveals that the number of TNCs⁶ increased from 35 to 90 between 1975 and 1987 in the manufacturing sector, and from 2 to 19 in financial sector. Their foreign subsidiaries and also increased from 311 to 676, and from 28 to 270 respectively (Machimura, 1995, p. 72).

Global operations of Japanese TNCs have created a certain regional economic block and set of ties. They are concentrated in several regions, which are Asia and the Pacific, Western Europe, and North America. On the one hand, in Asia and the Pacific, Japanese TNCs took advantage of labour cost, the emerging economic power of Newly Industrialised Nations (NICs), and geographical proximity, and purchased subsidiaries and set up new factories. On the other, in Western Europe and North America, Japanese TNCs also extended their production too because of the trade dispute between Japan, and USA and EC, and the increasing value of Yen, which made it very difficult for Japanese firms to continue to export final products, such as automobiles. The financial sector expanded to Asia, Western Europe, and North America too. Although the integrated global financial market was created thanks to advanced telecommunication technology and deregulation of the market in general, the economic network is particularly strong between Tokyo and these three regions. Firstly, Tokyo formed a 'premier league' of world financial centres with New York and London, which controlled the vast majority of the market. Secondly, Japanese financial corporations bought a number of subsidiaries in Asia especially in Hong Kong, Singapore, and Sydney, which are the financial centre of their respective countries / regions.

As a result, a particular network of cities has been created which is divided into three main blocks (Asia and the Pacific, USA and Canada, and Western Europe) and connected by the business operations of Japanese manufacturers and financial TNCs. In turn, this network has introduced Tokyo into two kinds of network; one is a global financial network

⁵ Japanese FDI increased because after the trade dispute between USA and EC, corporations were encouraged to set up overseas production in those countries rather than relying on export.

encompassing Tokyo, London and New York, the other is the Asia-Pacific network connecting Tokyo, Hong Kong, Singapore, Tai-Pei, Jakarta, Seoul, etc. Tokyo became a key player of both networks which defined the characteristics of its urban development.

Trans-National Corporations

As the global business operations of Japanese corporations progressed, they needed a centre for coordinating and overseeing ever more complicated and geographically extended businesses, and Tokyo became the natural choice for the basing of their headquarters. According to Hymer, headquarters of TNCs require a close proximity to the capital market for their finance and investment, a media and advertising network for their marketing, and contact with the relevant regulatory government department (Hymer, 1972). Tokyo satisfied all these criteria and it was natural for them to choose their capital city as their operation centre. It was in the mid to late 1980s that a number of corporations which had been rooted in provincial regions, such as the automobile giant Toyota, has moved their headquarters (or de-facto headquarters), or transferred a substantial number of personnel to Tokyo in order to satisfy their business needs (Matsubara, 1988; 1995).

The data showing the number and location of the world's largest corporations ranked by sales suggests changing position of cities (Short and Kim, 1999, p. 26, Table 3.2). It reveals a trend in the decline of older industrial US cities, especially New York, as manufacturing centres, and shows the steady growth of Tokyo, and includes a range of cities especially in Asia (Osaka and Seoul). According to the table, Tokyo has established herself as one of the most important locations of TNCs' headquarters.

Finance

The globalisation of the Japanese financial market is obvious evidence of its rise in the global city hierarchy. The relaxation of the financial market, increasing overseas investment, and innovations in telecommunications technology have all positively contributed to creating a globally integrated financial market. Tokyo is conveniently located in the Pacific, which has enabled the financial firms to operate 24 hrs market trading around the clock together with London and New York. Figure 4-2 shows the size of the markets in the world's leading financial centres. It suggests that the volume of the dealing and the size of

⁶ TNC is defined the corporation who owned more than five overseas subsidiaries in which they hold more than 25% of the share in manufacture and in more than 10 in the case of non-manufacture.

the market in Tokyo increased during the 1980s and became comparable to London and New York. As a result, it attracted foreign financial corporations.

Service Industry

The Growth of the service sector is another familiar story in the global city (Sassen, 1991). A variety of services are needed to assist the operation of TNCs, such as legal, financial, advertising, and foreign affairs, who have to coordinate far-reaching business activities. Personal services are also said to have flourished because the relatively high wages of the workers in the TNCs, which has made it possible for them to buy certain services in order to compensate for their extremely busy working life. Machimura's study shows a significant increase in the service industry in Tokyo in the 1980s by using employment data (Machimura, 1995, Ch. 3). For instance, producer services, such as information processing (software), advertising, and specialist services, showed an increase of more than 30% during the 1980s. Information processing industries in particular recorded a remarkable increase of 98% between 1981 and 1986, and 61% between 1986 and 1991. At the same time, bar and restaurant industry grew by 20 % throughout the 1980s, while the media industry has shown a strong increase from the late 1980s onwards. The growth of personal services, on the other hand, has been mainly limited to the leisure and entertainment industries, such as the arts, sports, and travel, but has not extended to more basic welfare needs such as housing and education. Machimura suggested several reasons for the growth of the service industries, such as the increased need for various special skills and expertise, IT advancement, and the increase in flexible working including part-time workers. He concluded that diverse service industries sprung up in Tokyo to support the command and control functions of corporations. Short and Kim shows the strength of producer services in Tokyo by using comparative data on the advertising market (Short and Kim, 1999, p. 34). Advertising market in Tokyo is more than 31,000 \$ mil., which is next to New York (38,000 \$ mil.), more than double that of Londons, and more than three times as big as that of Paris.

Communication and Transport

Another dimension of the Global City is that it is a hub of communication and transportation in the network of cities. Improved telecommunications technology and air transport have helped to generate the global exchange of information, transaction of commodities, and the greater mobility of people (Castells, 1989; Castells and Hall, 1994). Teleports, fibre optic cables, smart buildings, and other telecommunication technologies have formed an

indispensable infrastructure for the future growth of the city. However although there is a consensus that telecommunication plays a key role in the formation of world cities (Budd and Whimster, 1992; Graham and Marvin, 1996), it is difficult to obtain comparable and reliable data (Short and Kim, 1999, p. 38).

By contrast, the information on international air-traffic, which represents the degree of inter-city connection is available. By using the data from International Civil Aviation Organisation, Short and Kim (1999, pp. 38-52) revealed the evolution of international air-traffic and pointed out the overall growth of the global air network, increasing density of traffic within the network, and the emergence of hub cities in the network. Firstly, total international air passenger traffic increased from 1,270 billion passenger-kilometers in 1984 to 2,098 billion in 1994. Secondly, among them, the porportion of high-density air routes with more than 300,000 passengers per year in each direction tripled over that period. This means that more passengers were concentrated on limited air routes between major global cities.

Thirdly there is variation between different regions in the world. Growth in the Asia/Pacific region was particularly strong recording a 9.0% annual increase between 1984 and 1994, which was larger than any other region. Each region has developed their own hub airport to serve relatively short distance flights within the region, such as Amsterdam in Europe and Miami in central/south America.

In terms of the total number of passengers, Tokyo was in third place next to London and Paris in 1994, but total number of the routes connecting it to foreign cities were limited to 41 and ranked it 13 in that table. It lagged behind Singapore and Hong Kong, which were ranked 8th and 11th respectively. However, with 13 air routes that carried more than 300,000 passengers, Tokoyo was second only to London in this respect. Another study revealed that the air routes of Tokyo were more developed on the global scale than on the regional (Asia/Pacific) scale, in contrast to Hong Kong, where the number of non-stop regional flights per week was more than four times bigger than the number of global flights (Keeling, 1995, p. 123). Thus, it could be said that Tokyo developed as a global hub of air traffic which connects limited number of top tier global cities, such as London, New York, and Paris, while it is relatively weak in the Asian city network compared to Hong Kong and Singapore.

3.3 Unique Aspects of Tokyo

Manufacturing Industry

The strength of the manufacturing industry is another side of Tokyo's economic character. Tokyo's economic supremacy is backed up by a dense network of small & medium size highly skilled manufacturing firms, which can create innovative products (Sassen, 1991). While employment in the manufacturing sector as a whole shrank 22% in New York from 1977 to 1985, and 25% in London during the same period, the figure in Tokyo is comparatively small: 12% from 1975 to 1985 (Sassen, 1991, pp. 130-132). Manufacturing firms are located around the greater Tokyo area and take advantage of the flexible production system (Fujita, 1991) Although Tokyo's total manufacturing output has fallen since its peak in 1959, Tokyo still maintains viability in its manufacturing sector. Since the 1960s, large plants which have more than 300 workers have moved out of Tokyo but have largely remained within the greater Tokyo region. In the case of small plants, decentralisation was not as extensive as that, and more than half were relocated within 23 wards. If the total number of plants in 1960 is indexed at 100, the number of plants with more than 300 workers decreased to 53.6 by 1983, while the number of small plants with less than 299 workers actually increased to 185.8 (Fujita, 1991, p. 275). In fact, this increase was mainly due to the increase in the number of plants with less than 10 employees. These small firms were faced with severe competition from other Asian countries, unpredictable market conditions, and technological advances, and so were forced to adopt the skills of flexible production, and shift towards high value-added production. They have sought to make the strategic move from being mere sub-contractors to big producers, to developing their own expertise in a highly segmented and specialised market. Sassen (1991, 2001a) attributed the strength of Tokyo's economy to the fact that Tokyo still has manufacturing base, compared to New York whose major source of wealth is from finance and corporate services.

Flow of Investment, People, and Money

Japan's relationship to the global economy could also be seen as imbalanced if you compare the flows of investment and movement of population, as the outgoing volumes are far bigger than the incoming. Inflow of capital such as Foreign Direct Investment (FDI) into Japan is extremely small by international standards. It is also very small compared to its own outward FDI as well. Table 3.1 shows the volume of outflow and inflow of investment and

their ratios in Japan, USA, EU, Korea, and Singapore between 1990 and 1992. Although the figure varies in each year, the ratio of inward investment to outflow Japan is consistently, and significantly lower than the other countries' cases. It is quite striking considering the amount of Japanese FDI, which was the largest as a single nation in 1990.

Table 3.1 Changing Volume and Ratio of Foreign Direct / Inward Investment (\$1,000,000)

Nation	Pattern	1990	(2) / (1)	1991	(2) / (1)	1992	(2) / (1)
Japan	(1) FDI	48,050	3.7%	30,740	4.5%	17,240	15.8%
	(2) Inward	1,780		1,370		2,720	
USA	(1) FDI	29,950	160.0%	31,380	70.2%	42,660	41.2%
	(2) Inward	47,920		22,020		17,580	
EU	(1) FDI	132,400	73.4%	107,370	72.4%	109,277	73.1%
	(2) Inward	97,184		77,705		79,904	
Korea	(1) FDI	820	87.2%	1,357	82.2%	1,047	52.5%
	(2) Inward	715		1,116		550	
Singapore	(1) FDI	2,034	274.1%	1,024	476.5%	1,317	178.5%
	(2) Inward	5,575		4,879		2,351	

Source: JETRO White Paper (1996), taken from TMG (1996, p. 78)

Although the numbers of foreign-owned TNCs and subsidiaries, and the numbers of their employees increased in the 1980s, they are still low compared to London and New York (Naito, 1987). According to Friedman, Tokyo is rather exceptional in that she succeeded in preventing massive foreign investment by through government policy and the business traditions of Japanese firms⁷ (Friedman, 1986). Moreover, the presence of foreign capital was rather limited to certain business operations. Nearly 40% of foreign business was dealing with the wholesale of consumer goods. This is backed up by a survey that suggested that the main attractions for foreign TNCs to operate their business in Japan were its huge market and consumer purchase power inflated by its post-war economic success and especially by the increased value of the Yen⁸. One of the implications of the scarce presence of foreign capital is that Tokyo's command and control function is shared

⁷ They include particular supplier networks called 'Keiretsu' and other so called 'Non Tariff Barrier' which discriminated against introducing foreign corporations to the market.

⁸ Although there are some companies, like IBM, who locate their strategic centre for Asian business into Tokyo, most TNCs look at Japan as a separate market from other Asian countries (Naito, 1987).

exclusively by Japanese owned TNCs. This allows form a style of strategic decision making in Tokyo involving public and private sector which is typically Japanese (Machimura, 1995). Kamo thinks that New York's economy is almost solely dependent on the presence of the global financial market, which is quite volatile from time to time (such as on Black Wednesday in 1987), and thus makes the local economy fragile and unstable, whilst in Tokyo it is more balanced (Kamo, 1998).

In terms of population movement, table 3.2 shows that there is a quite big difference between the number of Japanese people going out of the country (either permanently or temporarily) and the number of foreign nationals who come into Japan. Firstly, though throughout the 1980s and 1990s the number of people crossing the border has increased, outgoing Japanese population has been always bigger than the number of incoming foreign nationals by at least nearly 2:1, and sometimes even nearly 4:1. Secondly, the pace of the increase in the numbers of outgoing has been quick than for those incoming. Comparing 1996 and 1985, the increase in outgoing population is nearly twice as big. The figure reinforces the view that for Japan, Globalisation essentially meant outgoing activity of Japanese products, people, investment, but not importing.

Table 3.2 The number of Japanese and foreign nationals entering and leaving Japan

	1980	1985 (A)	1990	1996 (B)	(B) / (A)
Non-Japanese Coming In ⁹	1,296	2,260	3,504	4,244	1.88
Japanese Going Out	3,909	4,984	10,997	16,695	3.37
Coming In / Going Out	33.1%	47.1%	32.5%	25.4%	-

Source: Ministry of Justice, Statistics of Immigration, taken from TMG (1997, p. 2)

A small share of foreign capital is also evident in Tokyo's financial market. Although it expanded rapidly in the 1980s and became one of world's financial centre, its global function has not as developed as those of London and New York (NLA, 1994; Matsubara, 1995). For instance, firstly, in the foreign exchange market Yen-Dollar dealing accounts for three quarters of dealing in Tokyo, and non-Yen dealing (so called Euro-Dollar) is minor, whilst in London non-Pound dealing accounts more than half of its trade. Secondly, the number of foreign banks and their employees in Tokyo is significantly smaller than London and New York. The number of foreign banks was 399 (1985) and 356 (1986) in London and

⁹ The number does not include foreign permanent residents in Japan.

New York respectively, while Tokyo had 180 in 1984 (Matsubara, 1995, p. 298, Table 2). The situation was same in the stock exchange. The number of foreign owned firms floated on the Tokyo Stock Market was significantly lower than elsewhere even during the 1980s economic boom, and some of them were withdrawn in the 1990s.

Social Polarisation

One of the claims that both Sassen and Friedmann have made was Social Polarisation Thesis. According to their argument, global cities are characterised by expansion at the top and bottom ends of the occupation/income structure at the expense of the middle. “The dynamism of the world city economy results chiefly from the growth of a primary cluster of high-level business services which employs large numbers of professionals -the transnational elite- and ancillary staffs of clerical personnel” (Friedmann and Wolff, 1982, p. 320). In the case of Tokyo, the gap between the average income for highly paid professional jobs and poorly paid service jobs increased during the 1980s, the income growth of the financial sector in particular was considerable in this period (Machimura, 1995, p. 93).

However, the income gap was not significant by international standards. Table 3.3 shows of household income distribution according to the income stratification. In Tokyo in 1979, the lowest (Band 1) shared 3.5% of the total income and the highest (Band 10) had 23.1%. This changed to 3.1% and 25.0% respectively in 1989 at the height of the economic boom. The column for increase / decrease indicates that the middle to lower band suffered a decreasing share of the total income, while middle to higher band recorded an increase. The ratio of the top to the bottom was 6.6 in 1979, and 8.06 in 1989, further demonstrating the trend of polarisation. These figures also show that the income distribution in Tokyo was less balanced than the Japanese average. As far as the period between 1979 and 1989 is concerned, household income in Tokyo suggested a situation in which ‘the rich became richer, and the poor became poorer’. However, these signs of polarisation are far less significant when compared to London and NYC in the same period. The ratio of the top band to the bottom one widened from 14.4 (1979) to 27.05 (1993) in Greater London, and 34.34 times (1979) to 49.92 (1989) in NYC. The wealth seems to be concentrated in top two bands in London, and in the highest band in NYC, which can be interpreted as a clear-cut evidence of polarisation.

Table 3.3 Changes in Household Income Structure in Tokyo and Japan between 1979 and 1989

Band ¹⁰	Tokyo Metropolitan Government Area			Japanese Average		
	1979	1989	1979-1989	1979	1989	1979-1989
1	3.5	3.1	-0.4	3.6	3.3	-0.3
2	5.3	4.9	-0.4	5.5	5.0	-0.5
3	6.4	5.9	-0.5	6.6	6.2	-0.4
4	7.2	6.9	-0.3	7.5	7.2	-0.3
5	8.2	7.8	-0.4	8.4	8.3	-0.1
6	9.2	8.9	-0.3	9.4	9.3	-0.1
7	10.3	10.4	0.1	10.5	10.6	0.1
8	12.0	12.3	0.3	12.0	12.3	0.3
9	14.8	14.8	0.0	14.3	14.5	0.2
10	23.1	25.0	1.9	22.2	23.1	0.9
10 / 1	6.60	8.06		6.17	7.00	

Source: National Survey of Family Income and Expenditure in 1979 and 1989 (Ministry of Public Management)

¹⁰ The Band was artificially created by dividing the population into ten groups of equal numbers from top to bottom according to the level of household income.

Table 3.4 Changes in Household Income Structure in Greater London (1979 –1993) & New York City (1979-1989)

Band	Greater London			New York City		
	1979	1993	1979-1993	1979	1989	1979-1989
1	1.79	1.22	-0.6	0.86	0.65	-0.21
2	2.71	2.03	-0.7	2.21	1.87	-0.34
3	3.85	2.78	-1.1	3.75	3.42	-0.33
4	5.72	3.99	-2.1	5.22	5.07	-0.15
5	7.91	5.85	-2.6	6.92	6.75	-0.18
6	9.77	8.21	-1.6	8.85	9.53	0.69
7	11.67	10.69	-1.0	11.08	10.65	-0.43
8	14.02	13.93	-0.1	13.59	13.09	-0.49
9	16.80	18.30	1.5	18.07	16.72	-1.35
10	25.78	33.00	7.2	29.45	32.25	2.80
10 / 1	14.40	27.05		34.34	49.92	

Source: Greater London: General Household Surveys in 1979 and 1993

New York: US Census of Population, Public Use Microdata Samples in 1980 and 1990

Foreign Labour

The polarisation argument should also be discussed in relation to the size of the immigrant labour force. Because of the concentration of command and control functions in global cities, mass migration from the developing world to those global cities, and this migrant workforce was absorbed into the poorly paid service sector were understood as the consequence of the same mechanism (Sassen, 1988, 1991). Although Sassen's thesis could not be applied directly to Tokyo because of its different cultural context and industrial structure, it is also true that the scale of the foreign labour force increased significantly in the latter half of the 1980s (Machimura, 1995, Ch. 8). His research revealed that the highest proportion of new migrant labour poured into small manufacturing firms, construction sites, and poorly paid service jobs, although fragmentation within these sectors meant that a simple polarised labour market structure was not displayed. Though Tokyo has become an attractive option as a place for earning greater income and having a better quality of life for foreign workers and their numbers have increased, the scale of foreign immigration was no way comparable to the phenomena experienced in other global cities (Waley, 2000).

Single Point Convergence

One major problem Tokyo faced as a result of globalisation was the unusually heavy concentration of economic, political, and social activity which was related to its global function, and the negative externality it caused. Certainly London and New York are the principal centres of their respective national economies and their urban functions are concentrated there, but the degree of concentration, the range of activities, and its significance within the domestic urban hierarchy is persistent in Tokyo. For instance, whilst the political centre in the US is Washington DC, and the academic / research centre in the United Kingdom is Oxford and Cambridge, Tokyo is a centre for politics, media, contemporary culture, research and technology, and education. Tokyo has always been a centre for those activities since it became a capital, and whilst during the post-war economic boom, the concentration of urban functions was observed in all the major conurbations in Japan, it was limited to the area in and around Tokyo during the 1980s. Data shows the changing concentration of urban functions in the Tokyo Metropolitan Region in Japan. Although its area share was only 0.6% and 3.6% of Japan respectively, more than 80% of bills were exchanged, and more than 80% of foreign banks were concentrated in Tokyo. It reveals that the concentration global economic functions, such as global finance, information exchange, and other producer services increased with greater pace in Tokyo in the late 1980s, and firmly established Tokyo at the apex of the domestic urban hierarchy (Hill and Fujita, 1995).

The growth of Tokyo's global economic function was reflected in the demand for office space. Especially in the central part of Tokyo, the residential community was confronted with an increase of price of their properties and found itself under pressure to convert in to offices. As a result, the displacement of local residents lead to the collapse of local communities. On the other hand, because of the high property prices in the city centre, affordable housing moved further away, the suburban population increased, and this accelerated the congestion on commuter trains and roads into Tokyo. The Japanese government and the TMG were placed in the position of having to deal with these problems by modifying the structure of urban agglomeration through their spatial policy, as I will discuss in the Chapter 6.

3.4 Discussion

Characteristics of Tokyo

Having discussed Tokyo's World City characteristics above, the question now is what particular kind of world city Tokyo was during the late 1980s and early 1990s, and what were the main differences between Tokyo and London and New York. The basic underlying factor which distinguishes Tokyo from the others is that Tokyo's world city status was established relatively recently, and thus lacks comprehensiveness. Tokyo's rise to the status of world city started after its post-war reconstruction in the late 1960s, and accelerated during the economic growth of the 1960s and 1970s. Its strength is totally dependent on the performance of the Japanese economy and its overseas operations in particular. This contrasts sharply with the rises of London and New York, which have histories as the capitals of military and political hegemonic superpowers (Taylor 1995, pp. 56-57, Smith and Timberlake 1995, p. 88, Teranishi 1991, p. 93). Although those days of colonial power and empire have gone, their legacy remains through cultural influences and language advantages. Thus London and New York are not only economic centres but also enjoy prestige as cultural capitals and tourist destinations in global community. In contrast, research showed that Tokyo lagged far behind other European and American cities in terms of cultural attractions. For instance, according to the internationally credited travel guidebooks¹¹, only 24 sites were listed as 'commendable' in Tokyo compared to 86 in New York, 51 in London, and 53 in Paris (TMG, 2000). The degree of internationalisation in civil society is another issue. The extent to which a country's citizens are active in the international community is reflected in the number of Non Governmental Organisation (NGOs) recognised by the United Nations. Data suggests that Japan has 20, well behind the USA's 556 and the UK's 68 (TMG, 1996). Thus Tokyo's characteristic as a world city is fundamentally defined by its economic function. Thus the character of Tokyo's relationship to the outside world is distinguished by its rather one-sided economic orientation.

The next step is to examine its economic characteristics. As I described above, Tokyo is a base a major financial market and TNCs who have a command and control capacity in the global economy, a sure sign of a world city. However there is a difference between a city that contains its own national organisations that operate internationally and a city that is a location for a wide range of top organisations from other parts of the world. Japanese TNCs and financial institutions with their headquarters in Tokyo certainly adopted a global

¹¹ They are Foder's, Michelin, and Frommer's, and they are widely read in the West.

outlook in the 1980s and set up offices in major cities across the globe (Machimura, 1992). However in terms of foreign direct investment, foreign capital, and foreign labour, Tokyo remained largely non-global during the 1980s (Friedmann, 1986; Rimmer, 1986; White, 1998). As the Llewelyn-Davies report puts it:

“Tokyo remains more of a national centre, the centre of an outstandingly successful global trading nation, than a global city in the London or New York sense Tokyo’s offices predominantly house Japanese corporations, its banks primarily serve Japanese industries, its lawyers and accountants are mainly on the payrolls of these same companies, its night clubs cater largely to Japanese corporate clients, its tourist attractions cater principally for Japanese families and Japanese school parties” (Llewelyn-Davies, 1996, p.52).

Secondly, many analysts have noted that Tokyo differs from London and New York in terms of its economic structure. It still contains a significant proportion of manufacturing activity and an accumulation of medium and small size firms (Fujita, 1991). Tokyo is a centre for Japanese capital that, in a period of boom, has extended its business reach to overseas countries through export, merger, and investment. Kamo (2000) has outlined two types of globalisation, one based on the industrial sector as has taken place in Tokyo and one based on the financial sector as has developed in New York and London. Therefore, Tokyo’s economic character can be summarised as being relatively ‘closed’, and having all-round economic functions including a strong manufacturing sector (Kamo, 1988). Flows of capital and company activity are mainly outward rather than inward, because it has relied heavily on the expansion of Japanese-owned TNCs. Tokyo did not really open its doors to the outside world, and so remained a Japanese city. As Kamo puts it ‘Tokyo’s rating as a world city is mainly based on the scale of its economy....in terms of the quality of global node functions, Tokyo is still somewhat immature as a world city’ (1992, p.10). As a result, Tokyo holds a unique status in the Japanese urban structure: “... greater Tokyo (surrounding region) was Japan’s version of the City of London, Silicon Valley, and the Third Italy” (Fujita and Hill, 1993, p. 9).

Thirdly, and this is related to the last two points, the occupational / income / social structure of Tokyo was unique in that it was not polarised to the same extent as in London and New York. This contributed to its being a more stable and safe society in which crime and social disorder were far less significant.

Convergence of Tokyo?

This section reviews the literature which tries to highlight the difference between Tokyo and other world cities, and then, comes back to the discussion of typology and of world city convergence which I developed in Chapter 2. A number of researchers not only identified the differences in Tokyo's global city character, but went on to argue that they were caused by the influence of state policy and by the way that national government and industry was organised in a CDS (Chapter 3) (White, 1998; Hill and Fujita, 2000; Hill and Kim, 2000; Kamo, 2000). The following part of this section examines their argument in detail. They criticised Global City Theory for exaggerating convergence effect, and “homogenising dissimilar cities” (White, 1998, p. 456). Global economic change was taken as independently explaining the transformation of Tokyo without considering state policy. Instead, they argued:

“The consequences of global capitalist forces will be different among cities because of their different histories (especially tradition of urban planning), intergovernmental relations, degree of primacy, labour market, racial structure, and presence or absence of national capitals” (White, 1998, p. 456; also see Fainstein and Harloe 1992, pp. 18-19).

They identify the main cause of Tokyo's growth as the close relationship between the state and industry in the national economy. Firstly, the supremacy of Tokyo in the national urban system is not due to its global city function, but because Tokyo is a national political / administrative centre (Hill and Fujita, 1995). They argued that economic gravity shifted from Osaka, the traditional commercial centre, to Tokyo as a result of the depression, a controlled economy, and the massive scale of mobilisation for the second world war during the 1930s and 1940s, because it tightened the connection between big business and state officials. Also the post-war economic boom and the ‘enterprise nation’ era during the 1950s and 1960s helped the further agglomeration of urban economy of Tokyo.

Secondly, the state's role in organising industry is crucial in defining the type of global city created. Kamo made a distinction between two types of globalisation which Tokyo, and London and New York went through respectively by calling the former “industrial globalisation” and the latter “financial / capital globalisation” (Kamo, 2000; pp. 2160-2161). The former referred to the fact that Tokyo's global city capacity was mainly led by the growth in manufacturing by Japanese owned TNCs who made Tokyo “... an advanced core for the world wide product cycle of major manufacturing industries” (ibid. p. 2161),

and Tokyo depended on their power for “creating a new global standard of production in these industries” (ibid. p. 2150). Although it was initiated by the private sector, the internationalisation of Japanese manufacturing was supported by a development orientated state policy (Johnson, 1982), therefore the contribution of the state was decisive for Tokyo’s ability to exercise global power. The latter meant that type of global city namely London and New York, based on the international financial market. They relied on pioneering innovation in financial / insurance technology and their ability to create a global standard for financial and related businesses. He insisted that Japanese financial services were controlled and regulated by the government and therefore lacked innovation and standard-setting power in the global financial world.

Fujita carried this point further by saying that the Japanese financial system is “state centred” and it is “... a policy tool for national development by the state” (Fujita, 2000, p. 2201). She argued that “The state designed the system to boost savings, absorb savings into a centralised banking system and allocate savings to productive investment” (ibid. p. 2201). What she meant was that a vertically integrated financial system centred around the Ministry of Finance (MOF), who controlled Bank of Japan (BOJ), set monetary policy, and regulated all financial institutions. The MOF also encouraged corporations to borrow from banks rather than from the stock market, and let commercial banks organise corporate groups called 'Keiretsu' to supervise industrial development. The MOF also controlled the investment in the national postal saving system. Therefore she concluded that “The state subordinates the financial market to the national interest through institutionalised policy networks with the private sector ... Tokyo embodied the state-centred financial system...” (ibid. pp. 2202-2203). In contrast, the financial sector in New York has more independence from the state but is heavily reliant on the stock / currency market and Wall Street. In fact, the liberalisation and globalisation of finance increased the distance between the state and financial institutions as the market has sought ever more freedom.

Hill and Kim developed this idea further and applied it to explaining different processes of global city formation. They termed Tokyo a ‘state-centred political-bureaucratic’ world city, while New York is a ‘market-centred bourgeois’ world city (Hill and Kim, 2000). Table 3.5 summarises the two types of global city. Firstly, Tokyo's leading player in shaping the is the state bureaucratic elite in conjunction with business networks, whilst it is the private investor class and TNCs and financial institutions in New York. Secondly, their prime objective in Tokyo is to strengthen the presence of the state as a global economic power by increasing its market share. In New York, however, the investors are more concerned with profit maximisation through the market. Thirdly, Tokyo exercises a global control capability via

“...financial and industrial policy networks among public policy companies, banks and industrial enterprises, under the guidance of government ministries like the MOF and MITI” (Hill and Kim 2000, p. 2176; also Johnson, 1982; Sakakibara, 1993). In New York, in turn, a professional producer service network of international lawyers, accountants, and other consultants is the source of global control capability. Fourthly, the outcome of urban physical / social restructuring has taken different shape in the two metropolises. Whilst in Tokyo, residential / social inequality is kept to a minimum thanks to a relatively compressed occupational structure, the inequality is higher in NYC because of their extremely polarised occupational structures and their large numbers of immigrants.

Table 3.5 Two World City Types

	Market-centred Bourgeois	State-centred political-bureaucratic
Prototypical Cities	New York	Tokyo
Regional Base	West Atlantic	East Pacific
<i>Leading Actors</i> Group Organisation	TN capitalist class Finance TNCs, Vertically integrated firms	State bureaucratic elite State ministries tied to business networks via main banks
Economic Ideology	Liberalism Self-regulated market	Developmentalism Strategic national interest
Trade, Investment and Production Relation to world economy Prime objectives	Market-rational Private wealth, Profit-maximisation	Plan-rational National power, Market-share, employment-maximising
Global control capability via	Private-producer service complex	Government ministries, Public corporations, Policy networks
Industrial Structure	Manufacturing HQs and production dispersed Services emphasised	Manufacturing HQs and high-tech production concentrated Services de-emphasised
Occupational Structure (social and spatial)	Polarised, Missing middle, High inequality, High segregation	Compressed, Missing extremes, Low inequality, Low segregation
Foreign immigration	Weak controls High	Strong controls Low
Culture	Consumerist, Yuppie, ethnic	Productionist, Salaryman, Officelady
City-central state relationship	Separation	Integration
Source of urban contradiction	Short-term profit, Market volatility, Polarisation	State capital controls, Over-regulation, Centralisation
Competitive advantages	Fluidity, Mobility	Stability, Planning

Source: Hill and Kim (2000, p. 2177, Table 1)

3.5 Conclusion

Although there is a long standing debate about the reflection of the political economic character of the state upon Tokyo's global city formation (Rimmer, 1986, 1989; White, 1998) the study by Fujita, Hill, and Kim considerably advanced research by articulating the linkage between globalisation and state development policy, and the role Tokyo played in the process. Firstly, they have taken account of the role of agents and institutions, and analysed the interaction between them, which was inadequately addressed in previous global city research (Zukin, 1992). Secondly, the research successfully pinpointed the role of the state and the mechanisms of its policy influence, such as the relationship between financial capital and the state, and demonstrated its impact on urban structure, for instance occupational structure and residential segregation. Thirdly, their argument about the role of Japanese government makes sense because the character of the state is rooted in the concrete historical events of nation building and based on well-theorised knowledge. Above all, the mechanisms that enabled the economy to succeed were based upon close links between Japanese politicians, bureaucrats and business. This was a closed system that allowed no penetration from the outside. The system that generated the successful economy was at the same time a system that defined the characteristics of Tokyo, which is not a world city in terms of its interconnectedness with the rest of the world. The connections that do exist are one way and focused primarily on exports of Japanese manufacturing companies. Their researches, however, still falls short of comprehending and explaining the transformation of Tokyo. In the following section, I point out three possible gaps in the research.

Firstly, their research does not explain the conscious stance of the state towards the globalisation of Tokyo. The examples they drew upon to explain the decisive role of the state in the creation of the global city are, do not in fact, represent a conscious effort but a rather series of unexpected consequences. The long-standing policy of supporting the manufacturing industry and encouraging it to develop new products and technology, for instance, is aimed at increasing national competitiveness. State (MOF) -centred financial networks are adopted to strengthen Japanese corporate groups, but not to make Tokyo a global financial capital. In that sense, global city Tokyo was a 'derivative' rather than the end target. Their study seems to be weak in terms of highlighting the strategic policy issue as their research mainly concentrated on the 'action' of creating the global city, but neglected the 'reaction' or 'response' the policy makers made to deal with the impact of globalisation. One of the policy fields in which the conscious strategy of the state is most clearly expressed is the national / regional land development policy expressed by national / regional development plants, but these are out of the scope of their investigation.

Secondly, their research inadequately addressed the role of local government, and inter-governmental relations in global city formation. According to Hill and Kim, Tokyo is well integrated into the national bureaucratic structure in a myriad of ways, compared to the more separated New York, though New York State has certain legal responsibilities over New York City like fixing the city tax rates, the municipal home-rule principle leaves space for independence in urban policy formation (Hill and Kim, 2000, p. 2177). Their research, however, did not go beyond that point and analyse the nature of the 'myriad' of relations. As I explained in chapter 3, the Tokyo Metropolitan Government has a relatively independent public finance structure, and a well-trained bureaucratic machine which is capable of delivering their own policy. Therefore, it is not enough to point out the close relations between the state and business in order to analyse the global city formation of Tokyo, but it is also necessary to include the TMG in the matrix.

Thirdly, although they convincingly draw examples from secondary materials, the research still suffers from a lack of first-hand empirical evidence of policy formation. The research is deductive in that they presume the presence of a state directive in the CDS thesis, and then apply that in explaining various elements of the globalisation of Tokyo. The CDS itself is not an established 'fact' but a thesis, and its validity also needs to be examined. The research of the global city and the CDS, therefore, needs to be complemented by inductive approach. One such example is Machimura's case study of the urban growth coalition of Tokyo (Machimura, 1992, 1995; O'Leary and Machimura, 1995). His study, which is reviewed in detail in the Chapter 6, revealed political mechanisms of urban restructuring in Tokyo during the 1980s and found that a closely tied network of officials and business leaders assisted by the then ruling Liberal Democratic Party (LDP) was instrumental in putting urban redevelopment policy forward. He called it an "urban growth coalition for transforming Tokyo to a global city". His study was ground-breaking and innovative in terms of introducing political analysis based on empirical investigation into global city research. However, his analysis was based on the World System approach, (Wallerstein, 1974) and Growth Machine theory (Logan and Molotch, 1987), both of which undermined the role of the state and its capacity for influencing policy outcome. As a result, although the character of the CDS was touched upon, he emphasised TNCs as the leading agents of urban restructuring in Tokyo in his research. This leads to the further investigation of policy-making processes and the political dynamics of Tokyo's world city formation, which I explore in the following chapters.

CHAPTER IV: CAPITALIST DEVELOPMENTAL STATE

4.1 Introduction

This chapter aims further to examine the question of the role of the state which, in the last chapter, was suggested as vital to the understanding of the global city formation of Tokyo. This chapter introduces and unpacks the theory of the political economy of Japan known as the Capitalist Developmental State¹ (CDS). This theory explains the role which the state has been taking in the economic development of modern Japan. The intellectual tradition of the CDS came from the German Historical School and the work of Friedrich List in particular. He stressed the importance of state intervention over market mechanisms. This chapter explains the way in which the interventionist ideal was developed in Japan, what its conceptual foundations were, how it shaped the inter-governmental relations², and how it affected urban planning and the physical development of the city.

The following chapter is divided into five sections. The first section outlines the concept of the CDS by exploring its ideological and moral foundations, and the historical context in which it was developed. It was when the country was opening its doors to the international community and establishing itself as a nation state. This was followed by the evolution of the CDS during the inter-war period and post-war reforms. Despite several political changes and reforms, the basic idea of the CDS largely remained intact. The second section reviews intergovernmental relations in Japan, and examines permeation of state power on a local level. Financial and administrative structural relations between local and central government are an integral part of the CDS and also vital in understanding the nature of urban development. The third section introduces the term 'Public Work State' (PWS) and focuses on the way in which Japanese government invested in its physical infrastructure. Through this public investment programme, political and economic leaders and state officials formed a tightly knit network, which sustained their power and influence. In the following two sections, the PWS is elaborated on through the examination of particular policy fields. The fourth section explains the national land use planning system, in particular the

¹ The word 'capitalist' is added to distinguish from 'socialist' or 'communist' developmental state.

Comprehensive National Development Plan (CNDP), which facilitated the spatial aspects of economic development in post-war Japan. The fifth section talks about 'Minkatsu Policy' which is the policy intended to draw the resources of the private sector into urban development. It is often compared with privatisation policy in the UK, but closer examination reveals that, despite its rhetoric, the concept of the PWS crept into this policy. This chapter concludes by emphasising that the role the state plays in Japan is substantial and has had a critical impact on the way in which its land and city has been developed.

4.2 The Capitalist Developmental State (CDS)

Five Key Concepts

It has been argued that the way in which a market society was created in Japan was a result of the unique configuration of relationships between politics and economics, and between public and private sectors, which is different from other Western countries (Polanyi, 1944; Palan, Abbott and Dean, 1996). In this section, I will outline the political economic theory of the Capitalist Developmental State (CDS), which is associated with the particular historical context of Japanese industrial development. The theory emphasises the independent role of the state in guiding the industrial development of modern Japan (Gao, 1997). The idea of theorising the role of the state in Japan as a Capitalist Developmental State is based on the tradition of the German Historic School. The work by Friedrich List, who stressed the necessity of state protection of indigenous industry in the face of international competition from foreign rivals, was an important contribution (Gao, 1997). The theory attributed to state officials a leading role, by assuming that they have autonomous will, independent of economic and social interest, and can lead the policy-making process. It emerged from the unique historical experience of the Meiji Restoration, in which, as a country newly joined to the international community, Japan had to face the threat of colonial powers as well as international economic competition from already industrialised countries. The most essential and urgent task for the state was to increase national power by military force and economic means to ensure its survival. This was the historical background in which the state had to act to promote its industrialisation by intervening in the process of economic restructuring. Palan, Abbott and Dean (1996) summarised the character of the CDS under the following five sub-headings.

² 'Inter-governmental relations' is the relationship between different tiers of governments, and here I

Public Private Distinction

Firstly, they claim that the distinction between the public and private sphere was blurred in the CDS, which is very important because this distinction is one of the 'key tenets of western political economy' (Palan, Abbott and Dean, 1996, p.81), irrespective of theoretical strand, whether it be Neo-classical or Marxist. According to Palan, Abbott and Dean, this difference arises for two reasons; one is cultural/linguistic, and the other historical/institutional. Culturally, the traditional understanding of economy in East Asia is different from the contemporary Western idea as Bellah (1957) stated;

“The relation of economy to polity can only be understood in terms of the Confucian theory of state which had very great influence in Japan. The keynote of the Confucian thinking on the matter is ‘the unity of economy and polity’” (ibid, p.108).

Thus, in Confucian philosophy, the relation of economy to polity is ‘unity’ rather than ‘division’. In a linguistic sense, the very word ‘economy’ is translated as *Kei-zai* in modern Japanese, which is a short hand for *Keikoku-Zaimin*, which means, in the words of Dazai Shundai, ‘governing the empire and assisting the people’ (Bellah, 1957). Therefore, economy was not regarded as an independent autonomous sphere but as an integral part of the government.³

The historical / institutional context of the Meiji Restoration and Japanese integration within the global economy had a decisive impact on the blurring of the distinction between public and private sectors. Japan’s transformation into a society with a significant market element took place within particular historical circumstances. Most important were its international relations with the Western countries. As Japan had to face colonial powers and the threat of invasion, issues of defence and national security were paramount, and a strong interventionist approach to civil society, including its market, was justified. It should be emphasised that the blurring of public and private spheres came not only from traditional

mean the relationship between the central and the local government.

³ Palan et al pointed out that Karl Polanyi’s work revealed that even in Europe, before the writings of Smith and Ricardo, and the creation of market society, a substantial part of the economy was embedded in the social whole, and there was no clear distinction between the two, even in Europe (Polanyi 1944; Palan, Abbott and Dean, 1996).

Confucian philosophy, but also, to a significant extent, from conscious state policy and its institutional implementation (Johnson, 1982).

State Ideology and Nationalism

As well as blurring the public private distinction, state ideology and nationalism played an important part in consolidating the concept of the CDS. State ideology was an important tool with which to stress the interests of the state above those of the individual, to create a compliant workforce, and to achieve considerable state autonomy. Confucian philosophy constituted an ethical/moral basis for government, justified a hierarchical political system, and emphasised consensus and conformity as signs of respect and loyalty (Pye, 1988). Most importantly, Confucian tradition highly valued collective (i.e. public) desire over individual desire, and regarded the latter as essentially selfish. Historical circumstances (the threat from foreign powers), enabled the newly emerged elite (i.e. state officials) to claim control over the people, and identify public interest with state interest, whilst private interest was regarded as selfish and destructive to the state. The state not only suppressed individual freedom, but also looked after the population in a paternalistic manner through the education system and corporate culture. Fukui (1992) summarised it as a 'Nationalist-Paternalist-Capitalist State'.

Developmental Legitimacy

Control by state ideology alone would not have been effective unless it had been matched by the legitimacy of the authority, which is also the legitimacy of the state officials, to carry out developmental strategy. The successful establishment of legitimacy depends upon external and internal factors.

External issues were related to national security and diplomacy. Maintaining national security was a priority in the then volatile and colonial international climate. Losing a war or making an irreparable mistake in international diplomacy may have damaged governmental credibility. In addition, as a newly emerged nation state, Japan needed to have international recognition. To become an honourable member of international community was one of the biggest desires and aspirations of the government in the Meiji era. Policy priority then could be summarised in the Japanese word 'Fukoku-Kyouhei', which means 'strong army and prosperous nation.' Therefore, external pressure helped state officials to claim firm legitimacy for affirmative intervention. As a country whose natural resources were poor,

strong intervention by the government in the industrialisation process was justified by its goals.

Internally, the legitimacy of state officials derived from the fact that they had weak ties to the pre-Meiji Restoration ruling class. Most officials in the early Meiji period were from the then ruling 'Samurai' class but had very humble status within Samurai ranks. They purged formerly dominant classes such as the 'Shogun' and 'Daimyou' and took over authority in revolutionary fashion. Therefore, as a new ruling class, they did not have ready-made legitimacy, which they needed in order to govern the nation. This was achieved by establishing the Emperor as a symbol of national unity and loyalty above their own class interests, and emphasised their ethos as national servant under his command. That was the strategy to ensure their status by preventing criticism from the ex-ruling class as well as revolt by the general public. Another dimension of legitimacy came from development itself. Unlike other Western states, legitimacy of authority in Japan did not come simply from recognition by the civil society by democratic means, but through 'development' projects (Castells, 1992). Development has become the most important legitimising principle of the state, because economic growth, led by successful development projects, ensured the state officials' legitimacy of status, securing the regime of a new ruling class who traditionally had weak ties to society, and enabling state officials to carry out developmental projects.

Plan Rational

In order to achieve its developmental goals, the state has to play a positive role in the market, and quite often has to take an interventionist stance. The role of the state in the market, and the way in which this relationship is instituted is vital to the understanding of the developmental state. The relationship can be understood by comparing four 'ideal' types of political economy as suggested by Henderson and Appelbaum (1992) in Table 4.1.

Table 4.1 A typology of national political-economic systems

<p>Market-ideological State</p> <p>The economy is driven by New Right political philosophy and Neo-Liberal market ideology.</p>	<p>Plan-ideological State</p> <p>The state-controlled economy in the former communist countries.</p>
<p>Market-rational / regulatory State</p> <p>The state regulates the parameters within which private companies operate. The state regulates the economy in general but investment, production and distributive decisions are the preserve of private companies, whose actions are disciplined by the market. The state does not concern itself with what specific industries should exist and does not have an explicit industry policy.</p>	<p>Plan-rational / developmental State</p> <p>The state regulation of economic activity is supplemented by state direction of the economy. The economy itself is largely in private ownership and firms are in competition, but the state intervenes in the context of an explicit set of national economic and social goals. High priority is placed on industrial policy and on promoting a structure that enhances the nation's economic competitiveness.</p>

Source: After Henderson and Appelbaum, 1992; Dicken, 1998, figure 3.4

Both market-ideological and state-ideological political economies are the product of dogmatic ideology, and thus impracticable in a real economy, but useful for clarifying the conceptual differences. The market-ideological state is based on New Right political philosophy and Neo-Liberal economic ideology, and advocates radically minimising the role of the state, which should, above all, ensure 'free' market operation. The plan-ideological state is exemplified by the state socialist economy, in which state officials determine who does what and who gets what in advance.

Meanwhile, the contrast between the concepts of 'Plan Rationality' and 'Market Rationality' can be summarised as follows. On the one hand, market rationality is based on the assumption that:

“... a smoothly functioning market is in fact to the greatest advantage of the greatest number [and requires] a politically passive, hands-off attitude in matters of legislation and decision making” (Dahrendorf, 1968, p.219).

and in practice, that the function of the state includes regulatory aspects, such as providing a framework wherein investment, production, and distributional decisions take place in a relatively efficient manner.

In contrast, on the other hand:

“... plan rational political economies are those in which state regulation is supplemented by state direction of the economy as a whole. Here, national economic goals are identified, and the state operates with various degrees of influence or pressure to urge companies to act in accordance with these goals” (Henderson and Appelbaum, 1992, p.19).

Thus, in a plan rational economy, the role of the state includes the provision of public goods and services as well as regulatory functions in production, distribution and investment. State intervention in the market does not mean public ownership in most cases, and each private company can compete well in the market, but the state is allowed to intervene to achieve national goals if necessary. The state's intervention takes many forms in different economic spheres. For instance, in Japan, national government encouraged industrial restructuring by shifting the production to high value added and technically advanced products through cooperation between private firms and government research centres (Hall, 1998). The state also initiated new industrial sectors at certain times, such as steel and shipbuilding in the 1860s and 1870s, and semi-conductor sectors in the post war period.

Autonomous Technocracy

The fifth characteristic element of the CDS is an autonomous economic technocracy, the economic bureaucratic elite. As Wade argued:

“Governing the market requires small number of powerful policy making agencies to maintain the priorities expressed in the routine accumulation of particular negotiations and policies in line with a notion of the national interest”(Wade, 1990, p.195).

In the case of Japan, this “can be understood as the physical institutionalisation of the developmental state” (Palan, Abbott and Dean, 1996, p.92). From the Meiji period until the end of the Second World War, the centre of the government's bureaucratic machine was the Ministry of Home Affairs (MHA) which had the responsibility of overseeing domestic affairs, and the work of local government (Hill and Fujita, 2000). In post war Japan, after the break up of the MHA, these responsibilities were shared amongst the Ministry of Trade and Industry (MITI), the Ministry of Finance (MOF), and the Economic Planning Agency (EPA). As I described in relation to the legitimacy, the first generation of state officials was

from quite humble backgrounds and had 'revolutionary' origins (Palan, Abbott and Dean, 1996, p.92); they insulated themselves from the old regime. The successive elite was selected by a meritocratic examination system accompanied by a hierarchical education structure, and it functioned well (Beasley, 1990). Even after the war, the occupying American administration used existing bureaucratic structures to govern the country effectively (Tuji, 1965). They recruited from the brightest and most able graduates, whose morals and commitment to serving the national interest were high.

The key to understanding the substance of such an autonomous bureaucracy is the bridge between the seemingly contradictory combination of bureaucratic isolation and intense ties to society, known as 'Embedded Autonomy' (Evans, 1995) and 'Governed Interdependence' (Weiss, 1998). On the one hand, the bureaucracy had to demonstrate sufficient isolation from special or class interests to procure reasonable legitimacy and popular support. On the other hand, it maintained close contact and dialogue with the heads of private firms, and provided central guidance to industry (Johnson, 1982; Amsden, 1989). Although it enjoyed autonomy from most political and societal pressures, it is often groups such as this which make informal alliances with business and political leaders, and this is especially true of the LDP. Their regular contact and exchange of personnel is a source of 'cross-fertilisation of ideas' (Palan, Abbott and Dean, 1996, p.94), and important for state officials to avoid losing touch with economic reality. Therefore, the power relationship should not be viewed as one of static rigid control by the bureaucracy but as a dynamic interaction depending on the specific circumstances. However, what I want to emphasise here is that despite some contacts to business leaders, state officials have maintained relatively strong autonomy by keeping the tradition of putting the collective national interest above the private.

Evolution and Critique of the Capitalist Developmental State

Evolution

The CDS originated in a specific historical context in the mid-late 19C in Japan, and has evolved since. This section examines the factors that sustained the characteristics of the state despite a great deal of historical/institutional change. There were so many changes but I have picked what are presumably the three biggest aspects; post-war democratic reform, emerging political pluralism, and international political economy, and discuss their impact on the CDS.

Firstly, defeat by the allied forces and the subsequent reform after World War Two transformed many aspects of Japanese society. Reform ranged from political and economical to social, but the main concern for the occupying forces was to abolish the military regime and the many social mechanisms that had sustained it by establishing democracy. Freedom of assembly, association, press, speech and other forms of political expression were ensured for the first time. Workers' rights, such as forming unions, and women's voting rights were also introduced. Notorious State-Shintoism and the emperor cult, which were seedbeds of ultra-nationalism during the wartime military regime, were prohibited. Business conglomerates which were main collaborators of the military regime were forced to disperse. Rural land reform took place, and tenant farmers became independent. Armed forces were allowed at the minimum level necessary for self-defence.

The second change was increasing political pluralism. Although single party, the Liberal Democratic Party (LDP), dominance has been a significant feature of post-war Japanese politics, there has been a gradual increase of political pluralism (Muramatsu and Kraus, 1987; Inoguchi, 1983). Post-war economic success created a large proportion of 'middle class' voters whose voting preferences are not confined within existing party lines, so called floating voters.

Thirdly, Japan's position in international politics has changed. Before the war, it had its own colonies and independent foreign policies, but since the war, it has been included in the Western diplomatic framework, especially under the American nuclear defence system, with severe restrictions for military options. Therefore, the character of policy for maintaining national security has changed. While, for the state, the most important requirement had been to equip the defence force, and this had been the reason for economic development, American forces now largely took that role; maintaining a good relationship with the United States became the way of ensuring national security.

Critiques

The main theoretical difficulty of the CDS is identifying 'national interest' beyond national security and perpetuation of the state. The crucial question is what were the tangible and concrete national interests after World War Two when national security and defence issues were largely taken over by American forces? Mainstream theory suggests that 'Catching-up' in the economy and levels of national welfare (Murakami, 1984), and up-grading industrial structures to increase international competitiveness (Johnson, 1982) were the main national interests. However, the state could have several strategies to achieve that general goal at any

one time, which could be in conflict each other. This is reflected in the fragmented nature of public policy among state ministries. Each ministry / department tends to pursue its own objectives without much co-ordination. For instance, export promotion was one of the main goals but by no means the only one. Tsunekawa (1996) argued that to secure the import of food and vital natural resources such as oil, which could not be domestically produced, had a superior priority in the state programme. Thus the critics argue that it is impossible for state officials to guide national policy in one direction.

Another, more practical, critique is that Japanese economic growth in the post-war era was not achieved by the state policy but mainly led by entrepreneurial business leaders such as Mr. Morita in SONY. They argued that although state officials tried to exercise influence and devised some policies, most of them did not lead to success⁴. Rather, hard work, 'catching up' motivation, hunger for success and wealth were to be attributed. Their argument generally lead to the conclusion that industrial policy played only a minor role to supplement the dynamics of economic growth based on the market economy (Komiya, 1984).

Persistence of the CDS

However, despite its evolution and limitations, my point here is that the CDS still largely retained its principle characteristics. Firstly, post-war democratic reform did not really touch the bureaucratic system, with the exception of military-related departments. Because occupying allied forces applied indirect rule, they utilised existing bureaucratic machinery in order to have effective control. Also, the idealism of non-partisan bureaucracy was largely retained by the Japanese population, which sustained their credibility (Tsuji, 1969). Secondly, although a more individualistic culture shook society's moral foundations, Confucian culture, which stresses discipline, obedience and consensus, was still widely upheld by the public. On the contrary, it could be argued that democratic reform actually boosted egalitarianism, and the idea of national unity and consensus penetrated even deeper into the social psyche (Fukui, 1992). Thirdly, the world wide post war economic boom delivered a long and steady flow of economic growth, and made it possible to sustain the CDS. Because the USA took on the defence role, the Japanese government concentrated its efforts on economic development to raise the national profile and re-enter the international community. This enterprise was very successful, and for as long as it was, the government enjoyed popularity and maintained legitimacy. Thus, despite democratic reform and the

establishment of a wide range of political parties, popular support for the LDP remained intact until the 1990s. Fourthly, economic bureaucrats skilfully adjusted the gradual shift to a more open economy after the 1960s. After some unsuccessful attempts they adopted a 'softer' and more 'consensual' approach, by, for example, creating personal networks. A network of graduates formed through Tokyo University: retired formerly high-ranking government officials who were recruited by the corporate sector, called the 'Amakudari' ('descended from heaven') made an exclusive and tight-knit social network. Extra-legal 'administrative guidance', as opposed to legislation, made effective and arms-length control possible. Thus, despite changing times and conditions, it could be said that the state maintained credibility and legitimacy through economic development. Economic development is not a goal in itself but a means with which to achieve legitimacy (Castells, 1992). The precise extent to which state policy was effective for economic growth depended on the specific context. My point is, however, that Japan, unlike countries in the West, achieved a general consensus in society on the positive role of its national government and the authority of its officials to intervene in state affairs beyond national security issues.

4.3 The Capitalist Developmental State and Inter-governmental Relations

The relationship between central and local government commonly known as 'inter-governmental relations' is an integral part of the CDS and plays a vital role in national economic development. Inter-governmental relations are also crucial for understanding the way in which urban areas are developed, as they often set the framework for development. The following section explores the basic theory of inter-governmental relations.

There are several ways to interpret the Japanese inter-governmental system, but most scholars have rejected both the so called 'central control and local subordination thesis' (Steiner, 1965, 1980), and the 'local initiative thesis' (Reed, 1986), but see an interdependence between the two levels of government (Muramatsu, 1997). On the one hand, the central control thesis emphasises vertical integration in administrative / legal structures and the controlled implementation of policies at local level, and financial constraints imposed by central government on local government. On the other hand, the local initiative thesis claims that policy at a local level is more subject to local politics than to control by the central government, as local people, pressure groups and political leaders project their views, and decisions are made in the local political arena. Both tend to draw on different dimensions of inter-governmental relations to try to substantiate their claims (Hill

⁴ For instance, Freedman's study (1988) about MITI, and Samuel's research on national energy

and Fujita, 2000, p. 677). In contrast, the inter-dependency thesis basically sees the state administrative structure as “centrally controlled decision making ... with ... localised service provision” (Jinno, 1995, p. 71, Author’s translation). Higher-level state officials deploy strategic assets, such as large database and research findings, devise strategies, make plans, send directives, and oversee implementation. Local officials, who implement policies in accordance with central government guidelines, exercise in turn a high degree of operational freedom. Bound by common organisational interests, the ethos of public servant, and the ideology of impartiality, both ends of government can create common objectives and policies by exchanging information and frequent contacts. In fact, it is often the case that “the central government gives local officials discretionary powers to encourage their initiative, and then monitors the result” (Hill and Fujita, 2000, p. 678).

The characteristics of inter-governmental relations can not be understood without examining taxation and public finance structure. The system of ‘central control’ and ‘local provision’ is maintained by a unique financial transfer system between the two levels. On the one hand, in terms of revenue, one third of the total tax is collected by local government, and the rest is collected by central government. On the other hand, in terms of total public sector expenditure, local government spends two thirds and the rest is spent by national government. As a result, local governments need to fill the gap between the amount they collect and the amount they need. This is where the financial transfer system from central government to local government plays a crucial part, by means of grant and subsidy. While the proportion of local tax raised by a local government is around 40% of its income on average,⁵ the proportion of grants and subsidies are around 30%, and the rest is raised from the market by issuing municipal bonds and borrowing.

This financial transfer system tends to be coupled with the exercise of control and constraints imposed by central government. There are three kinds of restraint for managing municipal finances. Firstly, local government has to consult national government to decide what kind of taxes it can have, other than the statutory one in its jurisdiction. This includes, for instance, the environmental tax imposed upon the private operators of waste disposal to manage environmental risk. Secondly, the level of tax rates is also a matter for consultation and approval. It is difficult for local government to have top-up rates above the level set by national government. Thirdly, without national government consent, local government can not raise funding by municipal bonds. If the financial balance-sheets of the local

policy confirm this point.

⁵ This is sometimes claimed to be an evidence of central control thesis, but it is revealed that other unitary state collected less than 20%. (Reed 1986, p. 19)

government is considered to be badly managed, central government has the power to suspend the operation. Thus, the public finance system enables central government to effectively monitor and control the level of local public sector spending.

Another purpose of the financial transfer system is to ensure, more or less, fair levels of local welfare in diverse geographical locations. As levels of economic vitality and prosperity vary between cities and regions, without the transfer system there would be huge differences in the levels of public spending and hence the provision of public benefits. Thus the transfer system works as a means of balancing the quality of life, such as the quality of public health and education services, between localities. This conforms with the idea of the CDS by reducing inequality, ensuring the legitimacy of state officials, and strengthening the sense of national unity among the population.

In summary, the intergovernmental system works by national government's utilising local government as its agent, to implement centrally designed policy initiatives. In the process, it furthers its influences through public finance and especially the financial transfer system. Moreover, through balancing different regions with diverse local economies, the state exercises its authority and promotes the CDS. Thus the intergovernmental system is not only a part of the CDS, but a means by which actively to strengthen its influence.

4.4 The Public Work State in Japan

In this section, the discussion turns to development of the physical infrastructure in Japan and the role the state played in that process. Although physical infrastructure is an important tool for economic development in every country, its significance is salient in Japan because it is vital for sustaining and strengthening the characteristics of the CDS. Honma characterised the role of the state in infrastructure development as that of the 'Doboku State' (Honma, 1996). 'Doboku' means soil and wood literally, and the word can be translated into construction and civil engineering, or physical development. In this thesis however, I prefer to use the term 'Public Work State' (PWS) following the translation of Professor Kamo (Kamo, 1998). Honma explained its character in the following point, each of which I will examine in more detail. The PWS:

- is based on a huge amount of public work projects, which construct industrial infrastructure

- is led by state officials in a centrally controlled fashion, through the public finance mechanism
- forms the Development Industrial Complex (DIC), involving construction and development industries
- consolidates the coalition between ministry officials, the LDP, and development industries. This has significant influence upon the state's style of management and governance

Public Works

Professor Kamo proposed the concept of the PWS as a 'spatial' expression of the CDS (Kamo, 1998). Public works mean to develop physical infrastructure, such as roads, bridges, railways, ports, etc. They are the key infrastructure of industrialisation and economic growth.

Table 4.2 Ratio of GGFCF in GDP (%)

	GGFCF / GDP	Social Security / GDP	Total Gov. Exp. / GDP
Sweden	3.3	13.5	68.5
France	3.4	23.3	52.8
Germany	2.0	19.8	47.9
UK	1.9	6.4	44.1
USA (1993)	1.6	8.3	36.2
Japan	6.6	11.4	34.5

Source: OECD National Accounts, (1994)

He pointed out that the ratio of Gross Governmental Fixed Capital Formation (GGFCF), which is equal to the expenditure of public works, to GDP is extremely high - two to three times higher than other OECD countries - and the highest among advanced industrialised nations (Table 4.2). In fact, the Japanese public sector engages mainly in finance and public works. Hill and Fujita (2000) wrote, "Over one-third of government investment and loans flow to public financial institutions, and public works account for virtually all state transfers to localities and much of the funding for financial intermediaries" (ibid, p. 676). The state accounted for 40% of total investment in construction and 82% of all civil engineering works in 1985 (Sakakibara, 1993, p. 39). There are several explanations for the volume of

public works. Firstly, Japan has a tradition of infrastructure investment, because as a late-starter industrialised country, the government had to put in an extra effort to equip the infrastructure in a relatively short period of time. Secondly, and more recently, these public works have created a vital means of employment in provincial regions where the economy has lagged behind more advanced industrial regions (Igarashi and Ogawa, 1997). The direct beneficiaries of public works are construction contractors and builders, but they also involve quite a wide range of related industries, such as building materials and electrical industries. Construction works employ more than five million of the Japanese workforce and earn nearly 20% of the GDP. Most of them are self-employed or small-scale contractors, who are heavily reliant on public work projects. The third reason for the volume of public works is that public work projects have become instruments for national and local politicians to appeal to the voters in their respective constituencies because they can bring many benefits to the local community. Therefore, politicians tend to pressurise the government into increasing the volume. The fourth reason is the maximisation of public works by the state officials themselves. The public work projects are planned and implemented by a few ministries, such as Ministry of Construction (MOC), Ministry of Agriculture and Fisheries (MOAF), and Ministry of Transport (MOT), who have several departments competing to maintain the whole ministry budget. For instance, MOC licenses all construction firms, receives 8-14% of the national general account budget, and 25% of Fiscal Investment and the Loan Fund⁶, and supervises most of the half million or so public work projects every year. Therefore budget maximisation by bureaucrats is said to be contributing to the high percentage of public works in the national budget.

Central Control

The second aspect of the PWS is centralisation. As I explained in the previous section, one of the characteristics of the developmental state was the autonomy of state officials. Although the basic framework of public work projects, such as the overall amount of spending, the time period, and the policy priority is decided in cabinet meetings and has to be authorised by the diet, substantial practical work is left in the hands of public officials. Because state officials have the discretionary capacity to decide which region/city has what amount of public work projects, this enhances central control of local projects and has sidelined local authorities.

⁶ Fiscal Investment and the Loan Fund are mainly derived from the national postal savings system. They account for about two-thirds of the national budget and are administered by MOF officials at their discretion. Effectively it is the second budget.

State officials justify their central control by emphasising neutral technocratic orientation over the dangers of local political influence. This idea was originated by one of the first state officials in charge of the urban planning:

“It is not the point of this legislation to enable local authorities to decide their own plans but to prevent this happening” (Ikeda, 1921, quoted by Honma, 1996, p. 96, Author’s translation).

“Town planning policy is a long term business which has a decisive effect on the built environment ... If we allow the local authority to decide it, its contents may be heavily influenced by the local political situation ... Therefore, the act limits local autonomy and entrusts it to the responsibility of state” (Yamagata, 1922, quoted by Honma, 1996, p. 97, Author’s translation).

Even today, the attitude of state officials who are reluctant to delegate the power to local government reflects this point.

The Development Industrial Complex

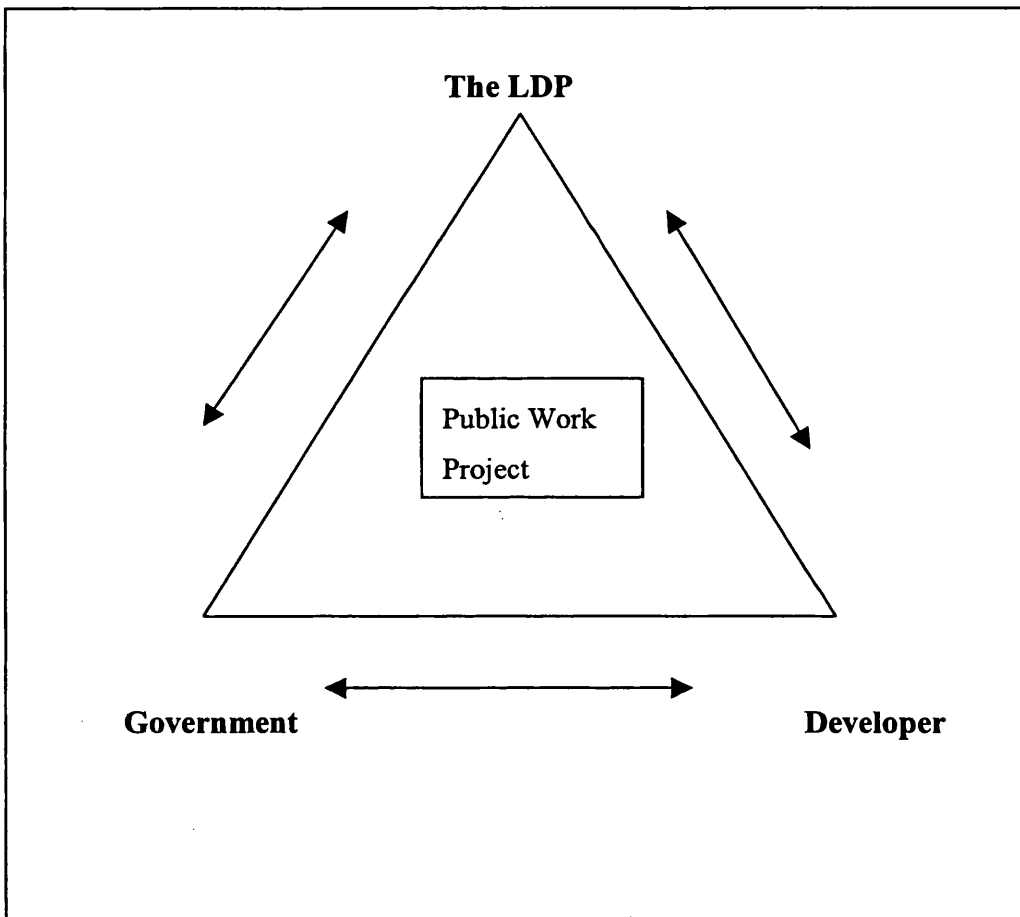
Against this background, the Development Industrial Complex (DIC)⁷ has been formed as an instrument to deliver the state’s development projects. The membership of the DIC consists of state officials from development related ministries, construction/development industries, and politicians in the ruling LDP. They are tied by mutual material benefits, and structurally support each other. Figure 4.1 illustrates the relationship between the three. Firstly, Japanese state officials work not only to implement policies but also as a brain centre for policy making, therefore politicians heavily rely on their skills and expertise for creating policy and making legislation. The LDP, in return, offers electoral support to officials who want political careers⁸ by mobilising party machines. Secondly, the business community generally supports the LDP, because the LDP is perceived to be pro-business, especially for construction/development related industries. It lobbies politicians who have strong ties to related ministries and tries to win support for public work projects. In turn, the business community supports the LDP by offering donations and helping election campaigns. Thirdly, because the details of public works programmes such as exact

⁷ The concept is borrowed from ‘Military Industrial Complex’ in American politics, where the arms industry has strong influence on national political decisions.

⁸ It is a well-established route for becoming a politician in central/local government in Japan, especially since the 1960s.

locations, amounts of money, and contents of the projects are discretionary matters for state officials, business relies heavily on them too. In turn, the business community recruits retired state officials as advisors by paying them substantial salaries.⁹ They have expertise of the government administration machine, and work as informal links between the two.

Figure 4.1 Iron Triangle for Public Work Project



⁹ Executive officers in the ministries retire at a relatively early age, and they need further employment to support their life afterwards.

The examination above shows that the DIC is not only the coalition of individual actors formed for a particular development project, but a structured political machine. The DIC is also known as 'Iron Triangle' because of robust, exclusive and self-embracing relationships between the three (Igarashi and Ogawa, 1993). It is formed so tightly that it is impossible for any outside interest groups, such as community leaders and environmental campaigners, to penetrate the coalition. Therefore the DIC has been criticised for undermining democratic society. Moreover, it has been blamed for creating new public work projects only to maintain its power and status without seriously considering local needs, environmental damage, and public finances. For instance, national projects, such as highways and dams, have been continuing despite making huge financial losses and causing environmental damage (Igarashi and Ogawa, 1997).

The Public Work State in the Developmental State

Three aspects of the connections between the CDS and the PWS can be highlighted. Firstly, the existence of such a huge amount of public works, itself manifests a close link between the two. Japanese urban development is based on the public works planned by the government. As I discussed in the last section, the configuration of Japanese polity and economy is characterised as a 'blurred distinction between public and private' (Palan, Abbott and Dean, 1996) in which the market is not a self-regulating mechanism but the state plays a substantial part in the economy. Public work projects play a crucial role in the market economy by building industrial infrastructure to guide the direction of private investment and job creation.

Secondly, aspects of central control in the PWS also overlap with the mechanism of the CDS. Some examples from the centralisation of planning system and the Comprehensive Development Plan in a later section shows that state officials have substantial space to exercise their discretion over planning and implementation. This can not be done without the existence of a small number of powerful policy-making technocrats. They have the capacity to control information and funding, and the mechanisms by which deliver it. One of the clear examples of central control is the direct appointment of state officials to local authorities. For instance, middle-ranking officials from the MOC are often appointed as higher-ranking executives in local authorities. They play a pivotal role in passing government directives, representing the position of local authorities, and above all, overseeing the implementation of the project.

Thirdly, the DIC, a vehicle of the PWS, is related to the CDS, but not without some complications. On the one hand, the idea of the 'Iron Triangle' seems to contradict the theory of an autonomous technocracy because it involves the business community and politicians, and hence can not escape from their special interests. However, as I discussed before, an autonomous technocracy does not necessarily mean one isolated from other social interest groups. Indeed they maintain regular contact. The nature of the contact and the strength of the bond between them depend on the types of policy issue, but in the field of urban development and public works, the bond is particularly strong. However, the role of technocrats within the 'triangle' can not be reduced to one as the mere instruments of business leaders and politicians. Rather it is the state officials who often take a key role and lead the rest, because they have the information and expertise, and make the de facto decisions. Therefore it is reasonable to argue that state officials lead policy making. Secondly, the legitimacy of state officials could be undermined by the DIC because the ideology of impartiality of state officials and their dedication to state goals ensures the legitimacy of their authority. This certainly causes problems, but it was a secret well kept from the public eye until a series of revelations of political scandals in the late 1980s. In addition, the general public, to some extent, also benefited from the DIC, as the public works provide job opportunities and the physical infrastructure improves their material welfare.

4.5 National Land Use Policy and the Development Planning System

The ideas of the CDS and the PWS were put into practice of urban development and land use planning through the Comprehensive National Development Plan (CNDP). The CNDP is a national land use plan authorised by Comprehensive National Development Plan Act in 1951, and covers all geographical area of Japan. The act defines the meaning of 'National Comprehensive Development' in article 1 as,

“ to use the land comprehensively by developing, preserving, and allocating the appropriate industry with the consideration of economic, social, and cultural policies within the limitation of natural resources, as well as increasing social welfare of the population”.

The aim of the plan is using the land and natural resources effectively and comprehensively, therefore it includes plans for industrial location, transportation and infrastructure development to achieve maximum effective use of land. The plan consists of two sections: a

policy section where policy goals are stated, and a project section in which public work projects are developed.

The idea of having a national land use plan originated during the Second World War in order to mobilise all the available resources to the war effort, but it materialised as the plan for reconstruction after the war (Honma, 1999). Because of the devastation and loss of industry, the priority for Japan was to co-ordinate the effort for economic reconstruction, which targeted economic take-off and full employment. Therefore its origin was economic reconstruction.

It is a summit of all kinds of land use plan in the Japanese planning system, such as regional development plans, and represents spatial dimension of economic growth and welfare provision. The remainder of this section outlines the background, contents, and consequence of the CNDPs from its first plan to the third plan, and examines the way in which they were related to the PWS and the CDS.

Review of the Comprehensive National Development Plans

The 1st Comprehensive National Development Plan

The first CNDP was authorised in 1962 as a first land use plan in the national level. It was a plan to realise a policy goal set by National Income Doubling Plan in 1960. It was an economic plan which set the tone of rapid economic growth in the 1960s. It aimed to double the national GDP in 10 years and had five objectives; increasing the social capital; upgrading the industrial structure; enhancing trade and international economic cooperation; developing human resources, science and technology; and altering the dual structure of society and achieving social stability. The 1st the CNDP was designed to fulfil mainly the first two objectives by providing physical infrastructure and land use strategy.

The 1st CNDP had two aims. One was to control further expansion and over-concentration of the metropolis which was suffering from over-crowding and negative externality. The other was to strike the balance between the economic disparity of different regions. Policy priority was given, firstly, to develop industrial bases (i.e. land, water, transport and tele-communication), and secondly to housing, education and tourism facilities. The core project was called 'New Industrial City' (NIC), which aimed to create new growth poles around the areas which were suffering from a relative lack of industrial facilities, and tried to boost

regional economic prosperity. The NICs were mainly located along the coastal region and specialised in petro-chemical and steel industrial complexes.

The result was not what they originally intended. Firstly, although there are a few success stories of the NICs, most of them failed to materialise significant industrial output. Secondly, economic growth and concentration of population occurred in the cities around the pacific coastal industrial belt, which caused an emergence of industrial pollution and environmental degradation, caused by heavy manufacture and the chemical industry. Thirdly, unprecedented growth and expansion of the metropolitan area, especially around Tokyo, occurred. Thus one of the objectives of the plan, to strike a balance between the regions, was severely hampered. The reason for this concentration was said to be led by high levels of management, information, and cultural activities in and around Tokyo, caused by the shift of industrial structure from the primary and secondary to the tertiary sector. The other reason was the lack of welfare facilities in provincial cities, which caused a mass exodus of young people who wanted better future prospects. As the plan prioritised the industrial infrastructure and productive aspect, new industrial cities and provincial regions lacked social welfare facilities and consumer services, which might have driven people out of the region to Tokyo. Consequently, the whole plan was superseded in 1969 by the second CNDP.

The 2nd Comprehensive National Development Plan

The second CNDP was planned after reflection on the first. The planners thought that the NIC was unsuccessful because it was limited to geographically specific areas, which were isolated from the surrounding region. As a consequence, regional disparity had been increased. Thus this time the plan aimed to spread the development potential to every corner of the country, not just selected cities. Despite the popular protest against over development and environmental damage caused by the 1st CNDP, the plan, again, emphasised economic development and infrastructure projects. This was because the plan was based on the economic plan which forecast annual growth of 7~8%, which would trouble the size of the economy in 15 years time. Therefore the size of the investment was justified to cope with the economic growth.

There were two major proposals in the plan. One was to build a national infrastructure network to connect major cities by Brit Trains, highways, and telematics. The other was large scale industrial development in provincial rural areas where land was scarcely used for industrial purposes. It was a long term plan whose completion was predicted for 1985, and

large scale development was planned to be financed by both public and private sector, and public-private partnership organisations.

The plan was influenced by the Principles of Urban Policy which was led by the then Prime Minister Kakuei Tanaka and published by the LDP in 1968. This was the first urban policy initiative by a political party in Japan which tried to tackle various urban problems such as shortage of housing, congestion, and pollution. Their proposal was to intensify development of both urban and rural area to achieve an efficient and balanced economy. Positive involvement of the private sector was recommended in urban areas, while public funds were poured into the rural area. There were political implications to this proposal. Firstly, on the one hand, it ensured steady flow of public funds to the region which would bring jobs and prosperity to the rural areas which were traditionally LDP strongholds. On the other hand, it gave new business prospects for private developers in urban areas where large profits could be expected. Urban residents were also increasingly concerned with their quality of life in the city where rapid urbanisation created the loss of amenities. They felt overlooked by a government which neglected urban problems and concentrated its investment in industrial development in rural regions. Therefore the LDP's urban policy aimed to appeal to urban voters and the business community while retaining traditional supporters in the rural community.

The consequences of the plan were again quite different from what was intended. One was unprecedented rise of property prices. It was more than 30% annually in 1972 and 1973 (on average) and especially strong in housing (42.5% in September 1973). This was caused by speculative investment in property regardless of area and use due to the widespread potential of development (NLA 1986). The other was the consolidation of the Development Industrial Complex (DIC). Because of the geographically widespread and increased volume of infrastructure and development project, investment to the public works increased. So did the power of state officials in MOC, MOT, and MOA, who had the budgets, expertise, and discretion to carry out the projects. Between them, politicians had a large space for manoeuvring to fix the deal. (Honma 1999, p. 74) Some of them made a formidable profit from the land-deal, like the case of notorious Prime Minister Kakuei Tanaka.

The 3rd Comprehensive National Development Plan

The 2nd CNPD was said to be the most 'developmental' plan which emphasised industrial development. The 3rd CNPD was designed to reflect its outcome and correct its shortcomings. Environmental problems such as pollution and congestion had worsened.

Urban concentration of population, business and cultural facilities had continued, and the escalating property prices delayed implementation of infrastructure projects. Meanwhile, the oil crisis in 1972 threatened economic prospects, which changed the mood of the nation. People in Japan became more concerned with quality of life than mere economic growth.

Against this background, the 3rd CNDP tried to transform the basic emphasis of the national land use policy from 'economic growth and industrial development' to 'community welfare and environmental concern'. It was influenced by the Garden City Concept led by the then Prime Minister Masayoshi Ohira, which advocated enhancing the quality of life. Also, aspects of central control were relaxed and local autonomy was emphasised in its planning and implementation. As a result, the plan gave priority to creating 'settled habitation areas' where balanced development would occur through natural increase rather than immigration.

As well as community welfare and housing projects, however, a series of Technopolises were proposed. They modelled Silicon Valley and tried to create a set of high-tech industrial clusters with high-quality residential areas. This was due to economic slowdown in the 1970s and industrial restructuring from traditional heavy industry to high-tech. Japan needed a new growth industry. In terms of implementation, however, this was just another type of industrial development and the DIC was active in carrying out the project, excluding the local community. Therefore, despite some early promises, the 3rd CNDP could not change its basic characteristics. The planning process of the 4th CNDP started in 1983, and the plan was finalised in 1987. This thesis reviews the plan in the next chapter as it is strongly related to the global economy and the role of Tokyo.

CNDP, the Public Work State, and the CDS

The CNDP plays a vital part in cementing the role of the state in urban development through the infrastructure provision. Firstly, it succeeds in reducing the regional disparity in terms of average income, and ensured a national standard for welfare. If it had been left to the market mechanism alone, the difference between the rich regions and poor regions would have been greater. Thus, it resulted in a positive outcome through government intervention, which in turn ensured the credibility of state officials.

Secondly, the CNDP consolidates the DIC, and strengthened the ties between the development industry, state officials, and the LDP. The CNDP is a peak of the land use development plan system. It determines a national framework of future public investment for infrastructure projects in terms of their location, budget, and contents. Regional and local

plans as well as other special development plans, such as river project plan and highway project plan, are all based on the CNDP. The CNDP is planned by state officials in EPA (1st and 2nd) and NLA (3rd~), and decided at the cabinet level. It is very important for regions and cities to be included in the CNDP as their economic fortunes are greatly affected. The state officials have strong powers over three aspects of administration. Firstly, they monopolise information, i.e. what projects were planned where. Secondly, they have discretion over the amount and allocation of government grant. Thirdly, they have power over giving licences to local plans, which are subject to central approval. Therefore it created the situation in which local government officials and local politicians are keen on lobbying the central government department to ask to be included in the plan. Private developers also see the expanding opportunity of getting contracts for public work projects, and thus are keen on building contacts with the state officials. LDP politicians, who are overseeing the administration of the state officials, act as agents to represent the interest of both development industries and regional/local government, and to fix the deals. Therefore, the more the number and the scale of the public work projects increase through the CNDP, the more the powers are concentrated in the state officials via the DIC.

4.6 Minkatsu Policy

The second aspect of the role of the state in physical development can be found in the urban privatisation policy called 'Minkatsu'. Minkatsu is a Japanese term made from two words, 'Min' and 'Katsu'. 'Min' is short for 'Minkan,' which means private sector, while 'Katsu' is short for 'Katsuryoku' which means vitality. Therefore, this word can be translated literally as 'private sector vitality policy,' but in reality, it has a rather more complex meaning. It typically means, in Japan, "stimulating economic development of the private sector in areas in which the public sector has traditionally played a key role" (Hayakawa and Hirayama, 1991, p. 151). The following section explores its background, origin and development, and the concrete policies formed in relation to urban planning and development.

Like other Western countries, Japanese politics have been facing a transition, challenged by neo-liberal economic ideology and new-right political philosophy since the late 1970s. This section explains how these changes in Japanese politics shaped urban policy and politics, and resulted in the rapid transformation of the urban landscape in Tokyo in the 1980s.

Causes

There were three underlying causes which led to the development of Minkatsu policy (1987; Machimura, 1994; Kanekura, 1994). The first one was neo-liberal economic ideology prevalent in the West from the 1980s onwards, after the termination of the post-war economic boom, the apparent inability of Keynesian economic policy to deal with the crisis, and the general retreat of the welfare state mechanism. Minkatsu policy was based on this ideology of freedom of individual choice and self-help, supremacy of market mechanisms in distributing wealth as opposed to government intervention, and minimal government regulation of market activity. The second cause was financial stress in the public sector. On the one hand, because of the general expansion of welfare provision by the public sector in the post war period, and the economic crisis in the mid 1970s, many government welfare programmes suffered from the lack of sufficient financial resources. On the other hand, accumulated wealth in the private sector was mainly directed to investment overseas, and left little for domestic use. Thus, the utilisation of private finance in government programmes was regarded as a way to solve the financial stress of the public sector. The third element was international relations. As the Japanese trade surplus mounted, the pressure from trading partners, notably the USA and the EU, increased to such a level that the Japanese government had to do something urgently. Apart from some voluntary regulations by individual firms, the government could not have a policy to reduce the amount of export, because it was a vital breadwinner for the Japanese economy. The Maekawa Report from the Prime Minister's advisor called for a radical policy change to alter the imbalance of trade by boosting domestic consumption, so that fewer products were directed to export, and more to the domestic consumer market. Moreover, the government expected that the policy might stimulate consumer demands, and increase imports. Therefore, the government tried to put their efforts into developing measures for boosting economic activities.

Origin and Development

The origin of the Minkatsu policy, utilising the private sector, can be traced back to the Urban Policy Principle of the LDP in 1968. It claimed to be the first urban policy put forward by a political party¹⁰ (Shimokoube, 1994; Honma, 1999). It tried to facilitate urban

¹⁰ It was published against the political background of the time in which LDP was losing votes in the urban areas because their policy was regarded as too pro-business and uncaring of the quality of life for city residents.

development and infrastructure provision in urban areas through the greater utilisation of private developers. As the earlier sections of this chapter discuss, urban development generally had been led by the state officials. Thus this policy signalled a change of direction.

After the brief spell of protest against development based around the local environmental movement in the 1970s, the 1980s saw a resurgence of this policy. The turning point was the election defeat of progressive local government leaders, and the establishment of a new-right policy by the then Prime Minister Nakasone. Administrative reform was the major point on the political agenda, and a report from the 2nd Public Administration Reform Committee in 1982 scrutinised deficiencies in the public sector, such as non-flexibility, sectionalism, incompetent management, and poor efficiency. Then the cabinet published a new economic policy which proposed a fundamental change of direction: from the traditional role of government of directly providing guidance and regulation and of nurturing private business, to giving direction, adjusting, and supplementing the market mechanism (Kanekura, 1994). This fuelled the debate over the greater use of market mechanisms and encouraged the government to keep away from intervention.

Significant development was the response from the development / construction related industry. The Japan Project Industry Conference (JAPIC) was first established as an association of private developers and building material industries, and became a lobbying organisation for urban development projects in the 1980s, which included banks and research consultancy. A number of committees and research groups were established as part of JAPIC and published a series of reports proposing ways of introducing private finance and management to infrastructure development. What is more is that those reports were actually commissioned by government ministries, such as the Ministry of Construction and the Economic Planning Agency (EPA) (Noguchi, 1984). Therefore, JAPIC symbolised the close co-operation between ministries and private business under the Minkatsu policy (Machimura, 1994, p. 121). Secondly, there was positive media coverage of private sector led urban development. For instance, Nikkei Newspaper had a promotional campaign called the 'New Deal by the Private Sector' (Ohno and Evans, 1992) and advocated the change. 'Urban Renaissance' was the catchphrase with which to capture the public imagination, and conjured images of something nice and new happening in the city. A new monthly journal called 'Tokyo Jin' (People in Tokyo) was issued to establish the new image of Tokyo and its identity by using glossy pictures and articles to introduce new development as an entertainment (Machimura, 1994).

Planning Policy and Practice

The planning policies influenced by Minkatsu can be divided into two areas, which, in turn, can be divided into two. So there were four different types of policy altogether. One was aimed at encouraging development by private developers by (a) relaxing / reviewing existing land use regulations, and (b) providing incentives to private developers. The other was the policy of introducing private finances to public work projects, by (c) forming public private partnerships, and (d) releasing publicly owned land to the market. I will explain each policy by giving some examples.

The Relaxation / Review of Land Use Regulations

The Ministry of Construction issued a series of administrative directives to local government. Introducing a flexible approach to individual projects and streamlining the administration process, especially with regard to granting development permission, was the main policy cluster. This was most obvious in the policies to reduce the burden on private developers. Some local government regulations, which were created to protect neighbourhood environmental quality, were dismissed as over-regulation and substantially scaled down (Ishida, 1992; Ohtani, 1988). Zoning regulations in some areas were also changed to allow developers more building capacity. A special planning scheme was introduced which allowed intensive development of limited plots of land irrespective of the use class, height restriction, and official capacity regulation of the surrounding area. It enabled developers to build the high-rise smart buildings typical of redevelopment projects.

Incentives

It was felt that specific incentives were necessary to encourage developers to be positively involved in redevelopment projects. Three types of financial incentive were given: special government grants, tax benefits, and special loan schemes. They were provided to developers on the basis that their projects were publicly beneficial (in terms of the economy and jobs), and this was a way of achieving maximum benefit for the public by spending the minimum of government money. Moreover, the Private Participation Promotional Law (so called Minkatsu Act) was established in 1986 and designed to give greater subsidy to developers who met certain conditions. This included forming partnerships with the public

sector and developing special facilities for research and development, information infrastructures, and international exhibition and conference centres, which were expected to play a vital role in the coming global economic era.

Public Private Partnership

The role of the private sector was long limited in public work projects, as construction contractors were merely responsible for implementing construction. These partnerships tried to achieve close co-operation and the maximum use of their respective resources. The idea was that the expertise in the planning system and the ability to obtain government grants in public sector, and management, finance, and efficiency of private sector can be successfully combined. These were typically suited to large scale redevelopments which needed a combination of a variety of skills to manage the project.

The Release of Publicly Owned Land

Because of the relocation and privatisation of government-run corporations, a number of sites which had a substantial amount of space, such as former railway works and housing estates for national government officials, became available. A special committee was established in the cabinet in 1984, and the policy to further the efficient use of state-owned land became public. They were very useful sites for large scale development projects. Contrary to most land ownership in Japan, which is typically fragmented, these sites were owned by single holders, which swiftly cleared the hurdle of achieving consensus and agreement for redevelopment. Some sites were also located in the middle of built up areas, which made commercial prospects even better. For instance, the former National Legal Research Centre site in central Tokyo was sold to a private developer who built a 25 storey luxury condominium. Between 1984 and 1986, the government released 125 sites (62 ha) to the market (Private Sector Project Study Group, 1987).

The Role of the State in the Minkatsu Policy

Although Minkatsu policy was clearly influenced by the economic policy of the Thatcher and Reagan administrations at that time, the true nature of the policy is quite different and, in fact, pointed in the opposite direction. It was emphasised, in the USA and the UK, that it was to create a more free and competitive market with less government regulation, which

should lead to smaller but more efficient government. In Japan, however, the main concern was to give effective incentives to private developers in order to attract them to the development projects. Thus, while the former embraced the self-regulative market and 'hands-off' attitude of the public officials, the latter actually went beyond the market mechanism, and tried to create more government intervention (Private Sector Project Study Group, 1987). That is why not only relaxing / reviewing planning regulations, but also grants, PPPs, and releasing the state owned land were included in the policy. Thus, it was criticised that the policy was not reducing government intervention, but actually increasing it (Homna, 1999).

It can be seen as a parallel to the CDS, as both shared a similar ideology of the particular model of market economy. The similarity extended to the state ideology. It was the public sector who was accountable for the projects in Minkatsu policy. The role of the private sector was generally limited to the finance and the management of project implementation, and the public sector held a grip on overall planning and monitoring. Thus, private sector was a 'tool' to achieve the public policy agendas. It is ironic that despite some resemblance to the privatisation debates in the USA and the UK, Minkatsu policy turned their principle upside down, and made the role of state more significant.

4.9 Conclusion

This chapter examined the role of state in economic development, physical development, and infrastructure provision in Japan through the notion of the Capitalist Developmental State (CDS). The first part unpacked the CDS, a state-centred theory of Japanese political economy, which explains the positive role of the state. It is based on the Confucian moral foundation, the concept of market economy which blurs distinction between the private and the public, nationalistic state ideology, and legitimacy of state officials derived from impartial technocracy. Although the effectiveness of state policy on the outcome of economic development has not always been guaranteed, there is no doubt that the leading role of the state officials was, in general, viewed positively and accepted widely by the Japanese public. This legitimacy of the state officials underpins state intervention in the market mechanism.

This is reflected in the strong role of the state in physical development and infrastructure investment. The Public Work State (PWS) is the concept which theorises the mechanism of this development. It is based on a large volume of public work projects, managed by the central government and implemented by private construction contractors. This chapter has

made it clear that the PWS is a part and parcel of the CDS. It has an important role in the construction of the physical industrial infrastructure for the purpose of state-led economic development. The DIC, the vehicle of the PWS, also works within the framework of the CDS. Therefore, it can be concluded that the PWS is a reflection of the CDS in the dimension of urban development and physical infrastructure provision. The Economic success of modern Japan may not have been reached without state-led public work projects, and in that sense, similar to the CDS argument, economic success itself, in the end, gives legitimacy to the existence of the PWS.

This point is illustrated by the example of Comprehensive National Development Plans. It formed a framework of national land use and infrastructure projects to ensure the maximum efficient use of land and achieve the national standard of economic growth and welfare. Through the plans, national officials gained tools and the capacity to exercise their power over the local government and development industry. It resulted in consolidating the Development Industrial Complex. This discussion of the role of state in physical development was extended to the Minkatsu policy in the 1980s. Despite the political rhetoric of privatisation and neo-classical economic policy, Minkatsu policy actually gave more weight to the government intervention in the urban development. It mobilised more resources from the private sector into urban development projects for sure, but it was done under the watchful eye of the central government. The relaxing / reviewing planning regulation was accompanied by various incentives for the private developers to be involved in the projects.

CHAPTER V: DEVELOPMENTAL STATE AND URBAN PLANNING IN TOKYO

5.1 Introduction

The last chapter introduced the CDS as a theoretical framework which underpins the basic principle of state initiative on economic development of modern Japan. The chapter also explores the way in which national planning system and physical development mechanism work within the framework. The Comprehensive National Development Plans and Minkatsu Policy reveal the strong initiative of the state institution through the concept of the Public Work State within the framework of the CDS.

This Chapter carries the issue further and illustrates the effect of the state initiative through the concrete examples of urban policy and physical development of Tokyo. It also aims to provide the contextual background against which the Tokyo Waterfront Sub-centre Project, one of the most prominent redevelopment project, is discussed in Chapter 7. Thus the chapter describes the circumstances - historically, politically, and in terms of spatial planning policy -in which the project was planned and implemented.

The following section starts with a historical review of city building in Tokyo between the 1860s and 1960s. This investigation reveals that Tokyo has played a vital strategic role in the nation's modern history because of the conscious effort by the state and local government who have been concerned about economic development as well as foreign relations. This is vital for understanding development after the 1980s, the period on which this thesis focuses. The second section focuses on the political and administrative changes in the TMG caused by Governor Minobe and Governor Suzuki between the late 1960s and early 1980s. The ideological contrast between the two led to an opposition between two different styles of politics which can be termed that of 'urban welfare' against that of 're-developmental'. They also differed in terms of their intergovernmental relations, as the former chose a 'confrontational' style compared to the latter's more 'consensus'-seeking position. The third section examines how the TMG perceived the apparent social and economic trend of the globalisation of Tokyo in the 1980s, and responded through its urban policy. Several policy documents reveal a particular interpretation by the TMG which was

in marked contrast to what happened in New York and London. Unlike the latter two, globalisation was generally perceived as an extension of economic growth by Japanese owned corporations, and thus received positively. Exclusive focus on regeneration and city marketing was not on the policy agenda. The fourth section extends the analysis to the spatial aspects of urban change in Tokyo and reviews the situation of property market and strategic planning in the mid 1980s. It reveals that there was a severe shortage of office space and dramatic rise in property prices, particularly for commercial space in central Tokyo. The national government and the TMG responded by altering the urban structure from a mono-centric to a multi-polar type. This alteration was the primary planning policy in Tokyo in the 1980s, but it did not prevent the property boom and the subsequent crash in the 1990s.

5.2 A Brief History of the Urbanisation of Tokyo

In this section, I will review the history of the urbanisation of Tokyo between the 1860s and the 1970s very briefly in order to give some background knowledge to what happened subsequently. There are two main points to explore. One is the role of Tokyo in the process of Japanese economic, social, and political evolution since the country opened its doors to the international community in 1868. As a capital city, Tokyo has always been the focal point of the national political economy and international relation, thus, urban development in Tokyo has had a significant part to play in the process of nation building. The other is the nature of the commitment of the state to transform Tokyo to adjust the needs of the nation at various points in time through planning, public investment, and related policies.

Historically, three aspects of urban change can be taken to illustrate this conscious effort by the state. Firstly, Tokyo has been always presented as a product of the modernisation project of the nation. As a capital city, it has always attracted attention from outside world. The Japanese government responded by constructing a Western style urban landscape after the Meiji Restoration, and has been keen to follow the latest world trends since then. The second characteristic of urban change can be portrayed as the state's relationship with modern industrialisation. State policies initiated and supported industrial production by introducing new technology, disseminating knowledge, and providing necessary physical infrastructure. Thirdly, urban policy and planning can be understood as a response to the urban problems which were caused by rapid industrial growth and the transformation of society. As its economy has grown, Tokyo has attracted increasing numbers of population which has led to shortages of housing, congestion, and urban sprawl.

The following section describes the history of urban change by dividing it into phases, and examining three aspects I mentioned above. They are the period of reconstruction after the Meiji Restoration, the age of industrial development and urban growth before the Second World War, and post-war reconstruction and the economic boom in the 1950s and 1960s.

The third phase addresses the period of economic stagnation and social unrest since the late 1960s. A series of urban problems such as pollution and congestion raised serious concerns about the way in which the government policy was directed toward prioritising economic development over community welfare. Examination of the each phase reveals that the nature of urban change of Tokyo was deeply rooted in the process of country's socio-economic change at that time.

The Age of Nation Building

New International Relations

The history of modern Tokyo effectively started with the process of the transformation of the city, then called Edo, the capital of the feudal system, into the new national capital. The battle between the guards of the Shogun and the revolutionary army after the Meiji Restoration in 1868 ruined part of the city, dispersed the population¹, and shrank its economy. Therefore the immediate task for the government was to reconstruct Tokyo and to present it as the capital of newly emerged state to the outside world, as well as restoring order in the city and revitalising the economy. They had two strategic ideas of how to develop Tokyo. One was to create a capital city as the centre of a national spatial system, which was necessary to govern the modern nation state and its economy. This involved, for instance, the construction of a radial road and rail network centred on Tokyo. The other was to make Tokyo the heart of the modernisation project of the whole nation in social and economic terms. Model modern firms and shopping streets were built by the government as a showcase of modern life for the rest of Japan to imitate (Machimura, 1992). The government employed foreign civil engineers and architects and tried to create a completely westernised landscape in the centre of Tokyo covering the most important government functions such as a parliament, a supreme court, and a huge public square to impress other countries, which eventually failed (Horiuchi, 1992). The government also created the first western-style shopping street in the Ginza district where the latest trends in consumer goods were exhibited to propagate the modern life style. The elimination of feudal restrictions of the movement of people and goods within the nation enhanced the integration of the

¹There was no official statistics for population until 1875, but it was estimated that Tokyo lost nearly half of its population. (Ishida 1992, p. 25)

national economy, encouraged urban-rural migration, and helped to set up private businesses. Lifting the ban on trade with overseas countries also opened the way to the industrial age.

Establishing the Capital City

Prior to the Meiji Restoration, Japan had had a relatively de-centralised urban structure based on the feudal system. Although Tokyo, then called Edo, was the prime city for administration, the economic centre was in Osaka, and the centre of traditional culture was in Kyoto. Each region had relatively autonomous economic and cultural structures. The restoration and the following administration of the Meiji Government changed this for a more hierarchical and centralised system. The industrial and business function of Tokyo was greatly increased as a result, and together with its existing administration and consumption functions, its primacy in the national urban system was accomplished.

The Age of Industrialisation

Industrial Development

The character of the second phase of urbanisation was determined by continuing industrialisation and modernisation. Tokyo became significant as a production site. The agglomeration of small firms, and especially of electrical, mechanical and chemical industries in and around Tokyo began to produce export-orientated products. Imports of raw materials also flowed into Tokyo, thanks to its proximity to the nearby port of Yokohama and later to the port of Tokyo. The cycle of import-manufacture-export established the basic pattern of manufacturing practice. State policy also encouraged manufacturing growth. It set up model factories in and around Tokyo, employed foreign engineers, and disseminated new technologies. Later, when the industry became mature enough, they were sold to private entrepreneurs often at discounted prices. Not only manufacturing, but also service industries grew. Financial and other services set up their offices in the centre of Tokyo creating the first CBD in the Marunouchi district just outside the imperial palace. Although there had always been industry before, Tokyo had been primarily an administrative and consumer city due to the existence of government. Osaka, the second largest city west of Japan, on the other hand, was the traditional commercial and industrial capital. Industry in Tokyo,

however, caught up and exceeded that of Osaka's during the industrial age². As a result, its population increase and geographical expansion was phenomenal. Surrounding the core commercial and administration districts, Tokyo spread outwards without ceasing. Housing developments transformed what was once farmland into decentralised suburbia.

Urban Planning Legislation

Planning legislation helped the process. The Tokyo Improvement Ordinance in 1888 was the first legislation concerning urban planning. It tried to regenerate Tokyo's economic and social vitality after the collapse of the Shoguns by equipping the city with the necessary infrastructure. The act emphasised the importance of a communication infrastructure (i.e. road and river) as a vital tool to achieve its goals. Its main emphasis was described as 'roads, bridges, and rivers are first, and water supply, housing, and sewage are second' (Honma, 1996). It was later criticised for putting the interests of industry ahead of community welfare and at the expense of sacrificing basic human needs (Mikuriya, 1990). Therefore, many interpreted this act as the first manifestation of the developmental state goal in urban development³(Takagi, 1960; Ishizuka, 1969; Honma, 1996). The second piece of legislation was the 'Old' City Planning Act in 1919. This act provided the first national legal framework for land use control and urban zoning systems in major Japanese cities. The background to this legislation was the rapid urban sprawl around major cities especially Tokyo. The population of the City of Tokyo and its surrounding area had doubled between 1890 and 1910, and had trebled by 1920. Fifty years after the Meiji Restroration, and thirty years after the Tokyo Improvement Ordinance, Tokyo had successfully developed in economic terms, but at the same time, was facing urban problems like congestion and sprawl. Therefore, the challenge planning system was facing was to control the sprawl and improve the housing conditions in newly expanded areas which were dreadful (Ishida, 1992). It is impossible to outline all the aspects of the act, but I will point out two. Firstly, the main target of improvement was again roads and rivers. For example, Article 1 stated that:

“In this act, planning should be defined as the planning and construction of important physical infrastructures relating to transportation, public health,

² As late as 1874, Tokyo ranked no higher than ninth in Japan in industrial production, but became number one manufacturing centre in the 1930s (Cybriwsky 1998, Hall, 1998).

³ There is an argument about this point. Some have argued that the act merely defined how the project should proceed - roads and rivers are first, housing and water next (Fujimori, 1990; Ishida 1992). However, detailed study revealed that the money spent for roads and rivers was much greater than on housing and water (Honma, 1996).

public safety, and economic development, which aim to achieve public safety and welfare” (Author’s translation).

Although the act introduced new techniques for urban planning, such as zoning and the Land Adjustment System, in practice, its use was limited due to procedural complications and a lack of financial support. It clearly excluded housing and amenity issues, and it was later claimed that ‘public safety and welfare’ actually meant the safety and welfare of the state’s goals, but not that of the public and local community (Tamura, 1977). Secondly, the element of the centralisation of administration was evident. Articles 2 to 5 defined the responsibility of the state in planning and its implementation. An Urban Planning Committee was set up in the six largest cities to discuss and decide urban development projects, which were referred to the Minister of Home Affairs, and finally got approval in at cabinet meetings. The initial proposals were made by planners who worked with committees, but in fact they belonged to the Ministry of Home Affairs, thus they were state officials. The role of the local government was reduced to the implementation of the projects and their funding was limited as there were scarce grants from central government.⁴

These two pieces of legislation illustrate the leading role played by the state. Firstly, the state emphasised the importance of industrial infrastructure, such as roads, canals, and rivers at the expense of community welfare issues such as drinking water and sewage. Secondly, the national government established a centralised and hierarchical control system for the administration of planning and implementation. It should be noted, however, that urban planning never gained primary importance in the whole state spending programme and the Urban Planning Committee had suggested. Instead, priority was given to industrial development and equipping the armed forces, which were vital for the country’s survival in volatile international climate at that time.

The Age of Rapid Economic Growth

Reconstruction

Although the Greater Kanto Earthquake in 1923 and heavy bombardment during the Second World War left the city in complete ruins, in terms of longer-term trend of urbanisation, these proved to be just temporary set backs. The post-war economic recovery in Japan, sometimes referred to as a miracle, coincided with the increasing strength of Tokyo's

⁴ The funding was expected to come from the property taxes which could be raised once project was carried out.

economy and the intensifying of its urbanisation. The 1960s especially saw a decade of modernisation and intensive population growth. Between 1955 and 1965 the Tokyo Metropolitan Region increased its population from 15 to 21 million, growing by an average of 600,000 per year (Douglass, 1993).

Economic Boom and the Tokyo Olympics

Reconstruction had started immediately after the war but did not gain momentum until the 1950s, because of poor financial resources. When the economy picked up pace in the mid 1950s, Tokyo experienced rapid expansions in population and industry. The problems Tokyo faced were a chronic shortage of housing, a lack of adequate open spaces, and transport congestion caused by increased car ownership. The authority responded by planning a series of large-scale urban redevelopment projects. One was the Tama New Town residential development project in the western suburbs of Tokyo started in 1965 to provide homes for the mass of commuters. The Shinjuku Sub-centre development was another one which was the first attempt to build an office complex outside the traditional CBD. These projects were incremental and took over 30 years to complete. Another project which fundamentally altered the landscape of Tokyo was the urban motorway. It was first planned in 1958 to deal with the chronic traffic congestion in the city centre. Because of the difficulty of building new roads in the existing urban area, the TMG came up with the idea of having an overhead motor way above the existing roads, rivers, and other open spaces. It was not a motor way for high speed traffic, but was created to raise the capacity of the road system to absorb the increasing volume of traffic, as soon as possible, and as cost effectively as possible (Koshizawa, 1991a, 1991b). The project was accelerated by the Tokyo Olympics in 1964. Because it was a major national event of historical significance, Japanese government tried to present Tokyo to the outside world as a symbol of a prosperous nation which had recovered from the scars of the war, as well as managing a successful Olympics. The Japanese government was prepared to invest 71 trillion Yen in the construction and improvement of the transport infrastructure. This included the construction of car parks around the stadium, multi-storey intersections of urban main roads, and the overhead motorway. The Tokyo Expressway Public Corporation was set up by the government as a separate organisation and granted an unusually large budget with a tight schedule to complete the project by the start of the Olympics. Four lanes and 32 Km of overhead motorway were constructed in just under five years. Urban renewal projects such as the urban motorway and the underground changed the face of the urban landscape. Apart from small manufacturing firms concentrated in some districts of the city, production sites moved

away to outskirts of Tokyo, and the service sector replaced them as the leading industry and main source of employment.

The Age of Urban Problems

In the next phase, Tokyo became a victim of its own success. Industrialisation and intense urbanisation created various urban problems. Direct problems caused by industrialisation were environmental degradation, such as air and water pollution, congestion, and noise. The rapid pace of urbanisation also created urban sprawl on a huge scale without adequate levels of community facilities and amenities. Old housing stocks were left untouched on the urban fringe with narrow streets and few open spaces, creating a dangerous and inadequate urban environment. Some inner urban communities began to lose their residential populations, which raised some concern as this was a symptom of the inner city problems. As the Japanese economy ran into a period of slow economic growth in the 1970s, people's frustration grew against the government who had prioritised industrial growth at the expense of their quality of life. Governor Minobe took over the administration of the TMG in 1967, and had a progressive urban welfare policy. His administration aimed to raise standards of living by prioritising community welfare, and as a result he adopted a more strict attitude against excessive economic development. The policy of urban development was directed to large-scale residential developments on the outskirts of Tokyo, such as Tama New-town and Hikarigaoka New-town, and the creation of huge reclaimed islands used for nature reserves and parks. His administration ran into trouble after the municipal financial crisis, and gave way to the Suzuki administration which was more positive towards developmental policy, which is discussed in more detail in the next section.

In summary, a brief review of the history of the urbanisation of Tokyo has revealed that it closely reflected national economic policy as well as international relations. Firstly, national government has always regarded Tokyo as a strategic site from which to realise bigger national purposes. The presentation of a modern Western-style capital city after the Meiji Restoration, and the urban renewal projects before the Olympic game were clear examples of attempts to catch the attention of the international community. Secondly, Tokyo has been a focal point as the nation's prime economic city. Investment and regulatory efforts by the state have been mainly concentrated on infrastructure development and especially on the development of communication and transport to increase the productivity of the city. There has been a deep-seated ideology that Tokyo should be an 'engine' of national economic growth. As the Japanese economy grew and crossed national boundaries, Tokyo's function

in the global economy as a command and control centre has acquired more importance. The next chapter will address the period of globalisation and related urban change in the 1980s.

5.3 Politics of the Tokyo Metropolitan Government: Governor Minobe and Governor Suzuki

Following the rapid economic growth during the 1950s and early 1960s, Tokyo witnessed a period of municipal political movement, followed by a dramatic political shift from progressive idealism to conservative pragmatism, and its related policy changes between the late 1960s and 1980s. This section explains particular policy and the style of politics associated with the governorship of Mr Suzuki between 1979 and 1995, who brought neo-liberal policy, in order to establish the political context in which global city policy and the waterfront project developed. The following section describes, firstly, the main policy agenda which the TMG prioritised during that period, and the political style Governor Suzuki adopted to devise these policies by comparison with his predecessor Mr Minobe's governorship, and highlighting their distinctive characters.

Policy Agendas and Policy Tools

Governor Minobe's main policy agenda was to tackle the urban problems caused by the negative externalities of urban growth (Ishida, 1992, Ch. 9). Tokyo was suffering from all sorts of environmental problems such as congestion and pollution in the city centre, urban sprawl without sufficient amenity provision on the periphery, and dated housing stock which was created by rapid post-war economic growth with a lack of any effective government response. Therefore, his policy focused on increasing the level of community welfare by such means as providing free health services to elderly, recognising ethnic minorityies' need for education⁵, and giving greater subsidy to public transport. The political opposition, in turn, criticised him as a populist who leaned towards short-term welfare policies and neglected long term strategic urban development. On the basis of his ideas, TMG published a strategy in 1971 called 'Park and Blue Sky: a vision for Tokyo' (TMG, 1971). The main emphasis of the plan was growth control, environmental regulation, and the incremental renewal of residential areas. The plan was designed to achieve a 'Civil Minimum' which was a concept to ensure a minimum standard of welfare in areas such as

⁵ He gave public approval to Korean schools in Tokyo prior to Japanese government.

safety, health, amenities, and the necessary public services for urban life to all the people in the city (Matsushita, 1971). Although he had some success particularly in his environmental policy to control pollution, his strategic plan was unsustainable as a result of the oil crisis and recession in the middle to late 1970s, and municipal financial stress.

Mr Suzuki was elected as a governor of Tokyo in 1979 after beating the socialist party opposition. The immediate task he faced was the restructuring of municipal finance and saving the TMG from the brink of bankruptcy. The recession and stagnation after the oil crisis in the 1970s coupled with his predecessor governor Minobe's administration (1967-1979), which had advocated greater community welfare provision, had left a huge financial burden on Governor Suzuki's administration. After successfully managing the financial crisis, largely thanks to the recovery of the Japanese economy in the early 1980s, his main policy agenda was to realise his vision of Tokyo, the 'My Town' policy. In his words, the 'My Town' policy meant "to make Tokyo a place where everyone in Tokyo (either new comer or established) can feel at home in their own community" (Togo, 1993). It was an extremely 'obscure concept' (Mikuriya, 1990, p. 166), but was generally interpreted as having two goals. Firstly, to enhance the economic vitality of Tokyo by upgrading or developing the necessary physical infrastructure, and secondly, to maintain the quality of life in the local community (Toki, 1995, p. 96). In other words, he intended to cultivate two different dimensions of city life, the city as a 'work place' and the city 'as a place to live' (Cybriwsky, 1998, p. 201). His main tool with which to implement the policy was the 'multi-core urban centre' (Figure 6.1) which would transform Tokyo's urban structure from being mono-centric to multi-centric, and which aimed to solve both congestion and the displacement of the community in the city centre, and to create clusters of specific economic function around the designated sub-centres. His policy, however, was criticised on the grounds that it leaned towards investment in the physical infrastructure, rather than developing a management structure and the human capital to put his policy across the community members. He put a disproportionate emphasis on the first goal of his 'My Town' policy which was to enhance the productivity of the city, at the expense of the second which was to safeguard consumption and its reproductive function (Shindo, 1998).

Two Styles of Politics

The underlying principle of Governor Minobe's politics was the idealism of a more open and democratic society. Putting this into practice, there were two key aspects which characterised his progressive reforms. One was the populist-participatory approach, in which he tried to directly involve the general public by organising a number of town

meetings, arranging press conferences, and mobilising popular opinion. This was because he was surrounded by political opposition in the TMG chamber and unsympathetic officials who were apprehensive of an open government policy, and thus sought to mobilise political support outside. The other was a confrontational style of politics against the national government. This was based on the ideological differences between the two. He adopted progressive and radical stance against the conservative and corporatist national government at that time. For instance, he introduced more strict measures to regulate air pollution control than the national government. Moreover, he was keen to seek greater autonomy on municipal affairs from the national government. He wanted greater discretion over municipal finances, such as in the issuing of municipal bonds without restrictions from national government.

Compared to Minobe's, Governor Suzuki's administration was more pragmatic and the style of his administration can be characterised in terms of its top-down policy formation, its technocratic implementation, and its synthesis with national government policy. Firstly, to achieve his top-down policy formation, he chose more than thirty official advisors who had various areas of expertise, and created a number of committees which he consulted on specific issues. Discussion in council chamber was sidelined, and public participation through town meetings was scaled down⁶. Secondly, the administrative structure of the TMG was streamlined by transferring a number of middle-ranking managerial staff who were in charge of policy making to front-line implementation duty. As a result, the capacity of and the quality of policy making by TMG officials was compromised in return for greater efficiency and the promotion of the ideas of the governor⁷. This was criticised later because of its sectionalism, its lack of flexibility, and above all its lack of comprehensive and strategic thinking on the overall management of the city (Sasaki, 1991, p. 128). Thirdly, unlike his predecessor, he was ideologically in tune with the national government and in particular, with Prime Minister Nakasone's administration, because both were in favour of neo-liberal ideology and 'small government'. What they had in common was obvious in terms of urban development policy, in which both were keen to transform urban structure by investing in physical infrastructure.

Shindo summarised the differences in policy agenda and style of politics between Minobe and Suzuki's administration by categorising them as examples of an Urban Welfare Regime

⁶ He defended his decision to utilise committees as more democratic because it could escape the partisan politics in the chamber and reflect the wider community.

⁷ The career and experience of the governor well exceeded that of any of the TMG staff, which created an environment where no one could argue against him. It further enhanced the 'bureaucratic mentality' (Shindo 1998, p. 49).

and a Re-Developmental Regime respectively (Table 5.1) (Shindo, 1998). According to him, the Minobe Administration was a part of social movement aimed at creating a counter hegemony against the 'developmental regime' which had been prevalent throughout modern Japanese history⁸. Thus, he called Governor Suzuki's administration 're-developmental' to distinguish it from the earlier period (ibid p. 39). I will explain the differences between the two governors more closely in the following section.

They had very different kinds of resources and background, which contributed to the formation of their very different styles of leadership. Minobe was born the son of a famous constitutional scholar who defended democracy under the emperor against the military regime before the Second World War, and he was a professor of economics himself until becoming the governor. His honest personality and common sense approach charmed people in Tokyo who were sick of sleaze-prone conservative politicians⁹. Suzuki was born the son of a TMG official, and became a civil servant himself. He eventually became the top official in the Ministry of Home Affairs, in which he masterminded the intergovernmental system. Then he was appointed as a managing director of Osaka Expo in 1970 and led it to success, before standing for election. His unique political and administrative capacity came from his experience in the ministry and with the Expo, and from his personal network among government officials, the LDP, and the business community (Suzuki, 1999).

The basic ideologies underpinning their politics were respectively, a progressive idealism towards a democratic society, and a conservative pragmatism with regards to a neo-liberal government. In terms of policy agenda, similar to other progressive local governments at that time, Minobe advocated greater welfare provision and policies for collective consumption, while Suzuki put more emphasis on developing the productive capacity of Tokyo, particularly against the background of the development of the global economy and progress in information technology. In terms of their relationships with national government, Suzuki's administration restored the consistency with national government policy which had been lost under Minobe's governorship. In particular, their liaison on spatial planning and development policy is obvious in the multi-core urban structure policy and the promotion of Tokyo as a global city. Minobe gave priority to the community function of Tokyo and the improvement of aspects of the residential environment, such as inner city tenement apartment blocks. They were small scale, incremental, less dramatic, but necessary projects

⁸ He meant 'Developmental Regime' to have similar characteristics with 'Developmental State' in terms of prioritising the long-term state goal rather than short-term market gain.

⁹ He won the election in 1971 by the biggest margin in the history of governorship elections. (Toki 1995, 71)

in order to achieve greater amenity (Fukukawa, 1992, p. 249). This created a tension with the national government who, naturally, put more emphasis on the ‘capital’ function of Tokyo. In contrast, Suzuki had no hesitations in propagating the global city function of Tokyo. The Tokyo Waterfront Sub-centre Development, the flagship project for Tokoyo’s globalisation, included housing developments which were mainly designed to serve those who worked in the business centres, which was in stark contrast to Minobe’s policy.

Table 5.1 A comparison of styles of politics

	Minobe Administration	Suzuki Administration
Regime Type	Urban Welfare	Re-developmental
Resource of Leadership	Personality	Expertise
Basic Ideology	Progressive Idealism	Conservative Pragmatism
Main Policy Agenda	Community Welfare	Economic Development
Main Policy Tool	Environmental Regulation	Multi-core Urban Structure
Style of Politics	Incremental / Participatory	Top-down / Bureaucratic
Intergovernmental Relations	Confrontation	Synthesis
Vision for Tokyo	Park and Blue Sky	My Town / Global City
Priority of Function of Tokyo	Local Community / Neighbourhood	National Capital / Global City

5.4 Urban Policy Response to the World City Formation of Tokyo

As was discussed in the Chapter 4, the trajectory of Tokyo’s rise to becoming one of the global cities was continuous and relatively smooth over the post war era before the burst of the ‘bubble’ economy and the subsequent crisis in the 1990s (Kamo, 1988; Machimura, 1995). As I have also argued in that chapter, Tokyo’s characteristics as a world city can be described as: a fairly balanced industrial structure including a strong manufacturing sector (Fujita, 1991), a relatively ‘closed’ city to outside influence and self-sufficient in terms of its relatively small inflow of capital and labour (Kamo, 1988), and as a result, one that has successfully maintained its stability and social cohesion which has made social polarisation relatively insignificant (Machimura, 1995). Against this backdrop, this section describes the policy response from the public sector to the trend of socio-economic change in Tokyo, and how compares it with the policy measures taken in New York and London.

Positive Response to the Global Economy

There were two distinctive features of policy response which were unique to Tokyo. Firstly, the public authorities clearly welcomed the economic trend which concentrated the globally orientated economic function in Tokyo, and acknowledged it as an opportunity for further growth, prosperity, and the improvement of the welfare of its citizens. The policies adopted, and the role of the state at different levels, stem from the particularities of Japan and Tokyo during this period. The term 'world city' was much used with enthusiasm and an optimistic tone in policy statements. At national level, the Japanese government positively seized the opportunity and emphasised the role of Tokyo in the national economic development strategy for the post-industrial knowledge based economy. They stated that:

“From now to the coming 21st century, it is expected that Tokyo will acquire greater importance as a world city, by providing a base for communication at both worldwide and national levels” (Kokudo Shingikai, 1986, p. 4, translated by Machimura, 1998, p. 183).

The Tokyo Metropolitan Government (TMG) also constructed an optimistic future vision for Tokyo using globalisation with positive connotations. In its Second Long-term Plan it stated that,

“... the ongoing internationalisation has opened the possibility of creating a glorious future for Tokyo with the approach of the 21st century. We must make the most of this golden opportunity to build Tokyo into an attractive international city of which our descendants, let alone ourselves, can be proud” (TMG, 1985, p. 50).

In this urban strategy, called 'My Town Tokyo', the then Governor Suzuki sought to promote the combination of economic vitality and a comfortable residential community. The term 'World City' was first introduced as official policy in the same document. It described the future of Tokyo in the following way:

“In the 21st century, Tokyo will make further strides as a big city with a population of over 12 million, a lively city characterised by mutual contacts and support for transcending generations, a comfortable city with a combination of abundant greenery and a charming waterfront, and a city which will maintain a balance between a residence and work place while functioning

both as a domestic and international information junction and as a major base for the international economy. This is the very image of Tokyo as an attractive international city –that is, a world city- which will lead the world both in name and reality” (TMG, 1985, p. 50).

Here, the vision of the future Tokyo was glorified as an outward image of a leading city of the world, and shows the confidence of the authority. Global change was perceived only in a positive sense, and its darker sides, such as the problem of illegal immigrants and social instability were overlooked or were not given serious consideration.

Economic Revitalisation

Secondly, the policy did not address economic revitalisation nor regeneration to the same extent that both New York and London did, thus did not represent a radical departure from the past. It was said that London and NYC both made a conscious effort to revitalise their urban economies after decline, fiscal stress, and the consequent inner city problems during the 1970s, while Tokyo continued to flourish without experiencing them (Kamo, 1988; Togo, 1993; Teranishi, 1991). For instance, a report by the Twentieth Century Fund Task Force rightly acknowledged that NYC had lost a substantial part of its manufacturing basis, but could be revitalised by specialising its economic function in global business by stating,

“New York and other ageing cities have lost manufacturing plants to the Sunbelt and foreign competition, but the city has gained -and is in a position to gain more- from continued internationalisation. It is now in a position to serve world business as it once served national business” (Twentieth Century Fund, 1980, p. 8).

“We are convinced that the city, by building on its present strength as a great international metropolis, can become the global marketplace for business, finance, communications, the professions, and the arts” (Ibid, p. 5).

Another report by Columbia University suggested that although NYC was losing many industrial bases, the agglomeration of corporate headquarter complexes (the headquarters of TNCs, plus producer / personal services) could turn around the fortunes of the city (Kamo, 1988). In the subsequent years, NYC's efforts were directed towards retaining already existing business in the financial and service sector by offering tax benefits and other forms of subsidies (Fainstein and Yong, 1992). In the case of London, the radical left wing

urban policy which sought to fuse an industry-based economic development strategy by the Greater London Council (Mackintosh and Wainwright, 1987) was replaced by a property-led approach by the London Dockland Development Corporation (LDDC) as a counter measure against inner city problems. The two cities tried to combat decline by specialising their economic function as global command and control centres and financial markets, at the expense of manufacturing. Institutional reforms such as the 'Big Bang' in the City of London encouraged world wide financial institutions to come to London. Aggressive property developments such as Canary Wharf in London's Docklands, and Battery Park in Manhattan were chosen as their prime strategies to stimulate economic development (Fainstein, 1994). In both cities, global economic change was used as a justification of a new policy direction which shifted the priority from demand management and urban welfare, to supply side intervention and strengthening service sector productivity.

In contrast, as it was delivered against the backdrop of a long and continuing process of economic growth and gradual transformation, aggressive economic development and supply side policies were not on the agenda. Economic competitiveness, which underlined urban policy in London and New York, did not represent the policy response in Tokyo. For instance, in policy documents 'international cooperation' and 'global exchange (of culture, technology, information, etc)' frequently appeared, but never 'global competition' (TMG, 1982, 1986, 1991). Therefore, the TMG's strategy sounded somehow easy going and carefree, and TMG officials seemed not be aware of the need to adopt competitive policies (Kamo, 1988).

Thus, revitalisation and regeneration policy in Tokyo was not exclusively linked to the trend towards the global economy, and inter-city competition. The difference came from the fact that Tokyo became world city as a consequence of economic growth, but not through the conscious efforts of the national government nor the TMG. Because of the growth of the Japanese economy and the TNCs, global economic function gradually accumulated in Tokyo, which was only to find out one day that it had become a world city (TMG, 1987; NEA, 1989). As a result, the TMG was quite optimistic about its economic vitality and future prospects.

5.5 Spatial Change in Tokyo in the 1980s

The Property Market

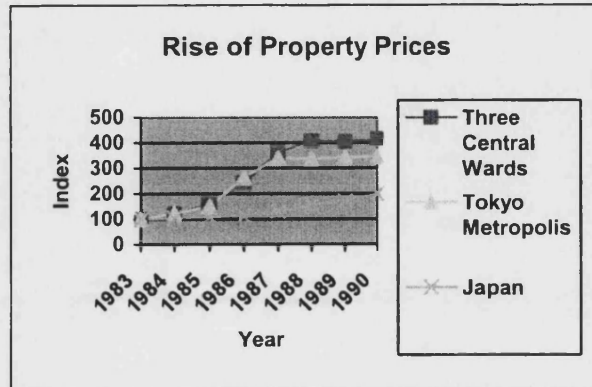
Property Speculation

The skyrocketing of property prices in the 1980s was phenomenal. Between 1983 and 1988, the average commercial property price in the three central wards¹⁰ of Tokyo increased fourfold, which was eight times more than the national average (Figure 5.1). It was generally understood to be caused by the combination of several interconnected factors, such as industrial restructuring and speculative investment (Ohtani, 1988). The new type of urban economy led by the service sector and globalised businesses was heavily concentrated in central Tokyo, and created a demand for office space on an unprecedented scale. Office vacancy rates in the central part of Tokyo were reduced to near zero level¹¹, and the property market reacted swiftly. Secondly, incremental economic growth produced high levels of demand and expectations among urban residents of a better quality of life and urban amenities, which led to more development. Thirdly, Large surplus profits from international trade forced the government to take up-evaluation of the Yen after the Plaza Accord in 1983 and a lower interest rate policy, which created a large disposable surplus among Japanese TNCs. Some of them turned to overseas investment, but the rest was poured into the domestic property market. Moreover, however, many critics argued that Minkatsu policy discussed in the Chapter 4, speculative property investment and the forecast for the demand of office space should be blamed for the skyrocketing price rises (Igarashi and Ogawa, 1993; Ohtani, 1988; Honma, 1999).

¹⁰ Chiyoda, Chuo, and Minato wards, mainly business, commercial and administrative areas.

¹¹ The occupation rate was constantly more than 99.0% between 1982 and 1988 (TMG, 1996).

Figure 5.1 The rise of property prices between 1983 and 1990 (1983=100)



Source: Tokyo no Tochi 1994 (TMG, 1994)

Land Use Change

The National Land Agency announced that a further 5,000 ha of office floor would be needed in Tokyo by 2,000 (NLA, 1985), and the Nomura Research Institute estimated that twenty to fifty more skyscrapers were necessary to meet the ever increasing demand from financial and service sectors (Douglass, 1993). Data suggested, in quantitative terms, steady flow of new construction of urban spaces, especially office spaces. For instance, total construction of office floor in the 23 wards of Tokyo in 1986 (361 ha) was doubled from 1983 (180 ha), and it was nearly trebled in 1988 (485 ha). Special attention should be paid to large-scale redevelopment project. The number of project which has more than 25,000 sq. m of floor space and 45 m high building nearly doubled completed during 1984-1986 nearly twice, and nearly two and half times bigger during 1987-1989 than its 1975-1977 figure (Machimura, 1995). Those projects were geographically concentrated within inner 7 ward, and especially old down town which had mix of residential and commercial area were wiped out by wave of new mixed use development with office, commercial, and small number of residential unit (Cybriwsky, 1998). It was accelerated by Minkatsu policy, which released large amount of government owned land located in central Tokyo into the market, relaxing planning regulations, and giving various incentives to private developers. Thus, it further fuelled the speculative corporative investment, and Tokyo was described as 'Corporate Playground' (Waley, 2000).

The rise of property prices particularly affected two aspects of urban life in Tokyo. One was the transformation of inner mixed-use areas as the result of the wide-spread displacement of the urban community by commercial and office developments. Whole neighbourhoods were

affected as they lost their essential community facilities, such as small corner shops, primary schools, and community public baths. The press even reported the use in some cases of gangsters called 'Jiageya' employed by developers to harass and scare residents who refused to go away or sell their own property, and evict them by force (Douglass, 1993, p. 98). It completely changed the character of neighbourhoods in some inner districts of Tokyo (Cybriwsky, 1998). The other related aspect was the dramatic change in land use. Tokyo saw a steady increase in office spaces as well as the flourishing of redevelopment projects. For instance, the total construction of office floor space in Tokyo in 1986 doubled from 1983, and it trebled in 1988 (TMG, 1990). Consequently, as Table 5.2 shows, the land use pattern was altered.

Table 5.2 Relative change of floor space in eight central wards in Tokyo, 1980-1990

	1980 (%)	1990 (%)	Changes (%)
Housing	49.94	46.97	-2.97
Offices	30.73	36.22	5.49
Shops	7.34	6.40	-0.94
Factories	2.44	1.56	-0.88
Warehouses	4.25	3.24	-1.01
Other	5.30	6.08	0.31

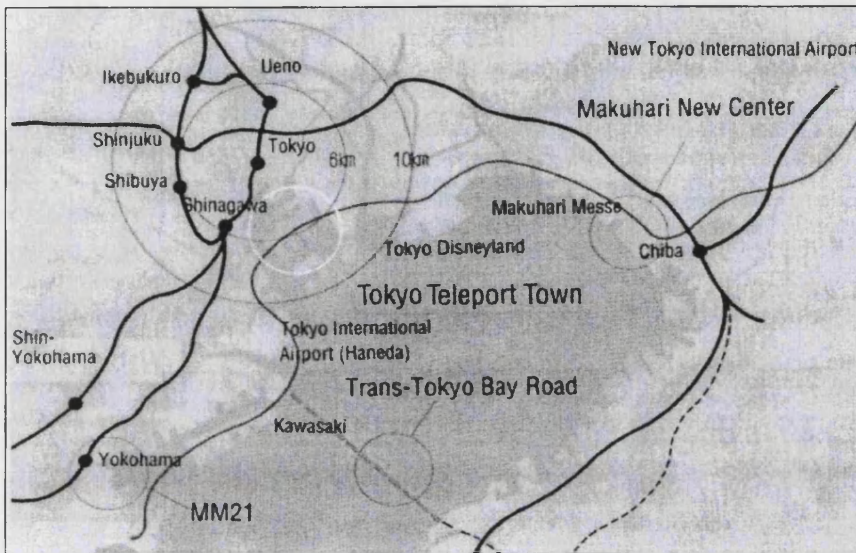
Source: Urban White Paper for Tokyo (TMG 1991)

Development Projects

Other than that of redevelopment in central wards of Tokyo, a number of projects were planned around the coast of Tokyo Bay. There were large amounts of land available because of the relocation of heavy industry, public utilities, and warehouses which once occupied there, and also some reclaimed sites became available after decades of stabilisation period. At least forty schemes came up during a short period during in the mid 1980s. Figure 5.2 shows some of them. The biggest transport project was the Tokyo Trans Bay Road, which connected both sides of Tokyo Bay by a tunnels and a bridge. The biggest business property developments, beside Tokyo Waterfront Sub-centre (indicated as Tokyo Teleport Town in this map), were Minato Mirai 21 (MM21) in Yokohama, and Makuhari Messe in Chiba, east of Tokyo. The former was planned on 186 ha of disused dockyard in port of Yokohama and accommodate 200,000 workers, hence the latter had 437 ha and 100,000 workers. Both were

intended to create business centre for global corporations together with commercial and entertainment facilities to serve those who work there.

Figure 5.2 Projects around Tokyo Bay in the 1980s



Source: Tokyo waterfront Sub-centre Inc.

Strategic Spatial Planning

Against this background, this section focuses on strategic urban planning policy and examines how it responded to globalisation. The main policy tools with which to address strategic planning at that time was the 4th Comprehensive National Development Plan (CNDP) at the national level, and the 4th Capital Region Development Plan (CRDP) at the regional level, and the 2nd Long Term Plan by the TMG at the local level. In the following, I introduce the background to the 4th CNDP, and examine the contents of these three plans.

The 4th Comprehensive National Development Plan

The preparation process for the 4th CNDP suggested a clear shift in the ideas behind national development policy. It departed from the post-war national development principle of ‘even development’ which encouraged the location of industries in rural and sometimes remote parts of the country, and tried to prevent the geographically uneven development of industry and welfare provision. Though the previous CNDPs were powerless to rectify the urban growth of the Pacific Coast Cities and the Greater Tokyo Region, the authority had been

committed to the principle. In line with this, the 3rd CNDP in 1978 pressed the principle further and emphasised the need to rectify the over-concentration of growth in Tokyo and to develop local communities as 'permanent settlements' in the peripheral region in order to achieve a balanced population structure and economy (NLA, 1978). However, following the period of economic slow down in the late 1970s and early 1980s, and the general industrial shift from heavy manufacturing to information orientated flexible production, the policy was shifted again to search for a direction for new economic growth.

In 1986, the then Prime Minister Nakasone took the leadership in propagating the role of Tokyo as a global city, and called for more investment to utilise and strengthen particular economic functions related to global business (Igarashi and Ogawa 1993, p. 101; Ohono and Evans 1992, p. 73). In his words, "The urban problem in Tokyo and Osaka is the national problem. We can never solve the national problem without considering the way to resolve urban problem" (Igarashi and Ogawa, 1993, p. 88, Author's translation). While the 3rd CNDP recognised the limitations of Tokyo and emphasised their negative externality, the 4th CNDP made a positive evaluation of Tokyo. The green paper for the 4th CNDP put 'global city: Tokyo' at the forefront and stated,

"It is expected that Tokyo will become a place for global and national exchange, and its importance will be increased. It is necessary to avoid the malfunction caused by over-concentration and the degradation of the living environment in order to fulfil this role. Today, the Greater Tokyo Region is suffering from the problems associated with rapid transformation into a Global City such as high property prices in central Tokyo. It is our task to increase the supply to match the demand, to have a new urban structure, and to equip the urban infrastructure and create a better living environment" (NLA, 1986, Author's translation).

"The Greater Tokyo Region contributes to the development of Japan and the international economy not only as the capital of Japan but also one of the leading cities in international finance. ... Thus, in order to facilitate this global city function as a region, selective relocation of certain economic functions and further effective use of the Tokyo Bay Area should be encouraged" (NLA, 1986, Author's translation).

Igarashi and Ogawa (1993) summarised the cities new role as follows:

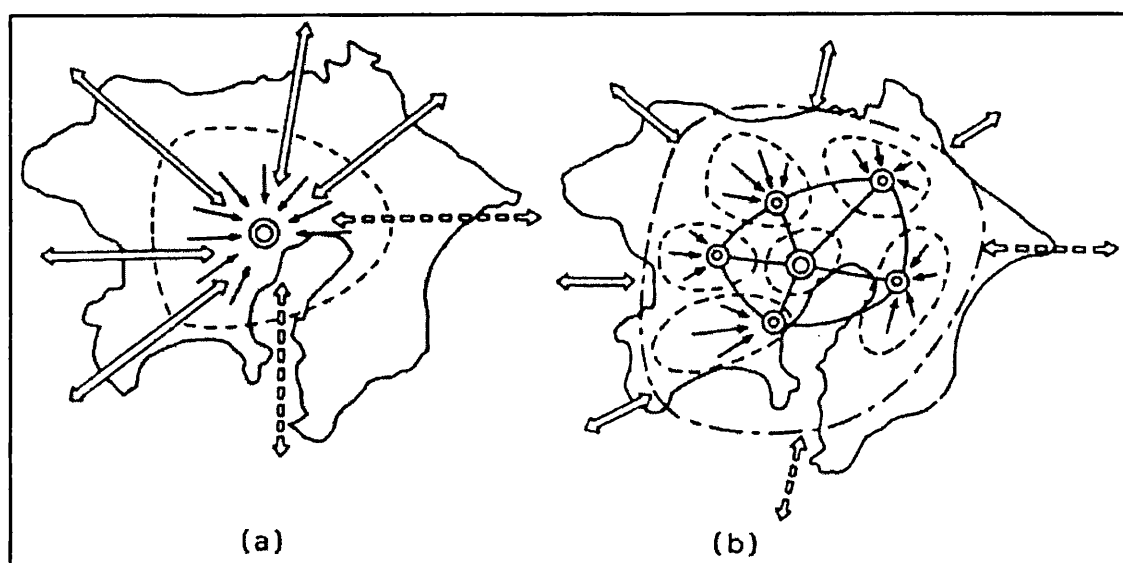
- Tokyo has become a common asset for all Japanese people.
- Tokyo's future will be as a global command and control centre which has a global financial market, and an information exchange centre, which will attract a greater population and more service industries.
- Its function in national economy is as the centre of an advanced urban function which is expected to revitalise whole nation.

Because of strong criticism from the rural regions, the final form of the plan made a compromise, and the aspect of balanced development and investment was included. The significance of the plan was, however, it firmly envisioned the future of Tokyo as global financial capital, a gateway to the world, and a place for the exchange and communication of ideas (Honma, 1999). This was a clear manifestation of policy change (Kitagawa, 1989). On the one hand it acknowledged the prospect of Tokyo in the global economy for the first time, and on the other, it emphasised the framework in which Tokyo would play only a part.

The Multi-nodal Urban Structure

The compromise was achieved by, on the one hand, allocating particular economic and social functions to particular cities in order to the achieve maximum benefit from agglomeration and clustering, and on the other, avoiding the negative externalities of congestion and sprawl. In the Greater Tokyo Region, the Capital Reconstruction Plan (NLA, 1985) and the 4th Capital Region Development Plan (NLA, 1986) were proposed to restructure the mono centric and over concentrated urban structure into a multi-core (or multi-nodal) structure (Togo, 1995). In the Figure 5.3 while (a) shows traditional concentration model to the centre of Tokyo in the Tokyo Metropolitan Region, (b) presents a new model of multi-nodal structure.

Figure 5.3 Two models of Urban Structure in Tokyo Capital Region



Source: Togo, 1995, p. 193

Following the model, the 4th CRDP encouraged the purification of the economic function to one of global business management and finance in the central part of Tokyo, by stating:

“The central three wards (Chiyoda-ku, Minato-ku, Chuo-ku) should be occupied by political / administrative and global / domestic control functions, which are necessary for a capital city, as well as a financial and business information centre” (NLA, 1985, quoted from Togo, 1986, p. 17, Author’s translation).

A number of Business Core Cities, Science Parks, and Research and Development (R&D) centres were designated around Tokyo, which were designed to have self-sufficient economies so that people did not have to rely heavily on jobs and services in central Tokyo.

Also, the subsequent 4th Capital Region Development Plan was clearly intended to advance the city’s international exchange function, and to provide the necessary facilities.

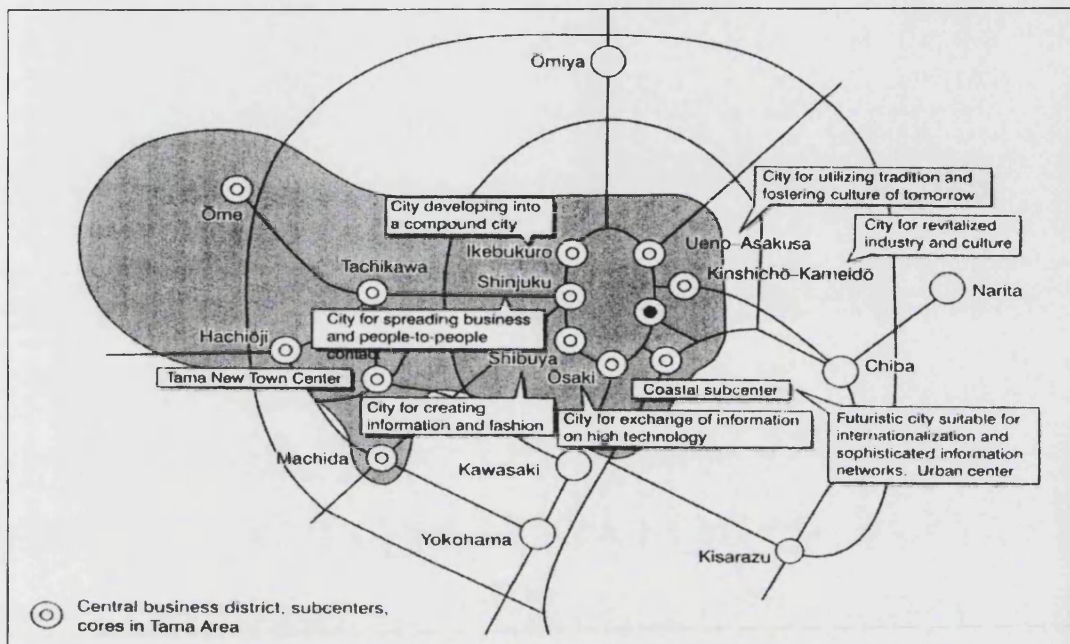
“International conferences, exhibitions, and conventions should be positively promoted in the city centre of Tokyo and other business core cities” (NLA, 1986, quoted from Togo, 1986, p. 19, Author’s translation).

The 2nd Long Term Plan for Tokyo

More detailed policy was set out in the prefecture plan. The Second Long Term Plan (TMG, 1986) followed the framework of the national and regional plans. The central three wards were designed as a global finance and information centre, and the relevant infrastructure projects were given priority. Several sub-centres were proposed to prevent further expansion of the CBD and encourage clusters. Figure 5.4 shows the location and the transport connection of the major sub-centres, such as Shinjuku which was expected to be a domestic control centre for business, and Shibuya which was specialised for the fashion and media related industries. One of the sub-centres was called the Tokyo Waterfront Sub-Centre (indicated as 'coastal sub-centre' in this map) and was based on a large-scale waterfront redevelopment project on the reclaimed land by Tokyo Bay, and which is discussed in detail as a case study in the next section. It was designed to have the specialised function of global communication and exchange with two major facilities. One was the infrastructure for global tele-communication with huge satellite dishes, and the other was an international convention centre equipped with exhibition centre, conference hall, and hotels. It was planned not to be an expansion of the existing CBD, though it was only four miles away, but was to be created as a self-contained new city in the middle of a man made island. In the previous plan, the First Long Term Plan, the area had been designed as a 'strategic site for the creation of the new Tokyo by building international cultural exchange, leisure, and sports facilities' (TMG, 1982). Thus it was a big policy change for the land use of the area, from cultural / leisure to business¹².

¹² Though, the plan did not specify what 'strategic' really meant.

Figure 5.4 Planned Sub-centres in and around Tokyo



Source: The 2nd Long Term Plan for Tokyo (TMG, 1986; Cybriwsky, 1998, p. 206)

In summary, therefore, the strategic planning policy of the state and TMG was based on selective relocation and inducements in favour of concentrating global function upon Tokyo (Teranishi, 1991). On the one hand, central Tokyo was given priority as a growth centre for global business control and finance. Despite the opposition from the rural regions state policy was clearly biased towards the promotion of global economic function in Tokyo (Togo, 1986). On the other hand, over concentration and one point conversion on Tokyo, which was the negative side of globalisation in terms of urban structure, was dealt with by the dispersion and relocation of business functions such as back office administration, to other business core cities.

It was, however, difficult to combine the two as the authority lacked effective means to control the development. Though, several policies were considered to discourage office development in central Tokyo by, for instance, introducing special property taxes (Togo, 1986), they did not materialise. According to the NLA the reason for this was that:

“...it is difficult to distinguish the global business function from other support services, ... it was feared that strict regulation might deter those global

business from locating Tokyo” (NLA, 1985, quoted by Takeshita, 1995, p. 90, Author’s translation).

Moreover, by encouraging more development, Minkatsu policy actually hampered the efforts for strategic planning. As a result, the growth of office space could not be prevented, and the TMG's multi-polar policy was criticised as it could not prevent one point convergence (Toki, 1995, Ch. 11).

5.6 Conclusion

This chapter demonstrates the way in which institutional characteristics of Japan, identified as the CDS in Chapter 4, is inflicted on the urban structure and policy in Tokyo. As a capital city, it is always the focus of nation’s economic development, and accordingly, the state has considerable interest of its development. The chapter mainly deals with the policies concerning urban structure and land use change, and traced it from the early history to the 1980s. As was history shows, state initiative continued and further strengthened by the economic circumstances in the 1980s.

The Historical Legacy of City Building

The history of city building consistently reveals that strong attention has been paid by the national government to its physical structure. The early history of city building reveals that the two most important state interests at the time shaped the physical structure of Tokyo. One is international relations, and more specifically diplomatic relations with the Western countries. In the beginning of Meiji era, as a new member of international community, Japan desperately sought international recognition and respect. One of the responses, though very tiny in proportion, was the Westernisation of Tokyo’s landscape as a face lifting exercise. The similar sort of response continued by urban motorway construction in the advent of Tokyo Olympic in 1964. The other aspect was the government’s emphasis on the infrastructure for industrial development, like transport and communication. The planning legislation assisted the process, which shows that government prioritised industrial development often in the expense of community welfare.

New Government Initiatives in the 1980s

This principle of state led urban development continued in the face of global economic integration and world city formation in the 1980s. The new government initiative of strategic planning focused on Tokyo, and Minkatsu policy to introduce private resources into urban development was the main driving force behind the rapid and dramatic urban physical change in the 1980s. It was made possible by the political environment; the Governorship of Suzuki who was sympathetic to the government policies, and the economic circumstances; a particular market position which Tokyo played a part in the 1980s.

The new economic dynamism of world city was quickly picked up and reinforced by the state officials. The expansion of Japanese TNCs and increased economic flows signalled the emergence of new post-industrial economy in Tokyo orientated to global market. On the one hand, the national government shifted the planning idea away from the balanced growth between the regions to concentrate the necessary function to enhance world city functions in and around Tokyo by the 4th CNDP and 4th CRDP. On the other hand, the government tried to utilise private sector to carry out necessary physical improvement in Tokyo. Although Minkatsu policy is a national policy, it mainly targeted large metropolis and particularly central Tokyo, because the property could attract private the developers and financiers more easily. The central government initiative of relaxing planning regulations, releasing government owned land to the market, and giving financial incentives for particular kind of project resulted in a massive increase in construction works. Thus, although most of the physical changes of Tokyo were carried out by private developers, the groundwork was done by the strategic planning and Minkatsu policy both of which were the national government initiatives.

This strong national government's initiatives came at the right time. The election of the then Governor Suzuki changed the political climate of inter-governmental relations between the TMG and the national government. Governor Minobe's confrontational political style based on the progressive idealism was taken over by Governor Suzuki's pragmatic and realistic politics. His pro-developmental stance and the enthusiasm for big project made a perfect tune with a national administration. His professional background as an ex-top state official in the MHA, and wide range of experience to work with business leaders in Osaka Expo made him easily accommodated with the ideology of the CDS. Thus planning policies such creating several sub-centres were in line with the national policy of multi-core urban

structure. Suzuki also welcomed the term World City, tried to present positive image of the city, and mobilise the political support. Thus, he was happy whatever it was to raise the world city profile.

The examination of urban policy document depicts glorified image and optimistic vision of world city Tokyo in the 1980s. It reflected a particular market position of Tokyo at that time, which were growth of economic output, increased currency values, FDI in the expanding Asian market. It also reflected the confidence of government officials who seem to think that everything is going on course. The absence of economic revitalisation policy suggests no break from the past, but the growth was a just a latest stage of long-term economic trend. Thus, not like the case of New York and London, the officials did not consider the need for the change of policy direction.

CHAPTER VI: POLITICS OF URBAN DEVELOPMENT – CONSTRUCTING AN ANALYTICAL FRAMEWORK

6.1 Introduction

Chapters 2 and 3 examined the theoretical context in which urban change in Tokyo has been analysed in relation to the global economy and world city formation. Chapter 2 introduced the World City Paradigm and the arguments surrounding it, as a framework for the thesis. The theory looked at the relations between socio-economic change in the city and the development of the global economy. Some have claimed that essentially, the characteristics of urban change, whether economical, social or spatial, reflect, to a considerable extent, their integration into the global economy (Friedmann, 1986, 1995; King, 1990; Sassen, 1991, 2001). Others have argued that the theory tends to treat the formation of the global city as the automatic outcome of global economic change, and gives little consideration to the role of social and political variables (White, 1998; Hill and Kim, 2000). Institutional responses from nation states and urban governments, exercised in the form of urban policy, were not taken on board. In the case of Tokyo, as introduced in Chapter 3, there is a strong argument that it was not only the global economy but also the Japanese government's economic development policy which contributed. A practice conceptualised as the Capitalist Developmental State (CDS) had significant influence upon how Tokyo evolved as a global city.

Chapter 4 and 5, in turn, unpicked the CDS and examined its influence on urban settlement patterns, infrastructure development, and urban planning practices (Honma, 1996; Ishida, 1986; Shimokoube, 1994). Chapter 4 revealed the deep-seated philosophical and ethical foundation of state guided economic development, and the long-standing structural integration between the public and private spheres. It has identified a particular relationship between national government and the construction / development industry known as the Public Work State (PWS). Thus, considering the urban development policy and strategic planning in Tokyo, the argument that a global city is a product of global economic integration seems to be less than comprehensive, and needs further examination. Chapter 5 illustrated the government's positive input to urban development in Tokyo, drawing from various examples, such as history of infrastructure investment, new strategic focus on Tokyo

in the Comprehensive National Development Plan, and the effect of Minkatsu policy and the massive property development project in the 1980s. Those examples consistently indicated that the conscious state policy on urban physical development underlined dramatic transformation of Tokyo's landscape throughout recent Japanese history to the present age of global economy.

Crucially, however, existing research fails to make any systematic attempt to examine urban political structure in order to determine the extent to which national government, local government, and global economic forces exercise their power. Without a detailed empirical analysis of urban political power, the argument about global economic force and national political influence remains on an abstract level without convincing evidence. That analysis is the task for Chapter 6 and 7. Chapter 7 analyses the political power in institutional relations by investigating the Tokyo Waterfront Sub-centre Project (TWSP), one of the most prestigious urban development projects. Before going on to the project analysis, however, it is necessary to have the tools with which to analyse urban political dynamics in the global city of Tokyo. Therefore, this chapter is devoted to constructing an analytical framework for the urban politics of Tokyo, within which to determine how and how far the CDS exercised its influence and shaped policy and project.

Systematic examinations of urban power structure have been pursued in many strands of intellectual tradition. Two approaches, however, stand out in the academic discourse. One is the liberal tradition that includes pluralist, elitist, corporatist, and urban managerialism. The other is the Marxist tradition of structuralist and instrumentalist analysis. The direct ancestor of Regime Theory is Community Power Structure (CPS) which originated among American political scientists (Hunter, 1953; Dahl, 1961; Judge, Stoker, and Wolman, 1995). Regime Theory is employed as the core theory from which to construct an analytical framework for empirical examination in this thesis, because of its emphasis on public-private governing coalitions, which suits the analysis of a global city where supposedly strong global economic forces are represented by private business. The theory, however, has several shortcomings and deficiencies as well as some promising prospects. One of the shortcomings is that its scope of examination is too narrowly focused on selected institutions on a local level, such as local government and the local business community. Another is that the theory offers comprehensive coverage of urban politics including electoral politics, ethnic relations, and party politics, which are not relevant to my investigation, which is mainly about the politics of urban development. Therefore, it should be emphasised that this chapter does not seek to utilise the theory in full, but chooses relevant elements and makes necessary modifications. The theory is reconstructed to widen its horizon with the helpful insight gained from the

review of the World City Paradigm and the CDS in the previous chapters, and tailored to suit empirical examination of the politics of urban development in Tokyo.

The remainder of this chapter is divided into two parts. The first half reviews Regime Theory, and evaluates its strengths as well as shortcomings. The theory is reconstructed taking into account extra-local influences. Savitch and Kantor (1995) devised typology in accordance with the market position in the global economy and the degree of inter-governmental integration, and serves as a useful platform from which to tailor the framework for Tokyo. The second half attempts to create analytical framework by taking the particular conditions of Tokyo: its market position as an emerging global city in the 1980s, and its tradition of state centred development are taken into account. Takashi Machimura's work on urban growth coalition is reviewed in detail, and some shortcomings are pointed out. His pioneering work reveals the nature of the co-ordinating agencies' directing urban restructuring in Tokyo in the 1980s: their membership, motivation, and overarching agenda on a city-wide level. His interpretation of the function of the coalition is, however, questionable. It is based on corporatist / pluralistic ideas which assume, more or less, an equal balance of power in the coalition, and does not take the structure of the political economy of Japan, the CDS, fully into account. The chapter concludes by envisaging the likely nature of institutional relations in the urban governance of Tokyo.

6.2. Urban Regime Theory

Contextual Change: From Local Government to Urban Governance

Regime Theory emerged as a mainstream urban political analysis against the backdrop of wider political and economic change in advanced capitalist countries since the 1980s, and its impact on local government. Thus, before going into a detailed examination of the theory, this section touches upon the transformation of local government practice. Some have called it "post-Fordist-Keynesian realignment of politics and market" (MacLeod and Goodwin 1999, p. 507). A combination of neo-classical economic policy and neo-liberal political ideology shifts responsibility for re-distribution from the state to the market. This results in the financial constraining of the public sector, inter-urban competition, and the privatisation of municipal services.

Others also argue that the shift in policy emphasis, style of governance, and institutional arrangement can be described as one from 'managerial' to 'governmental'. Managerial

generally implies "... a general sense of taking control, taking charge, directing" (Williams, 1983, p. 190; quoted from Kearns and Paddison, 2000, p. 845). It has become, however, increasingly difficult to sustain a sense of the 'managerial' in the day-to-day practice of city government. As I discussed in Chapter 2, many aspects of urban life have been transformed by global economic integration and competition, the retreat of welfare state policy, and the diversification of social composition (i.e. ethnicity, gender, life style, etc). For instance, Short and Kim (1999, p. 118) described it as "...the transformation in urban governance from the welfare-state model towards the economic development model". Kearns and Paddison (2000, p. 846) described the difficulties which city has to face as, "governing the shared space of the city when old conformities and certainties about lifestyles are gone".

Therefore 'governance' has emerged as an umbrella term which takes into account these changes, and implies a new style of governing arrangement in which the governing authority does not aim to take control, but seeks to manage the difference and regulate fragmentation. Professor Gerry Stoker, one of the strong proponents of the idea, defined this style as;

"... concern with governing, achieving collective action in the realm of public affairs, in conditions where it is not possible to rest on recourse to the authority of the state" (Stoker, 2000, p. 3).

The key concept in understanding governance is mutual dependency. It involves multi-level government institutions, from community / neighbourhood level to city, regional, national and super-national organisations, and many government agencies. The logic behind it is that no single level of authority is able to comprehensively manage and regulate contemporary urban affairs. It also requires a close understanding and co-operation between the public and private sectors. The traditional clear-cut division between the public and private, which was often hostile, has been blurred and, by the sharing tasks and responsibilities, a new kind of partnership has emerged. The advantage of the new arrangement is that it liberates those organisations from the rigid institutional boundaries and formalised practices of the past. Through it, they acquire a relative capacity to learn and innovate in order to respond flexibly to the complex world. In organisational terms it could take the form of a 'self-organising network' or 'heterarchy' instead of 'hierarchy' (Jessop, 2000). Jessop also sees the emergence of 'governance' as a response to both Market Failure and State Failure (ibid, p. 15), and explains the rationale behind it as one of 'reflexivity' in contrast to the 'procedural' rationality of the market and the 'substantive' rationality of the government. According to him, the key to successful governance is a continued commitment to dialogue in order to generate and exchange more information with which to build mutual trust and dependence,

and weakening the opportunism and Free-rider problems. Therefore governance can be described as 'institutional capacity building' (Healey et al., 1997).

Secondly, the principal feature of the new urban politics is its focus on local economic development, and especially the activities of business and its contribution to local economic revitalisation as part of a concerted effort with local government. Here, the role of local government has shifted from sole welfare provider to one of many profit promoters, who have to work side by side with other agencies and businesses (Cochrane, 1993). Accordingly, the change of attitude in local government have been described as a shift from 'urban managerialism' to 'urban entrepreneurialism', in which local governments are willing to take greater risks in injecting public money as leverage to attract private investment into the local areas (Harvey, 1989). This involves (1) the attraction of private investment instead of the allocation of state surplus, (2) services delivered through a flexible and less formalised organisational approach as described above rather than bureaucratic procedures, (3) the practices based on business values of wealth creation by competitive success, which involves risk taking in contrast with 'social welfarist ideology' (Griffiths, 1998, p. 42). It is also characterised by risk taking in the public sector in speculative policy design and execution. It also involves the creation or strengthening of the competitive advantages of the locality in production (inter-firm networks, for instance), consumption (i.e. tourism and cultural production), and through its command and control function (i.e. Global City), in a way which generates a positive image and attracts attention in the market.

This is clearly a quite different argument from that of the old urban politics whose main concern was delivering welfare services (Dunleavy, 1980; Saunders, 1981) led by a 'Gate Keeper' and the urban managerial class (Pahl, 1975). Therefore, the theoretical frameworks used to analyse it, such as 'community power studies' and 'politics of collective consumption', which see urban politics as relatively isolated from extra- local factors, need to be re-examined.

Outline of Regime Theory

The concept of 'Regime' has emerged as an instrument with which to explore the response of local political, business, and community leaders to the process of change (Stone and Sanders, 1987). The context of this change is the increasingly limited capacity of government. Control of wealth, investment decisions, and allocation of resources rest in the hands of non-governmental organisations, especially businesses. Regimes involve governmental and non-governmental groups co-operating to combine their capacities in

order to achieve a sustained influence on the government policy. Therefore, Stone (1989) summarised the study of urban regime as,

“... study of who co-operates and how that co-operation is achieved across institutional sectors of community life” (ibid. p. 9).

In the following section, I deconstruct the theory into several elements to examine in more detail.

Concept of Power

Regime theory concerns the nature of political power, which is the ability to make and carry out decisions, in the contemporary capitalist society. It emerged from the argument between pluralism and elitism, and is also inspired by neo-Marxist theory. Pluralism argued that power is dispersed widely through society according to the voting power, and is exercised by interest groups issue by issue on an ad-hoc basis (Dahl, 1961; Judge, 1995). Elitism claimed that the power is in the hands of the privileged few (Hunter, 1953; Logan and Molotch, 1987; Harding, 1995). Neo-Marxism also emphasised that power is systematically and unevenly allocated within the socio-economic structure in capitalist society, and works in favour of the capitalist class (O'Connor, 1973; Cockburn, 1977; Castells, 1978).

Regime theory recognised complex social and economic relations in contemporary society, for which the above-mentioned assumptions on the concentration of power are too simple and unrealistic. Regime theory went beyond pluralist-elitist dualism and offered a new perspective. It argued that power should be understood in terms of the creation of the capacity to govern rather than the exercise of control over others, and that urban politics is about creating this sort of capacity (Stoker and Mossburger, 1994). To put it another way, the theory starts from the pluralistic assumption that power is fragmented amongst complex social relations and the ability to exercise power is not equally distributed but constrained both economically and institutionally. The privileged position of business is recognised in particular, as a result of the need for capital accumulation in capitalist society, within which urban politics unfolds (Elkin, 1987; Stone, 1989; Strom, 1996). Therefore, each actor in each partnership has to realise its interests cannot be accomplished alone, and regime theory looks specifically at the process of partnership formation as an object of analysis.

Division of Labour

Regime theory focuses on the partnership between the state and the business community, and the public sector and private sectors more closely than in other forms of partnership such as community groups or labour unions (Stoker and Mossburger, 1994) because the conceptual foundation upon which this theory rests is the division of labour between the state and the market (Lindbolm, 1965; Elkin, 1987). Elkin argues that there is a fundamental difference of interests and a conflict between popular control and economic productivity. This means, on the one hand, that liberal democracy grants wider freedom to holders of capital, which is a source of national wealth, and, on the other hand, it also provides the general public with the right to elect the government responsible for safeguarding the citizen's well being. Neither business nor state can exercise comprehensive control over the other; business has no legitimate power to intervene in public affairs and the state has limited resources even when it wants to. Thus it is necessary for them to cooperate with each other in order to achieve their goals. However, because of the division of labour, the interests of business and the state can be in conflict, such as in cases of industrial development and environmental protection. Thus public officials need to resolve the tension between the 'privileged position of business' and 'popular control' (Stone, 1987), and the regime can be seen as a set of arrangements by which the division of labour is bridged (Elkin, 1987). Because of the economic restructuring and fiscal stress, in particular, the state has increasingly to rely on private resources to achieve public goals like urban economic development, and thus has to rely on this partnership.

Forms of the Partnership

Regime is a form of public-private partnership, which takes several forms in practice (DiGaetano and Klemanski, 1993). Among them, the 'Growth Coalition' is widely observed in the urban development projects. Logan and Molotch's pioneering study revealed that the central conflict over urban spaces is over the use-value for the residents versus the exchange value for the landlord (Molotch, 1976; Logan and Molotch, 1987). At the centre of the coalition are property owners (landlord), who try to maximise economic return in the form of rent by using the land and premises in the most profitable way, often in the shape of offices and commercial developments. Together with direct beneficiaries such as builders, developers, and financiers, they use the power of local government to their advantage and turn the government into a vehicle to pursue their material goals (Molotch, 1993). The attraction for the government is that the prospect of economic growth under their jurisdiction could bring tangible and material benefits to the constituency (Harding, 1995), and thus

raises the possibility of electoral success.

There are several criticisms of this concept. The first is that its central hypothesis exaggerates the dichotomy between use-value and exchange-value, which is more complex in reality (MacLeod and Goodwin, 1999). The second is that it overemphasises the role of property in economic development and ignores other forms of partnership formation, which can not be attributed to the simple ownership of property (Wood, 1996). Instead Cox and Mair proposed 'local dependency' as a key concept, which they defined as:

“... a relation to locality that results from the relative spatial immobility of some social relations, perhaps related to fixed investment in the built environment or to the particularisation of social relations” (Cox and Mair, 1989, p. 142).

Thirdly, it was criticised for its poorly developed linkage between the agency and the structure, which gave the impression of a landlord acting regardless of the socio-economic circumstances. In particular, it paid little attention to the role of higher levels of government, multi-national corporations, and global economic changes.

Perhaps, more importantly, the growth machine thesis is generally deterministic in regarding urban politics as being restricted by a narrow range of issues generated by the needs of growth (Dowding, 2001), while non-growth issues may well be just as important.

In terms of the typology, Stone suggested that there are four types of regime (Stoker, 1995). A Caretaker Regime (or Maintenance Regime) looks for no major change but seeks to preserve the status quo. Its task is to deliver routine services through existing local government structures which operate relatively autonomously. The Development Regime (or Corporate Regime) is widely seen around urban (re)development projects to promote economic growth, and the growth coalition belongs to this type. Here, private business plays a major role in co-operating with local government. A Middle Class Progressive Regime forms around socially progressive ideas, such as environmental protection, growth control, and the provision of affordable housing. Such a regime is based on middle class residents who have progressive social values and are in favour of redistribution policies. It is thus less reliant on corporate business. The task of the Lower Class Opportunity Expansion Regime is to expand the number of opportunities for disadvantaged classes through the enhancement of human capital, for instance, by endorsing educational reform to get unemployed people back to work. The objective of the regime is economic growth but it could be from the bottom up, in an all-inclusive manner. Obviously, in reality, these four types are by no means static and

are combined in some places.

There is a danger in using different regime type descriptions, which do not work in explaining the urban politics of a study (Dowding, 2001). Regime Theory is also criticised for its absence of abstract principles for the coherent identification and categorization of the different regime types, which leads to endless sets of typologies, which vary from case to case (Wood, 1996). Wood expresses doubt about its ability to provide analytical purchase on the politics of local economic development.

The Mechanism of Mobilising Support

Although at the core of the urban regime is public authority (usually local government), its main partner is the business community; it is necessary for them to have support from other agencies and the general public in order to sustain the coalition and maintain the regime. There are several ways of mobilising popular support. Firstly, the governing coalition may promote the pervasive ideology of 'value free' development (Logan and Molotch, 1987; Hall and Hubbard, 1998), which means that the benefit of the development should penetrate eventually to all corners of the community, and thus any development is good for all. Secondly, they may try to persuade voters that, given economic conditions and inter-governmental funding mechanisms, the only way for a city to prosper is to achieve economic growth even if it comes at a social cost (Peterson, 1981). Thirdly, the coalition may get support from the wider community by providing selective incentives and small opportunities (Stone, 1989). Because society is fragmented and each community tends to pursue its own goals without regard to the wider consequences (so-called NIMBYism), bargaining with each community may be possible by providing them with small side payments. For instance, a big property development might create jobs for local people and get electoral support despite the fact that it could damage the local environment.

Leadership

The relationship between the actors of the regime has particular characteristics, according to Stone. He defined it as;

“... an informal yet relatively stable group with access to institutional resources that enable it to have a sustainable role in making governing decisions” (Stone, 1989, p. 4).

The word 'informal' means that the regime does not operate on the basis of a formal hierarchy, nor with a single focus or control, although it has access to institutional resources. Regimes work around the concept of a 'network', where co-operation is obtained and sustained through the establishment of solidarity, loyalty, trust and mutual support, rather than through hierarchy or bargaining (Stoker, 1995).

The issue of leadership is also important in regime theory because it is related to how to conceptualise political power. Based on the assumption that the social relations are complex and power is fragmented, no one party can hold decisive power and therefore each has to rely on the others' co-operation. Thus, the crucial element of successful coalition building tends to be the capacity and strength of the leadership (Stoker, 1995). The character of leadership, however, Stoker argued, does not come from ideological indoctrination but from the will of the members of the coalition to solve substantial Collective Action problems. Compared to the typical example of Elite Theory and Growth Coalition literature where leadership has come mainly from key private sector individuals who overtake weak political leaders, regime theory assumes that a successful stable coalition requires commitment and leadership from both private and public sectors. In short, leadership is the crucial element in regime politics, cultivating its capacity to effect change, and bonding the coalition together.

6.3 Evaluation of Regime Theory

Contribution

The contribution of regime theory to urban political analysis falls into three categories. They are the introduction of a new dimension to the concept of power, a firm connection to the wider politico-economical perspective, and the complementary nature of its synthesis of existing theories in urban politics as discussed before.

Firstly, the theory proposed a 'social production model' for the understanding of power, which is a departure from the 'social control model' in previous urban political studies. It recognised that, in a complex society, social control and command power is likely to be restricted to a limited policy field, and suggests that, "...this form of power involves actors and institutions gaining and fusing a capacity to act by blending their resources, skills and purposes into long term coalition; a regime" (Stoker, 1995, p. 69). The social production model reflects an increasingly fragmented and complex society, thus is more realistic.

Secondly, the conceptual foundation of regime theory is firm and robust because it rests on the basic character of a liberal political economy, which is the division of labour between the state and the market (Elkin, 1987). On the one hand, liberal democracy grants freedom to its citizens to have private property and the right to pursue wealth. On the other hand, at the same time, it provides the general public with a right to decide the fate of the authority by democratic means. What Stone called the 'privileged position of business' and 'popular control' are fundamental features of liberal society in a capitalist economy (Stone, 1987). Because neither business nor the state has the overwhelming capacity to dominate the other in the contemporary world, governance is the key concept in maintaining the balance between the two. Regime theory is devised from the question of how various actors who seem to have fragmented interests in urban politics can forge a consensus, build alliances and govern a city.

Thirdly, regime theory made a significant impact on urban political theory because of its capacity to comprehend and synthesise many strands of existing theory (Dowding, 2001). It placed itself within the, "... stalled debate between elitist hegemony and pluralist fragmentation, between economic determinism and political machination, and between external or structural determinism and local or social construction" (Lauria, 1997, p. 1) and viewed this as an inadequate dichotomy. Its strength lies in its robust framework and its ability to break through the existing boundaries of theories and stalemates.

Shortcomings

However, regime theory has been criticised by various commentators because of its failures adequately to address inter-woven theoretical questions. Firstly, it is regarded as having an "overwhelmingly localist approach" (Cochrane, 1999, p. 122), which stems from the narrow focus of its research. Most of its empirical research is concentrated on the process and mechanisms of coalition building among local actors. As a consequence, less attention is paid to extra-local relations, such as the role of national and local government, and wider economic relations in which the city is engaged (Lauria, 1997; Leo, 1997; Ward, 1996; MacLeod and Goodwin, 1999). Stone (1993) was well aware of this, but instead treated socio-economic context as "...a source of problems and challenges to which regime responds" (Stone, 1993, p. 2). He understood extra-local relations as being merely 'resources' for the local coalition actors to mobilise in the regime, but failed to connect them with internal mechanisms of regime formation. Therefore he was criticised thus:

“...by focusing solely on the local individual and organisational actors involved in coalition building, he risks slighting or neglecting to evaluate the respective effects of those constraints” (Lauria, 1997, p. 5),

“... often it is the state -scaled at various level- which sets and controls the parameters for regime formation in the first place” (MacLeod and Goodwin, 1999, p. 508).

“... local political institutions matter to governance: they create public bureaucratic and regulatory capacities, define the parameters of representation and negotiation, and constitute political preferences and interests, both public and private” (Horan, 1997, p. 152).

Secondly, the strong emphasis on the business elite often invites criticism that the research is too much focused on “the market side of the division of labour” (Horan, 1997, p. 152), and that political variables are not getting their fair share. Most of the research focuses on the issues of economic development and production side, and thus could be described as “not urban politics but economic politics” (Lauria, 1999, p. 127). Overemphasis on local economic development agendas and elite coalition building carries the danger of overlooking other types of politics; namely social reproduction, consumption, and regulation issues, and bureaucratic / administrative politics. Furthermore, the narrow focus of regime analysis could further enforce the localist approach as it is often these non-production policies and politics which connect local and national officials through policy implementation, thus it could hamper the effort to understand the extra-local influences on local actors. There are some studies which criticised ‘business-led’ coalition-building by arguing that central government’s grant allocation is the crucial factor in assembling and sustaining the coalition (Mollenkopf, 1983; Cochrane, Peck, and Tickell, 1996).

Thirdly, the focus on coalition building between the actors in a regime attracted criticism. Reflecting the theory’s basic localist origin, the flip side of the coin, “the abstraction of theoretical insights become confined to behavioral microeconomic, and possibly pluralistic explanation of social production of cooperation and coalition building” (Lauria, 1999, p. 128). In order to explain coalition building, Stone’s (1989, 2002) central argument is that ‘selective incentives’ must be provided to retain the coalition partners and to avoid Free-rider problems. This is based on the Rational Choice argument which assumes that each participant is a self-interested individual whose priority is to maximise investment return. This assumption, however, tends to take Reductionist view of the world in which individuals

are atomised, free from any cultural constraints and moral obligations, and operating in the vacuum. This is, however, not realistic. Stone recognised the rationality that the coalition actors are 'bounded', but what he means is that they see their interests as *geographically* limited and do not look beyond the local area where they have a stake (Stone, 2002), as opposed to *culturally* or *morally* limited. Though this is a valid point, it is clear that he did not recognise the variety of institutional and cultural contexts and moral issues which restrict an actor in his choice of action.

6.4 Reconstructing Regime Theory

The last section revealed some serious shortcomings in urban regime theory, in terms of its relations to the wider socio-economic context. In summary, they stem from its overwhelmingly 'localist' and US-centred approach, which is inadequate in its incorporation of extra-local socio-economic relations and different cultural traditions in the analysis of regime dynamics. Thus, in this section, I try to suggest ways in which it could expand its scope and increase its utility.

State and Inter-governmental Relations

Firstly I consider inter-governmental relations and influence of the national state on regime analysis. The role of the state in regime politics has not been well investigated because the theory reflects the institutional characteristics of American local politics. As a result of the fragmentation of the political power structure, public finance which is dependent on local property tax, and the flexible function of local officials, the influence of central government was considered to be weak (Strom, 1996). There are several studies investigating the influence of national government on regime politics in European cities, and, not surprisingly, they all found that the national state is crucial for the framing of the governing coalition and for the nature of decision making (Savitch, 1988; Strom, 1996; Leo, 1997), as "...local government is not financially or legislatively independent of the central state" (Vicari and Molotch, 1990, p. 619). The role of the European Union is also considered to be significant as a 'promoter and orchestrator of urban partnership' (Amin and Tomaney, 1995).

It is not only the institutional framework but also the influence of cultural and ideological characteristics that should be recognised. Strom's case study in the reconstruction of Berlin after the reunification illustrated the cultural differences between the United States and Germany. The former embraces the idealism of value-free development in the market

economy, while the latter remains sceptical and resents the free market ideology, and believes that urban development should be left in the public domain and under public control (Strom, 1996). Therefore in Germany, there is less support among the general public for profit-seeking ventures by public officials, which makes the process of regime formation different from the American model. She also pointed out the difference in the function and behaviour of public officials, which comes from bureaucratic tradition. Firstly, German officials are tightly bound by detailed regulations and guidance regarding the practice of urban planning. Secondly, their attitude to urban development could be described as “the search for the technically perfect solution as determined by experts” (Strom 1996, p. 475), and thus tends to have a technocratic orientation. In contrast, public officials in United State do not have a strong state bureaucratic tradition, and have a more flexible capacity. Therefore they are inclined to develop more informal channels of communication with the business community, and thus their bargaining is more effective. She concludes that a ‘cultural barrier’ against pro-growth ideology prevented city officials from forming a US-style regime in Germany.

As I discussed in Chapter 3, there is a difference in the institutional arrangement of Japanese cities as well as in the ideological / cultural tradition amongst government officials, which is likely to make a difference in the formation of an urban regime in Japan. This suggests that it is vitally important to take on board the nature of the national government in the analysis of a Japanese urban regime.

Global Economy

Secondly, I will look at the impact and implications of global economic integration upon the nature of urban politics. This, although important, is a complex and difficult issue to tackle because urban politics are quite far away from globalisation in terms of a causal chain. Ward explained that, “[urban politics] do not offer immediate and easy ‘purchase’ upon global issues, because, at best, they are only very indirect outcomes of international processes” (Ward, 1995, p. 301, original emphasis). The issue here is the extent to which social, economic, and political relations and processes within cities are influenced by forces operating on a global scale (Beauregard, 1995). Urban regime analysis also has difficulty in incorporating extra local factors, as Lauria mentions, “A theoretical problem identified with urban regime abstractions is that they have failed to account for the regulation of urban politics in a global economy” (Lauria, 1997, p. 236). Thus, what needs to be developed in regime analysis is the analysis of the implications of economic change upon the major actors

of urban politics, namely the national state, the local government, and the business community, and what types of regime emerge as a result.

Existing study has suggested that the evolution of global economic change has had a marked impact upon urban politics. The state and local government have become more market-friendly, and more inclined to cooperate with private business (Short, 1996). The function of local government has shifted from the traditional 'managerial' to the 'entrepreneurial' in which it tends to take more risks and invests more for profit motivation, for instance by financing public-private partnerships (Keating, 1991). In contrast, private corporations tend to have the upper hand in a regime through having more resources, and raise the expectations of success (Lauria, 1997). It could be said that, under these conditions, growth-orientated and business-centred coalitions led by public-private partnerships have prevailed.

Re-Framing Regime Analysis

A useful example, which systematically explores urban regime formation vis-à-vis extra local factors can be found in the study of Savitch and Kantor (1995), and Kantor, Savitch and Vicari-Haddock (1997). These saw regimes as "... governmental agents that function to *bargain out the terms of co-operation* between the public and private sectors" (Kantor, Savitch and Vicari-Haddock, 1997, p. 349, original emphasis). They examined the structural context in which the governing coalition is operated, and analysed the interplay between the market environment, intergovernmental networks, and the strength of the local democracy, and developed typologies of regime. They took two variables to represent the extra-local context, which are the market environment in the global economy and the degree of inter-governmental integration. The former indicates the competitiveness of the city in the global market place, and its ability to induce capital investment, while the latter indicates governmental assistance from the higher tiers of government through such means as grants, administrative co-operation, and political networks. The two variables are interrelated. For instance, governmental support can make cities less dependent upon private capital and can offset the business bargaining advantage. The combination of the two sets of variables creates four types of contextual category, which are the Dirigiste, the Mercantile, the Dependent Public and the Dependent Private (Figure 6.1). A third variable was then added, which was local democratic development, the extent of popular control over public decision making which increases the accountability of officials and encourages citizens to render political cooperation for good of the public community. This created eight types of regime altogether. Local democratic development was said to have a critical effect upon regime formation, as a "well-developed popular control system should motivate (via political

competition) the formation of inclusive governing coalitions that limit the power of any one group, especially business interests” (Kantor, Savitch and Vicari-Haddock, 1997, p. 350).

Table 6.1 The Typology of Urban Regime

	Favourable Market Position	Unfavourable Market Position
High Degree of Integration in Intergovernmental System	Dirigiste (Paris, Milan)	Dependent Public (Glasgow, Naples)
Low Degree of Integration in Intergovernmental System	Mercantile (NYC, Houston)	Dependent Private (Detroit, Liverpool)

Source: Kantor, Savitch, and Vicari-Haddock 1997, p.349

The Dirigiste context, which seems to be the closest to Tokyo within the models, has favourable market conditions and an integrated inter-governmental system, which allows the public-sector elite to lead planning and investment and to set priorities. Paris and Milan were chosen to illustrate the type of regime which operates in this context, but they revealed some differences that depend on the degree of popular control. On the one hand, Paris represents one of the most advanced and vibrant service economies in the world, with an integrated political / administrative mechanism, and a well developed local democratic culture. Kantor found, in Paris, that the bargaining capacity of the public sector against business is considerable and that “this combination of market power and inter-governmental linkage enables a regime to pursue ambitious state-centred development agendas” (ibid, 1997, p. 355). Thus he concluded that the public sector elite is at the centre of decision-making in the regime and that “business is brought into the process after public objectives have been sorted out” (ibid, p. 355). There was a high rate of popular participation in local elections, and well-informed interest groups regularly joined public decision-making committees. This made the city hall extra-vigilant against the power of the business elite.

On the other hand, in the case of Milan, despite its powerful market position, party politics dominated decision-making, and patronage driven politics hampered the efforts to form an effective governing coalition. Its inter-governmental fiscal system allowed local authority to rely on central government, which limited the motivation of city officials to promote local economic development. Politicians are tied to particular factions and interest groups to

enhance their individual political reputations and prospects, and this makes inter-factional co-operation for long-term economic development difficult. As a result, despite its wealth, business influence on strategic issues is fragmented and limited, which produces little end results.

6.5 Application to Tokyo

Analytical Framework for Tokyo

The following section is devoted to tailoring the analytical framework to Tokyo during the 1980s, taking into account socio-economic contextual factors. Tokyo provides an excellent opportunity to employ the reconstructed framework and to test its capacity, for of two reasons. On the one hand, Tokyo has been firmly integrated into the global economic order, and is facing a tide of global economic forces. It has been recognised as one of the command and control centres of the global economy together with London and New York (Sassen, 1991; Friedmann, 1995). Thus, it is reasonable to assume that Tokyo is the city most strongly exposed to global economic forces in Japan. On the other hand, tradition of state-centred economic development conceptualised as the Capitalist Developmental State (CDS) is very strong. As Chapter 4 described, Tokyo has always received special attention from the national government and its urban policy has been influenced by state policy and priority in a variety of ways. Therefore, it is envisaged that there are two different extra-local forces operating on and influencing the nature of regime formation in Tokyo. The question is what sort of governing coalition can be expected from the two contextual factors mentioned above.

As was described in Chapter 4, Tokyo has several characteristics in relation to the global economy. First of all, it enjoyed generally favourable market conditions in the global economy during the 1980s as the Japanese economy was growing stronger and performing well. As the review of its urban policy showed, Tokyo did not immediately need to have an aggressive economic development policy, and thus was less inclined to be influenced by voices from the business community, which gave the authority a considerable capacity for independence. Secondly, Tokyo was described as rather a 'closed' global city because its growth was mainly led by Japanese-owned TNCs, and the inflow of investment and labour force was limited. This system does not allow any penetration by foreign influences, and one commentator has suggested that this closeness might lead to a further strengthening of the collaboration between business and the government (Machimura, 1994).

The CDS provides the conditions for the formation of the particular types of institutional relations in Tokyo's urban governance. Firstly, inter-governmental relations created a vertically integrated government machine capable of implementing national goals, set by the bureaucracy in central government, through complex arrangements in local government. In spatial development policy, for instance, the National Comprehensive Development Plan set the strategic national goals, provided the basic land use framework, and decided the role and function of Tokyo. Secondly, the relationship between the public and the private sectors could influence the regime. The distinction between the two is the basic theoretical backbone of regime theory, but the blurred distinction between them in the Japanese political economy leads to the more easy formation of a coalition. This may be reflected in the fact that the number of public-private partnerships, in one form or another, increased during the period in the local / regional economic development field. Thirdly, the infrastructure project implemented by public work programme is a major vehicle for the developmental state. As the subsequent chapter investigates, the waterfront project included a 'teleport' and 'convention centre', and it is likely that the characteristics of the developmental state were reflected in the regime. Fourthly, however, in the case of Tokyo, this general picture might not be strictly applicable, because the TMG was more financially and administratively independent than other local governments, and thus could resist the advances of national government. It had to raise a substantial part of the revenue from local corporate tax, which made it more sensitive to local economic development (Jinno, 1995). Unlike other local governments the TMG does not accept the senior supervising position of national government officials¹.

In terms of local democracy, Tokyo is not particularly strong, and popular participation in community affairs is generally low. Local representative democracy has also had difficulties. Although Tokyo has an elected governor, the election is targeted as an opportunity for national political opposition and protest, rather than being driven by its own agendas (Mikuriya, 1990; Toki, 1995). Overall, local democratic control is comparatively weak in Tokyo, which means the national government and the TMG have more political freehand, but also less convincing popular support.

¹ The only exception is the officer in charge of ceremony with foreign VIPs, who comes from the Foreign Office.

Review of 'Co-ordinating Agencies' by Professor Machimura

Following the discussion of the contextual factors which could affect an urban regime, I now turn my attention to the possible features of urban regime in Tokyo. Because Regime Theory has been developed relatively recently, and the main focus of Japanese urban political study has been on public administration and inter-governmental relations (Muramatsu, 1999), there is no major study which applied it to Japan. The only relevant study to review is the work by Japanese urban sociologist Takashi Machimura (Machimura, 1992, 1994, 1998). His study examined the political mechanism of urban restructuring in Tokyo in the 1980s, and found that closely tied network of state officials and business leaders, assisted by the then ruling political party (LDP), was instrumental in the progress of urban redevelopment policy. He analysed this coalition within the framework of 'Corporatism' (Savitch, 1988; Cawson, 1985) and though he did not use the term 'regime', it seems to be clear that he referred to the same sort of politics, because he was analysing a partnership between governmental and non-governmental actors who formed a coalition.

Co-ordinating Agencies

His research revealed that the policy for restructuring Tokyo was devised by a network of 'coordinating agencies'. He found that more than 150 advisory committees and ad hoc all-private corporate groups were created in order to address the issues relating to urban restructuring policy². The advisory committees were attached either to national or local government, and established either statutorily or voluntarily. The membership usually included national and local public officials, elected and non-elected, members from the corporate sector, and sometimes from the voluntary sector and trade unions. They covered the policy field of urban restructuring on three levels; national strategic level, urban strategic level, and urban implementation level. Those discussing national strategic policies tended to have been established by the ministries of national government, while those working on urban strategic level and urban implementation level tended to have been established by TMG. The main discussion topics at the national strategic level were globalisation and economic restructuring, the information society, and privatisation, while urban form and the information city, deregulation, and urban redevelopment were the main topics on the urban level. The topics at different levels were clearly related; original ideas were developed at

² He explained the urban restructuring policy as "It is rather a cluster of various policies concerned with the transformation of urban space and urban functions into new forms" (Machimura 1992, p. 118).

national strategic level, shifted down to the urban strategic level, and the main concern at the urban implementation level was how to implement them as projects.

Membership and Interest

Table 6.2 shows the actors involved in the urban restructuring and their various interests. (Machimura 1992, p.121, 1994, p.127)

Table 6.2 Actors and Interests in the ‘Co-ordinating Agencies’

National Government	<p>Increasing domestic demand (MITI, EPA)</p> <p>Transforming industrial structure (MITI, EPA)</p> <p>Globalisation of market and economy (MF, MITI)</p> <p>Infrastructure of information society (MPT, MITI, MT, MC)</p> <p>Balanced distribution of urban function (NLA)</p> <p>Urban physical renewal and upgrading (MC)</p> <p>Waterfront development (MC, MT)</p> <p>Increasing land supply to counteract rising property prices (NLA, MC)</p>
TMG	<p>Transforming Tokyo as a world city (by teleport, convention centre)</p> <p>Multi-polar urban structure to reduce over-concentration</p> <p>Increasing land supply to cool down the property market</p>
Private Sector	<p>Creating demand for building materials (steel, cement, glass, etc.)</p> <p>Creating demand for electronic equipment (computer, telecommunication)</p> <p>Increasing the amount of work (construction industry, architectural firms)</p> <p>Increasing the amount of land for sale and rent (real estate, developer)</p> <p>Making loans and investment to profitable business (finance)</p>
Landlord	<p>Making profit by sale or rent of the property</p> <p>Starting real estate business (non-traditional developers)</p>
Space demander	<p>Getting more space to extend business (corporate sector)</p>
Space director	<p>Influencing symbolic and semiotic structure of urban space (advertisement, tourism, media industry)</p>

Source: Machimura 1992, p. 121, Table2, but with author’s modification

National government had reasons positively to promote the urban restructuring of Tokyo. Firstly it could satisfy the prime national project at the time; transforming the Japanese economy from an export-oriented model to a self-sustaining one. There was growing criticism of the amount of Japanese exports from the USA and the EU, and the government was pressurised into altering the trade balance by changing the industrial structure and boosting domestic consumption. (Chapter 3) Minkatsu Policy was employed and urban renewal projects were encouraged. Secondly, they wanted to realise the long-term interests of the state, such as post-industrialisation, globalisation, and an information society by transforming the spatial structure. The 4th CNDP addressed economic-spatial structure and emphasised the role of Tokyo as a world city in global economy. The government highlighted Tokyo as the country's growth centre specifically in global business, and tried to make new urban restructurings. Thirdly, urban restructuring policy and related spending programmes became a 'hunting ground' for the bureaucrats. Because each bureau and department wished to maximise their amount of work and their budget within the whole government spending programme, and urban restructuring was a relatively new policy field which could include new ideas and was free from established departmental boundaries, each department was very keen to take part in the contest (O'Leary and Machimura, 1995, p.328). As a result, the number of programmes and the degree of involvement by the national government officials increased. Machimura also pointed out that national government had a stake in Tokyo because of its status as the capital city. That meant that Tokyo had a symbolic significance in relation to the governance of Japan as well as practical economic importance.

The TMG had a more complex and ambiguous position, because of its closer and more immediate relationship with the people of Tokyo, who function as its service users, i.e. tax payers and voters. The TMG had to consider the many, often conflicting, interests involved. On the one hand, as discussed in Chapter 5, the TMG was in favour of consolidating the economic strength of Tokyo vis-à-vis global economic change, because of its relative financial dependence on its local economy and corporate tax revenue. On the other hand, however, they were obliged to safeguard the welfare of the population of Tokyo and provide necessary services. The dilemma they faced was epitomised by the rising property prices of central wards discussed in the last chapter, more office development, increasing property prices, and the displacement of the local community. Therefore their multi-polar policy, which tried to limit the growth of office space to designated sub-centre areas whilst maintaining the residential community, was inevitably a compromise between economic

interest and social obligation. Governor Suzuki's pro-developmental administration, and its vision for Tokyo as a world city, in the end favoured the former at the expense of the latter.

The nature of business interests varied among private firms depending on the type of their operation. These can be divided into three groups. The first group directly benefited from property development and construction itself, such as the building material industry, architectural firms, real estate developers, and loan-making financial corporations. The second group consisted of firms who needed more space to expand their businesses, such as the financial and service sectors, and TNCs. The third group were those who tried to create and sell the new image of the city, the so-called 'space directors.' They included the advertising and media industries, who were to create and sell the image of Tokyo. Some commentators argued that the 1980s saw a more positive attitude from private developers. They became the promoters of urban change themselves and tried to sell their plans to local government (Teranishi, 1991). As a result of economic restructuring, heavy manufacturing industries were facing the reorganisation of their operations. Many of them wanted to obtain maximum returns from their unused production sites, and worked with developers or became developers themselves. They discovered, that, if the site was developed within a reasonable time and using reasonable resources, the return could be more profitable than their original business. With the help of the Minkatsu policy, urban development became an attractive market for private business, not only traditional developers but also others.

Participants from different sectors of society were encouraged to work together by the leading Liberal Democratic Party (LDP) who actively sought deals for their own good. For the leading LDP politicians, it was a chance to enhance their reputation as 'fixer' between public and private sectors by participating and negotiating in the decision making process. They did not only represent the interests of their local constituencies but also worked for particular business groups or branches of national and local government, an established practice of Japanese politics, they are known as 'Zoku Giin' (Tribe Politician) (Inoguchi and Iwai, 1987). This kind of politics prevailed, in particular in the field of urban developments involving public investment, which I discussed as 'urban industrial complexes' in Chapter 3.

Over-arching Agenda and Side-payment

What was the impetus to create such a governing coalition, and what bound it together? According to Machimura, both public and private sectors sought a new basis for their own growth and re-discovered the city as a 'frontier of economic development' (Machimura, 1992, p.122). What he meant was not just that the urban-based service sector took over the

engine of economic development from manufacturing, but that redevelopment projects themselves offered 'tangible material benefit' to all the parties involved, as was discussed in Chapter 3 in the form of the PWS. This provision of incentive created consensus and the reason for working together to realise a common goal. For the business sector, redevelopment provided attractive opportunities to a wide range of material and manufacturing industries, who were suffering from industrial restructuring and seeking new business chances to utilise their resources. The TMG was in favour of the restructuring because it provided a vital opportunity to upgrade the infrastructure necessary for the world city. The national government welcomed the opportunity of increasing domestic consumption. The LDP politicians could exercise their influence by making a deal. Therefore it could be said that the tangible and practical benefits of economic growth through physical redevelopment bound them together.

Critique of Professor Machimura's Study

His painstaking work revealed that a number of co-ordinating agencies were created to advance the issues related to the urban restructuring of Tokyo. It was truly innovative, because it introduced political variables into the discussion and tried to uncover how global city formation works on the ground, while most study of global city remains at the structural and abstract level³. It was also pioneering as most of the research on Japanese local politics focuses on the issues of public administration, and inter-governmental relations in particular (Muramatus, 1997, 1999).

His research, however, still falls short of fully exploring the political process of world city formation, as it does not comprehend and appreciate the role of state. Firstly, he seems to presuppose 'corporatist' style policy making within and between agencies, as they co-ordinate their different interests and form coalitions. This gives the impression that the analysis assumes a fair balance between participants who exercise, more or less, a similar degree of influence. Given the unique institutional characteristics of the CDS, which emphasises the role of the state however, I would argue that the function and role of co-ordinating agencies should be more closely examined. Advisory committees are not new in Japanese politics, and there is a long-standing discussion about the roles they play in policy making. Some critics have argued, from a normative perspective, that while they are supposed to reflect wider social interests and provide expert advice on policy, they are

³ For instance, the issue was discussed at the panel discussion of 42nd Japan Economic Geographers' Association Annual Conference, *Annals of Economic Geography*, 1995.

actually used to justify official policy by providing approval from authorities outside the government (Muramatsu, 1997).

Secondly, it is questionable whether they really co-ordinate 'different' interests. Machimura seemed to insist that advisory bodies functioned as a forum for people who had different backgrounds and goals, where they could meet, exchange information, combine skills and expertise, and eventually coordinate their different interests. As a result, "... a loose but rather wide range of coalitions for urban restructuring soon emerged and exerted influences at many levels of the decision making process" (Machimura 1992, p.115). As I discussed in Chapter 4, however, triangular relationships between the business community and government officials connected by LDP politicians were not uncommon in the field of construction and development, involving government investment. Moreover, it is often the case that some members of the agencies were retired government officials working in private or semi-public corporations, called 'Amakudari', and they played a very important role in bridging the two camps. Therefore, it is reasonable to assume that they actually shared common interests related to development and investment. Machimura himself raised concern that not all sections of society were involved in the agencies. Those who were missing from the governance of urban restructuring were local residents, environmental groups, and the general public. Therefore he concluded that the co-ordinating agencies 'connected' participants who shared a common interest, but, conversely, 'excluded' others (Machimura, 1994, p.130).

In this regard, his comparison with urban politics in Paris is particularly important because he saw the two, shared, similar structural features, but also showed a few differences. On the one hand, the degree of inter-governmental integration made the influence of the public sector significant in both cities. He insisted, quoting Savitch, "... politicians and technocrats at both local and national level coalesce at an early state of decision making" (Savitch, 1988, p. 18). He added that this was the case in both cities, and that it tended to dominate public decision-making. On the other hand, he argued that the relationship between public and private organisations was more complex in Tokyo than in Paris where "in effect, the Parisian political-technocratic elite absorbs private organisations into a publicly dominated power bloc. Private organisations are recruited into this bloc only after the major decisions have been taken" (ibid., 1988, p. 18). The Chapter 4 of this thesis, for example, revealed the widespread practice of mutual dependence between public officials (elected and non-elected) and the development industry, known as PWS. Thus while the state was not simply an 'instrument' for developers to achieve their business objectives, nor was it a straightforward case of business being subordinated by the state (Machimura, 1994, p. 121).

Thirdly, the criticisms above come from the fact that the research lacked a detailed analysis of institutional relations within and between the coordinating agencies⁴. Although Machimura meticulously mapped out the extent and the scope of those 'co-ordinating agencies', it was not a study of decision making. He interpreted the phenomena as the flourishing of public-private sector partnerships, which created a trans-sectional network and a new style of urban governance (Machimura, 1994), but his idea remains at an abstract level without convincing evidence of how the institutions interact and how the network operates. Therefore, it is necessary to explore in detail the decision making process by paying particular attention to public-private relations and inter-governmental relations of the actors involved.

6.8 Conclusion

This chapter tried to construct an analytical framework in order to investigate the institutional relations of the urban governance of Tokyo. Urban Regime Theory is brought in as a backbone of the framework which is useful for analysing the complex processes of power creation and sharing between public and private agencies. In terms of applying it to Japan, however, it is necessary to make a few modifications by taking into account the market conditions in Tokyo in the 1980s, and the state-led economic development tradition. Because there is no major previous study of urban regime in Japan, Takashi Machimura's study of 'co-ordinating agencies' is reviewed. His study uncovered, (1) that there was a complex governance arrangement between the public sector (local and national government), and private sector; (2) that they have various motivations and intentions for their involvement in the governance, based on the maximisation of their organisational interests; (3) that urban development in the 1980s provided over-arching and collective incentives, the opportunity for which is not usually available by acting alone for those agencies. His study, however, fell short of addressing the role of the state in the governance, as it was based on the Western model of political economy, which generally restrict the role of state. His study also still remains at an abstract level in which he maps various agencies and their motivations, but does not actually analyse the interaction and the power relations between them. Therefore it is the task of the next chapter to investigate the decision making process and institutional relations in a redevelopment project.

⁴ In fact, Machimura himself investigated the Waterfront Sub-centre Project as a case study. In my view, however, he failed correctly to interpret the findings of the case study with his analysis of 'coordinating agencies.'

In the light of the literature review of this chapter, it is now possible to predict and envisage the characteristics of institutional relations in governance arrangement. Firstly, the public sector elite is expected to have a strong grip on the shape of the whole process of the development project. Secondly this is not a straightforward, monolithic, nation-state-dominated regime, as in the case study of Paris, because of the relative autonomy of the TMG, and the more complex and inter-dependent relations between public and private sectors in the Japanese political economy.

CHAPTER VII : THE TOKYO WATERFRONT SUB-CENTRE PROJECT

7.1 Introduction

Chapter V introduced the necessary background for the project level analysis. The brief review of the history of city-building revealed the deep-seated involvement of the state. The state consistently used Tokyo as a symbolic means of sending a message of modernisation and national solidarity to the rest of the world. As a political background, Governor Suzuki's policy and politics were examined by comparing him with Governor Minobe. His conservative politics and developmental policy were contrasted with the socially progressive ideas of Minobe. The waterfront project's spatial context, the rapid change of land use and soaring property prices, and Tokyo's strategic planning were discussed. In parallel with the structural change of Japanese industry, strategic plans tried to reorganise the urban structure on a national scale, and proposed a multi-polar system in and around Tokyo, which also indicated the waterfront as a specialised location for globally-orientated business. The waterfront sub-centre was developed against this background.

The objective of the empirical investigation is to understand the role of the state in the process of world city formation. This chapter pursues this objective by examining the decision-making process of the Tokyo Waterfront Sub-centre Project (TWSP) in order to grasp the institutional relations and the urban power structure through a concrete case. It is analysed within the framework of urban regime theory discussed in Chapter VI, which means that findings are interpreted through the regime concept and terminology. The regime analysis, which systematically analyses political power, usually concerns city-wide issues, such as economic development and tourism (Lauria, 1997; Judd and Fainstein, 1999). This chapter, however, focuses on one redevelopment project, and in that sense, this is not a full-scale regime analysis. Instead, my intention is to apply the insight gained from the review of the theory to a detailed study of decision-making on the project in order to understand the role of the state in the governance mechanism.

Organisation of the Chapter

The chapter addresses the issue in five sections. The first section discusses appropriate empirical research methodology. The guiding principle for the data collection and analysis, the choice of the project, as well as practical guidelines for the document search and interviews are spelt out. It also gives the justifications and the limitations of the techniques used to collect information and of the use of particular sets of data. The second section outlines the Tokyo Waterfront Sub-centre Project (TWSP) as an introduction to the main focus of the chapter in the next section, which is the decision-making process. The background of the project, the historical and geographical context of Tokyo's waterfront is introduced, and the main events and development of the project are presented in chronological order. In the third section, the decision-making process in the project explores the nature of power and the relationship between the different agencies. Particular attention is paid to the inter-governmental relations between the national government and the TMG, and to public-private relationships. In the fourth section, the findings are interpreted through the concept and terminology gained from the literature review of the Urban Regime in Chapter VI. The inter-governmental and public-private relationship in TWSP is compared with the general characteristics of urban politics discussed in the Urban Regime literature. The fifth and final section discusses the difference between the two and where this difference comes from. Particular attention is paid to the way in which the tradition of the Capitalist Developmental State (CDS) influenced the nature of institutional relations and decision-making. Though seldom acting alone, the influence of national government was significant, and the CDS largely defined inter-governmental, and public-private relations. Therefore, the chapter concludes that a comprehensive understanding of the governance of Tokyo should pay attention to the underlying structure of the CDS.

7.2 Methodology

Guidelines for the Data Collection

The empirical investigation was designed to explore the nature of the interaction between different agencies involved in the project through the document search and the interviews. It focused on the ways decisions were made, and institutional arrangements were carried out. In order to facilitate the investigation, the enquiry was conducted in two ways. The first was a document search and review, while the second consisted of a series of interviews, conducted mainly with those in managerial positions in the key organisations involved in the project.

The enquiry was conducted around certain sets of principles. Firstly, it was not concerned with the micro power relations between different levels of personnel within particular organisations, such as the conflict between executives and the line managers, but concentrated on the inter-organisational level: the way in which different public and private organisations at national and local level, related to and tried to influence each other. Secondly, the investigation aimed to uncover a clear set of information: who were the key participants in the project, what were their backgrounds, and what were their motives; what kind of conflicts and co-operation existed between them; how did they come to work together; and what was the role of the state in the process?

Guidelines for the Analysis

The data was then analysed in relation to a broad framework derived from the literature review of urban politics and particularly Urban Regime Theory, which I discussed in Chapter VI. The analysis follows three sets of principle guidelines. Firstly, Regime Theory cannot be utilised to its full extent, because it involves far wider issues, such as electoral politics and the relationship with the ethnic community, which is beyond the task of a single project analysis. Instead, the theory is used to illustrate the nature of relationships and the creations of power, to highlight the differences between the general idea in the literature and the concrete example in the project, and to present a way of understanding the institutional relations. Secondly, because of that, it is not the intention to find a particular type of regime, such as Pro-growth Regime or Middle-class protectionist Regime, from this investigation. Instead, Regime Theory is deployed as a 'lens' through which supposedly invisible institutional relations are understood with clear concept and reasoning. Thirdly, following Horan's comment that Regime analysis focuses upon the relationship between context and choice (Horan, 1997), the enquiry was conducted bearing in mind the opportunities and constraints derived from extra-local factors such as inter-governmental relations and the impact of the global economy, which impinged upon the regime.

The inter-governmental and public-private relations were examined in relation to five aspects of regime analysis. They are: the overarching agenda, if any, to bind the key participants in the project; identification of the extent of the membership of the governing coalition; the mode of co-operation between the agencies; the nature of the power, and whether the concept of 'social construction' of power in the regime literature is applicable to the project; the role of local government, in this case the TMG? Did they become 'entrepreneurial', as some literature suggests, in the way they managed the project?

The Choice of the Waterfront Project

The project was chosen for three reasons. Firstly, the TWSP was a flagship project which symbolised the development of the world city of Tokyo at that time. It was the largest project of its kind and the most prominent and prestigious in relation to the world city discourse (Seguchi and Malone, 1996). Secondly, the project is ideal for illustrating the urban governance of Tokyo. The development raised high expectations among the central government, the TMG, and the private sector, and created an appropriate backdrop for the formation of partnerships. It was said to be impossible for any single agency to take control of the project, because of its sheer scale, and thus they needed to cooperate with each other (O'Learly and Machimura, 1995).

Although the project was only a part of the picture of urban restructuring in Tokyo, it was significant in terms of its function as a flagship project for global city formation, and in terms of the style of its management, as it involved multiple actors and a complex governing arrangement. In that sense, the project symbolises the governing arrangements of urban restructuring. Thus, although it is never possible to represent the governance of a whole city by one project, I believe it is one of the best examples with which to illustrate urban restructuring on a project level, and worth investigating. The advantage of investigating this project is that it enables a detailed qualitative analysis of the nature of decision-making through a number of interviews. The study of urban governance has often suffered from a lack of tangible evidence and a high degree of abstraction. This is partly due to the lack of practical and working definitions of urban regime and coalition. Although a governing coalition can be defined conceptually and intellectually, as is done in Chapter VI, it is often difficult to identify it as an object for practical investigation. For instance, there are no established guidelines for the range of, and qualification for, membership of the coalition, making it difficult to draw the line. Moreover, other research has suggested that a single coherent governing coalition is less likely to be found in a metropolis (e.g. the case of London by Newman and Thornley, 1997) because of the sheer complexity of its social and political relations. Focussing on a redevelopment project, however, conveniently limits the range of participants and defines the boundaries of their activities, thus making it easier for researchers to investigate. In other words, a governing arrangement activated through a concrete project is one in which social and political relations between the participants can be more easily observed.

Document Search

The documents were gathered from published academic and non-academic materials including newspapers and journals, and unpublished internal documents such as memorandums and the minutes of committee meetings. They offered basic information on the development project, such as:

- The background of the initiative; how and why it came about.
- The contributions of the various participants and the resources on which they drew.
- The ways in which key organisations evolved over the duration, adding new partners and evicting others.
- The structure of decision-making for the project.
- The chronology of events relating to the key decisions of the project.

Interviews

The interviews conducted could be called 'Elite' interviews, and were based on the methodological combination of 'reputational', 'positional' and 'decisional' analysis. The following section outlines issues and problems related to these methodologies, and the actual questions put forward to the interviewees. The issues researchers have to confront in conducting such interviews are well known, namely: the identification of the 'elite'; how to gain the access to them; the relationship between the researcher and the researched; and, ultimately, the reliability of the data (Harding, 1995; Schoenberger, 1991; McDowell, 1992; Herod, 1999; Herts and Imber, 1995; Cochrane, 1998). In addition, the general difficulty of conducting interview-based social enquiry in Japan is reported by foreign researchers. For instance, Tilton described the 'double standard' in informal Japanese business practices such as price-fixing, and wrote that, "There is a strong sense of the importance of maintaining *tatema* (the official story) and obscuring *honme* (the actual truth) in Japanese market" (Tilton, 1994). In my research, this was particularly relevant, because this kind of high profile project is known to be surrounded with secrecy. The TWSP had been widely criticised for over-spending and was also surrounded by political controversy and rumours of corruption. Thus I initially feared that the government officials and developers might be very reluctant to speak to outsiders. However, as this chapter demonstrates, this turned out to be groundless, and I managed to conduct a sufficient number of interviews.

Interview Method and Questions

The literature of urban politics and CPS in particular, has a long history of debate concerning the way of identifying and investigating the elite. 'Reputational analysis' 'positional analysis' and 'decisional analysis' claim their respective advantage. Power is identified by the survey of reputation in the community in 'reputational analysis', thus depending on the perception of the interviewees. Positional analysis assumes that the power is attached to certain positions in the organisation, such as Mayor of a city or President of a corporation, irrespective of the individual's capabilities. Meanwhile, 'decisional analysis' follows the policy-making and implementation process, focusing on the issues of conflict and its resolution. My investigation combined those three methods, but mainly relied on 'decisional analysis' though the waterfront project. Interviewees were identified through the reputation in the community and the position they held in the organisation, but the nature of their power and their relation to other organisations were analysed within the particular context of decision making in the project.

This choice of method guided the way in which questions were prepared in the interview. They were less formal, less standardised, but more context-sensitive and tailored to the specific circumstances. Thus, the actual questions put forward to the individuals were not: who was the main member of the regime; what were the overarching objectives and policy agendas which encouraged them to work together; what was the nature of power-sharing between the regime partners, because they sound like a questionnaire survey and too formal for face-to-face interviews. Also, the practitioners may not have understood the meaning of the questions using academic language. Instead, the questions were concentrated on (1) why and how they got involved in the project; the motives, aims and objectives, and (2) how were they pursued and settled in relation to other agencies; what sort of conflict of interest, if any, they had, and how did they manage to make compromise to achieve their goals. These questions were answered in variety of forms, not necessarily in a straightforward manner, but often as personal experience and narrative. The questions were put forward to various branches of the TMG and the national government, and the private sector (mainly private developers).

Access to the Information

In terms of access, I was able to utilise the vehicle of a 'contact person'. When I was about to start the fieldwork, I was introduced to Mr Tomio Yoshikawa at The Tokyo Institute for Municipal Research who worked for the TMG as a senior manager and was involved in the

project almost from its beginning until the middle of the 1990s, which covers the period of my investigation. He gave me invaluable insight through a number of discussions and casual conversations, and subsequently became my key reference point. Through him, I was introduced to others who held (or had held) key positions in the organisations which were involved in the project. They amounted to a total of 15 people who consisted of senior managers, local / central government officials, executives of public-private partnership organisations, and the executives of private corporations. This proved to be a useful tactic as the TMG and the TWSP, a public-private partnership, was at the centre of the project and thus was the 'hub' of relations between the partners. However, I was aware of the danger that this could become a 'self-referential' and 'self-fulfilling' (Cochrane, 1998, p. 2128) exercise, and overlook other important people, because the interviews revolved around a single contact person. My solution to the problem was to conduct interviews with independent observers such as academics and journalists. It was hoped that they gave a more objective and impartial perspective on the project operation, could compensate for the shortcomings caused by having a single contact person.

Interview dealing with the sensitive issues

Furthermore, my interviews were sometimes constrained by the difficulty of reporting direct speech as it could involve politically sensitive issues. The problem was both structural and temporal. Firstly, as was explained in Chapter IV, large scale property development project is seen to be influenced by the 'iron triangle' a practical form of the Developmental State, and thus widely suspected to be prone to corruption. Though that is not always the case, this is the public perception and it is likely to be an easy target for the media speculation. As is discussed later in this chapter, private developers made a substantial contribution to the project, yet their conduct during the bidding stage raised some suspicion about the bid selection process.

Secondly, the timing of the interview raised a potential problem. It was conducted in the early part of 1998, after the fiasco of the cancellation of the Tokyo Frontier and the Revision Conference in 1996. Due to the strong opposition against the Tokyo Frontier and the project in general, not only public opinion but also the professional community was divided, and the tensions between the different camps were still high. On the one hand, most of the planning academics expressed some caution about the pace and the scale of the project. Some even went so far as to call for the suspension of the project altogether. On the other hand, real estate / development practitioners were in favour of further development. It reached the point where ideological differences rather than objective assessment divided the community. Some

of the high profile interviewees were thus cautious about speaking out. I was, therefore, asked not to use the tape recorder on more than a few occasions. Notes were taken at the scene and compiled immediately afterwards.

The Reliability of the Information

The third issue was the relationship between the interviewer and the interviewees. The problem is well known among qualitative social science researchers: "All interview based research will be influenced by the way the interviewed respond to the question" (Wilson, 1996, p. 118, quoted by Cochrane, 1998, p. 2123). Thus the different ways in which researchers approach interviewees is likely to cause different modes of response. In other words, the positionality of interviewer is critical, as Herod stated that, "...the validity of one's research is seen to be a reflection of one's positionality" (Herod, 1999, p. 314). The definition of ones positionality includes the distinction between male and female, young and old, student and professional, countryman and foreigner, all of which basically designate the interviewer as an 'insider' or 'outsider'. As Sabot's (1999) experience in her home town vividly illustrates, the insider is not always better off in terms of access and the quality of information given compared to the outsider, but he / she is likely to have more expertise in the interpretation of the information due to their local knowledge.

In my case, though I was a Japanese student studying in the UK but conducting interviews in my native Japan, the situation was not clear cut, and given the exclusivity of government officials and corporate managers, it is fair to say that I was an 'outsider'. Fortunately again, Mr Yoshikawa arranged interviews for me, and accompanied me on several occasions. This effectively created a situation where I was a 'half-insider', and safe to talk to. In practice, the interviews were conducted using semi-structured questionnaires but in an open-ended way. The background and specific questions were sent prior to the interview by fax or e-mail in order to give the interviewees time and space to look back on their experiences and to put their ideas in order. The interviews typically lasted about an hour, but sometimes they continued for two or three hours, allowing the interviewee feel relaxed and free enough to talk extensively on areas other than the specified questions. At the end of the interviews I asked them if, they thought, there were any other significant resources or persons I should consult. Sometimes, though not always, this led to other appointments.

The power relationship between the interviewer and the interviewee, which is unique in the elite interview, further complicates the issue. In the ordinary interview, the interviewer sets the agenda, designs the questions, and leads the process. In the elite interview, however, the

interviewee can take a strong stance and can even control the process. By definition and function, the elite interviewee possesses exclusive knowledge on specific topics, to which no one else has access. Thus, he / she could manipulate the information if he / she chose to do so. This leads to the third, and perhaps the most difficult, problem, which is the reliability of the data collected by the interview. Cochrane (1998) raised the importance of recognising "... the extent to which the research relationship is inherently deceitful", and Keith (1992, p. 554) also described the ethnographic writing of power relations as "in part, an act of betrayal". There seems no way of escaping this sort of problem in the process of knowledge production through the interviews. Instead, it is crucial to recognise that it is impossible to claim an entirely stable vantage point or "... to pretend that there is some objective truth about political power just waiting to be uncovered by the expert 'scientific' researcher" (Cochrane, 1998, p. 2129).

I tried to minimise the risk by deploying three different methods. The first one is to situate the interview data as consistently as possible in a particular perspective which is well informed by theoretical discussion, and to make this explicit. As discussed in earlier chapters, the World City Paradigm and the Capitalist Developmental State set the particular theoretical and contextual frameworks, and Urban Regime Theory gives the particular analytical perspective and conceptual clarity. Secondly, I used narrative and story telling, which is useful for putting events in order, and thus helps to find some sort of causality between them (Olds, 2001). In practice, the open-ended interview helped the aspect of story telling, particularly towards the end of the interview, after the formalised question and answer session. Thirdly, and the most important aspect of my interviews concerning data reliability, was the extensive use of published and unpublished memoranda. Fortunately three key participants of the project left documents (two published, and one unpublished), which described the nature of relations between the participants, such as the interventions of national politicians and central government ministries and the resistance of Governor Suzuki. These documents, the published ones in particular, are trustworthy, and thoughtfully written, thus providing useful platforms for the interviews. These written materials were often used as a starting point for the interviews, which enabled me to confirm certain comments, to clarify the contradictions, and 'dig deeper' into the events of the project.

7.3 Outline of the Tokyo Waterfront Sub-centre Project (TWSP)

Introduction

Before focusing on the decision-making process in the certain phases of the project in the section 7.4, this section outlines the overall picture of the project as a necessary background. The project is called the Tokyo Waterfront Sub-centre Project (*Rinkai Funu-Toshin*) and it spreads over reclaimed islands No.10 and 13, and the Ariake District. Their reclamation started in the post-war reconstruction period, and after 30 years of stabilisation, it was ready to be developed in the late 1970s. Prior to the development, the site was one of the few areas left around Tokyo Bay where people had open access and enjoyed leisure activities such as windsurfing, fishing, tennis, and bird watching. The development was designed as one of the sub-centres that were part of the multi-polar urban structure policy of the Second Long Term Plan (TMG, 1986). Specifically, it stated the aims and the goals of the development as follows,

- A Multi-polar Urban Structure – to rectify over-concentration of the mono-centric urban structure by balancing living and working space
- The Global City – to build an attractive and vibrant city in the age of globalisation by developing its advanced information and global exchange function
- A Comprehensive and well balanced city – creating the right kind of mixture between working, living, and leisure environments in close proximity

Table 7.1 and Table 7.2 show the basic framework for the land use of the development, and for its population at the time of this research. The whole area is 442 ha, which is shared by the area occupied by public facilities (234 ha.), the building land (192 ha.), and the land allotted to disaster prevention (16 ha). The living population will be 63,000, and the working population will be 106,000 when it is complete. The whole area is divided into four districts, which are the Aomi Area, the Ariake-Minami Area, the Ariake-Kita Area, and the Daiba-Area, and each has a working and living population. The centre of the Aomi Area is the Tokyo Teleport Station, which is surrounded by IT related and mass media industries with a strong orientation towards global information exchange. The International Exhibition Centre together with fashion and design businesses are the feature of Ariake-Minami Area. Loft style housing for creative designers were also built. The Ariake-Kita Area is mainly allocated to housing and distribution facilities. In the Daiba-Area a seaside leisure resort and commercial

facilities have been built along the Odaiba Seaside Park together with high-rise condominiums.

Table 7.1 Land Use Framework in the TWSP

Road and Open Spaces	
Roads	116 ha (26%)
Parks	93 ha (20%)
Symbol Promenades (pedestrian)	26 ha (6%)
Building Site	
Business and Commercial	58 ha (13%)
Business and Residential Complex	48 ha (11%)
Residential	36 ha (8%)
Other Public Facilities	65 ha (13%)
Disaster Preventive Bases	16 ha (3%)
Total Area	448 ha (100%)

Source: Rinkai Fukutoshin Kaihatsu Kiso Shiryou (TMG, 1996, p. 10)

Table 7.2 Population Framework in the TWSP

District	Area	Working Population	Living Population
Aomi	117 ha	64,000	8,500
Ariake-Minami	107 ha	12,000	16,000
Ariake-Kita	147 ha	14,000	33,000
Daiba	77 ha	16,000	5,500
Total	442 ha	106,000	63,000

Source: Rinkai Fukutoshin Kaihatsu Kiso Shiryou (TMG, 1996, p. 12)

The development site is only 6 km away from the existing city centre of Tokyo (Figure 6.2). In terms of access, the Rainbow Bridge provides the main access to the city centre though the Light Transit Railway and the motorway. Tokyo Waterfront High-speed Rail also carries passengers to the area from the city centre en masse. Tokyo Bay Highway runs through the middle of the area and connects to both Haneda Airport (the main domestic airport) and Narita Airport (the main international airport). The advantage of the highway is that it does not pass through the city centre of Tokyo, thus can escape congestion. In summary, the development site is in close proximity to the city centre, has good access to the airports, and a promising potential for the future.

The Geographical and Historical Background of the Port of Tokyo

The Port of Tokyo is situated at the top of Tokyo Bay, which is in close proximity (about 4 miles) to the city centre. Three big rivers, the Tamagawa River, the Sumida River, and the Arakawa River flow into the port, and make up the delta area in the east part of Tokyo. Because it is situated beside the mouth of the rivers, the sea is shallow and it makes easier to reclaim land there. Because of successive reclamations since the 18th century, there are more than twenty man-made islands with a variety of uses, including airports, fish and food wholesale markets, golf courses, and nature reserves.

The history of the Port of Tokyo started with the history of Tokyo, then called Edo, when it was converted from a small peripheral town to the capital of Shogun in the early 17th century. The port became a major distribution centre for food and household goods, and the lifeline of the people in Edo. As the capital expanded, the population grew, and so did the port. Shipping was the major mode of transport for goods in that period because of the poor road quality. As it was situated at the mouth of several big rivers and had an extensive canal network, the port was one of the biggest infrastructures in the city and played a major role in the development of Edo.

After the Meiji Restoration, the population decreased and port facilities moved to Yokohama, 30 km south of Tokyo, which was a newly developed city in the neighbouring prefecture. This was because Yokohama was chosen as the main initial settlement for foreign traders. They had housing, schools, churches, and hospitals for themselves in a designated area. Goods were landed at the Port of Yokohama and transported to Tokyo by rail if necessary. The Port of Yokohama also had topographical advantages, because it had desirable natural conditions such as a deep water level and high cliffs, which were useful for escape from typhoons. However, as Tokyo started to show rapid growth at the end of 19th century, the desire for its own port grew. After the Great Kanto Earthquake in 1922, the development of Port of Tokyo started. Hinode Wharf, Shibaura Wharf, and Takeshiba Wharf were constructed, but it was not until after the Second World War that it saw significant development.

The Port of Tokyo played a major role in assisting Japanese post-war reconstruction and economic growth by importing raw materials, such as oil and iron, and exporting manufactured products. New wharves were built in the late 1960s to maintain the trend of containerisation and the new situation in which the bulk of physical distribution shifted from

raw materials to products. New container terminals were specialised to accommodate different goods, such as wood, marine products, and food products. Recent trends have shown an increase in the volume of trade in high value-added products like high-tech machinery. The catchment area of the port has widened and covers not only Tokyo but also the surrounding region which includes the neighbouring prefectures. Since factories have been relocated from Tokyo, a new industrial cluster has developed.

In essence, it is an industrial port, and has three main types of land use: (1) port related facilities, such as wharves, piers, crane sites, customhouses, and warehouses (2) industrial sites, especially petro-chemical and energy production sites like power stations, and heavy manufacturing industries (3) public facilities not suitable for urban or residential areas, such as waste disposal sites and sewage treatment plants. As a result, there has been little leisure activity there until recently. Although it has a domestic passenger ferry terminal, passenger boats count for less than 5% of all shipping traffic. This in stark contrast to the Port of Yokohama, which is used for both passenger and industrial shipping, and is a very popular venue for people because of its open access. In Tokyo, however, industrial sites were not open to the public, and people had been kept away from the port.

Outline of the Planning Process

The Tokyo Teleport

The origin of the TWSP was a proposal for a teleport. It was April 1985 when the development of the Tokyo Teleport on the reclaimed island No.13 was first announced by the then Governor of Tokyo, Shunichi Suzuki. A Teleport is a centre for transmitting electronic information, such as telephone calls and fax messages through communication satellites (Intersat) between countries. He explained that in the coming information age, telecommunication was going to be a vital component in the infrastructure, and a teleport alongside the seaport and airports would be a necessary facility for Tokyo (BHP, 1985).

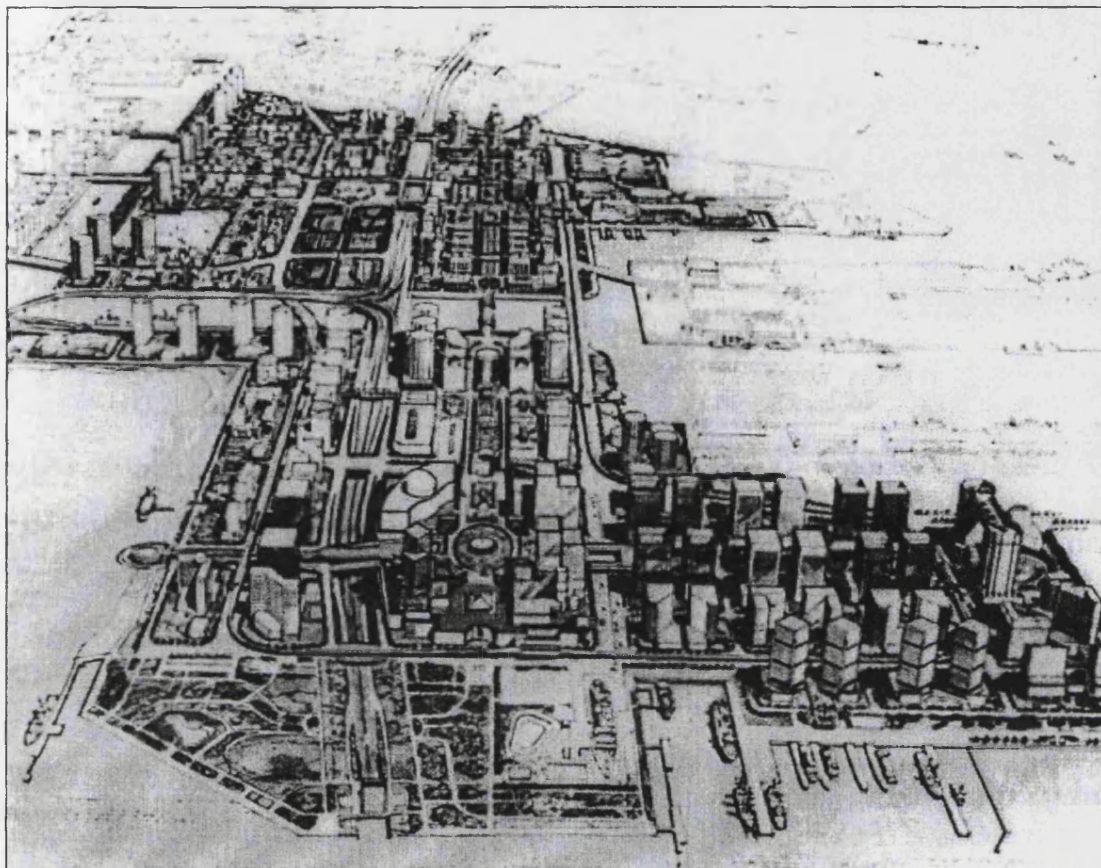
Three sets of facilities were proposed, which were 6 huge satellite dishes for transmitting the information, a computer centre to convert and analyse the information by super computers, and office space for developing VANs (Value-Added Network) and fibre-optic network systems. The satellite dishes were designed to be put in the middle of a courtyard surrounded by 5 to 10 storey buildings equipped with computers (ibid, p. 16).

The proposed site was 40 ha of the reclaimed island no. 13, and was only 4 miles away from the centre of Tokyo. The site was chosen for three reasons. Firstly it was unused land and there seemed to be no physical obstacles to prevent information transmission. It is not easy to find such a suitable place in a built-up area. Secondly, it would have easy access to the city centre when the planned new bridge called the Rainbow Bridge was completed. Thirdly, although it is on a reclaimed island, the condition of the soil is relatively stable, and thought to be safe should it be hit by an earthquake.

Governor Suzuki's announcement in April 1985 was not an officially approved plan, but a presentation of a future vision. He also promised to set up an advisory committee consisting of specialists in tele-communications, computers, and urban development to discuss the details. The Tokyo Teleport Study Committee was established in July 1985, and published a progress report in August 1986. What was in the report was quite different from the content of the original announcement. A new purpose for the development had been added, and the scale of the development had been expanded. In addition to the function of a global information exchange, the report regarded the area as a place which could revitalise local small and medium size firms by creating facilities for fostering networks and encouraging information exchange. The Development site was expanded from 40 ha to 98.3 ha, and the floor space for the teleport became 270 ha. As well as facilities directly related to the transmission and processing of information, a wide range of businesses whose operation depended on telecommunications, such as the finance and software industries were expected to be located in 'intelligent' buildings. In addition, there was a proposal for convention facilities with hotels and restaurants, housing, and leisure facilities, which need 70ha of floor space. So in total, it would be 340ha of floor space. The expected working population and visiting population was estimated at about 100,000 and 300,000 respectively (Tokyo Teleport Study Committee, 1986). Although it was the TMG's 2nd Long Term Plan, published later that year, which officially designated the area as the Waterfront Sub-centre, the report clearly anticipated this idea¹, and effectively shifted the proposals for the development from being for a mere teleport specialised for transmitting electric information, to a comprehensive new business centre (Figure 7.1).

¹ The Waterfront Sub-centre was first mentioned as a multi-polar urban structure by Governor Suzuki in newspaper interview in January 1986.

Figure 7.1 Artistic vision of the complete project



Source: Tokyo Waterfront Sub-centre Basic Plan (TMG, 1988)

The Development of Port of Tokyo

At the same time as the teleport project became an agenda, the TMG was preparing for a major restructuring of the port's function and related land use. As transport technology progressed, the containerization of shipments became imminent, and Port of Tokyo needed new wharves and up-to-date facilities to satisfy ever-increasing demand. Also, because of the restructuring of Japanese industry, old industrial areas around the port had become obsolete. Therefore, the TMG set up a study committee to review the land use structure and discuss future plans for Port of Tokyo. In October 1986, they published a report. Their main proposal was to introduce urban land use and related functions, such as office, residential, and leisure to the area formerly dominated by port-related activity, but to avoid the conflict between them (Tokyo-kou no Shourai-zou Kentou Iinkai, 1986). While pressure for commercial development mounted because of the proximity of its location to the city centre on the one hand, and the expansion of service sector in Tokyo on the other, the committee's intention was not to allow ad hoc development or urban sprawl but to have a structural framework to

accommodate both port and urban functions without causing negative externality (Takeshita, 1986).

With regards to the Waterfront Sub-centre, the report drew a more vivid picture by stating that,

“The Waterfront Sub-centre can be a 24 hours working global information city with many foreign corporations, and therefore such facilities like houses, hospitals and schools for the foreign workers” (Tokyo-kou no Shouraijou Kentou Inkaï, 1986, quoted from Takeshita, 1986, p. 496, Author’s translation).

The report also made specific proposals. They were,

- That Reclaimed Island No.13-1, 13-2, 10-1, and Ariake district should be designated as the Waterfront Sub-centre, and developed.
- That the Southern half of Reclaimed Island No.13-1 and the northern half of No.13-2 would be for business use, and that telecommunication facility such as Tokyo Teleport would be located there. (78.2 ha.)
- That the northern half of Reclaimed Island No.13-1 would be used as a residential, hotel, and leisure zone. (28.1 ha.)
- That an international exhibition centre would be located on Reclaimed Island No.10-1. (40 ha.)
- The rest of the Reclaimed Island No.10-1 and the Ariake district would be used for residential purposes, including housing for foreign businessmen. (80 ha.)

Therefore, the proposed development site was expanded again to 226.3 ha. in total. No figures, however, were mentioned in relation to floor space and population. Mr Koretoshi Takeshita, the then head of the Tokyo Port Authority, was critical of the report by the Tokyo Teleport Study Committee on the grounds that the working population (100,000) exceeded the capacity of transport infrastructure (Takeshita, 1990).

The Second Long Term Plan for Tokyo

The Tele-port project was officially included as one of the sub-centres in the Second Long Term Plan for Tokyo published in November 1986. The plan indicated a major policy change from the previous plan which designated the area as a 'symbol zone' for Tokyo containing

leisure and culture exchange facilities (TMG, 1982). There were real prospects for the development of this area in near future, because most of the land was owned by the TMG and this made it easier for them to develop it. It was “a matter of decision and determination” (Takeshita, 1986, p. 407).

The Amano Proposal

While the last section looked at the initiative by the Tokyo Metropolitan Government, this section examines the proposals from central government and the business community. The main proposals from central government came from the then leading political party, the Liberal Democratic Party (LDP), and from the then Vice Prime-minister Mr. Kanemaru. There were also a number of proposals from the business community.

The Policy Research Committee of the ruling Liberal Democratic Party (LDP) announced an emergency proposal in April 1986 for the future urban development of Tokyo. The plan was called the ‘Amano Proposal’ (Sekiguchi and Malone, 1996) after the chairman Mr. Mitsuharu Amano who had been a Minister of Construction and was an influential figure in the construction industry.

Three areas were targeted in the proposal, the areas around Tokyo Central Station, around the former Shiodome fleet station, and around the Tokyo Bay area, thus the proposal was much bigger than the teleport area discussed before. But the intention was clearly directed at the Tokyo Bay area because the proposed development scale was much bigger, 400 ha, compared to 10 ha and 17 ha respectively. However, within that figure, unused reclaimed island amounted to 100ha and the rest was thought to be a change of land use from port-related function to urban function in the Harumi, Toyosu, Shibaura, Kounann, and Tennou-zu areas. Total floor space was planned as being 1,200 ha (eighty times bigger than the whole floor space of Kasumigaseki Building), but this was considered to be realistic because the infrastructure of the area, the Rainbow Bridge, the Trans-Tokyo Bay Road, and the Keiyo Line (the former fleet line which has now been converted into a passenger line), were already under construction and due to be completed in the near future.

Project Proposals

Although there had already been some proposals from the business community in relation to the waterfront development, such as the Global Village Plan, which would create a settlement for foreign residents in Tokyo, the Amano Proposal and the announcement of the Private

Sector Utilisation Committee increased speculation and stimulated a rash of large scale development proposals from private developers. The private sector was manoeuvring actively, because the waterfront development created business chances in the property boom. Those corporations which owned property in the waterfront area experienced a sharp rise in their stock value on the market after January 1987, in some cases nearly four times their previous value (Hiramoto, 2000, p.113). Numerous plans were put forward by corporate groups who aimed to develop the waterfront (Table 7.3). The plans looked quite similar, and mainly consisted of a business centre with advanced information technology. For example, the Tokyo Tele-port Plan was published by a corporate group consisting of top blue-chip corporations such as Nippon Steel Corporation, The Japan Industrial Bank, and The Tokyo Marine and Fire Insurance Ltd. There were more than dozen plans within 5 years. Some were more detailed and realistic, and others were merely 'ideas' or 'wish-lists', but commonly proposed a business centre with global economic and communication functions.

There were also project proposals from the various department and ministries of central government (Table 7.3). They tried to advance national policy agendas, such as facilitating the information technology network, by targeting the Tokyo Bay area. These were devised in collaboration with private corporations in some cases². Thus, although the contents of the proposals varied, they all showed a strong interest, either a business or national strategic interest, in the Tokyo Bay area, and it was clear that the TMG was at considerable risk of being taken over (Machimura, 1994, p. 148).

Table 7.4 A List of Proposals from Central Government Ministry (1985 ~ 1988)

Year	Proposal	Aim, Contents	Ministry
1985	Tokyo Bay Marine-net Plan	Information Technology (IT)	MOP
1986	Super City Plan Information Future City	Increase the Office Space IT, Advanced mix use (High-tech Office and Urban living)	MOC MITI
1987	Tokyo Bay Cosmo Police Kisaradu Island Plan	New Reclamation New Reclamation and Tokyo Bay Crossing Highway	MITI MOT

² In those cases, the proposal was not concrete plan but more policy proposal.

Table 7.3 A List of Proposals from Private Sector concerning Tokyo Waterfront Development (1983 ~ 1988)

Year	Proposal	Responsible Body
1983	A Plan for Tokyo Waterfront	Japan Association of Project Industry Consortium (JAPIC)
1985	Tokyo International District	Association of Construction Industry
1986	Greater Tokyo International Plan Ariake Harbour City Tokyo Bay Comprehensive Research Intelligent City Tokyo Creating Tokyo as a Centre of the World Harumi Island Plan	Nogizaka Study Group Mitsui & Mitsubishi Corp. Group JAPIC & Keizai Doyu Kai Keizai Doyu Kai Keizai Doyu Kai Association of Land Lord in Harumi District
1987	Proposal for Waterfront Development Tokyo International Finance Centre Tokyo Teleport Plan	Japan Confederation of Economic Organisation (Keidanren) Bank of Tokyo New Nippon Steel, etc.
1988	Tokyo East Core Plan Tokyo Humania City Total Area Support	Trade Expansion Committee Tokyo Humania Group (Daiichi Kangin Group) Mitsui Corp. Group

The Tokyo Waterfront Development Steering Committee

In December 1986, following the Amano Proposal, senior officials of seven government ministries issued a joint statement, after consultation with the TMG and relevant public bodies and discussion in the Private Sector Utilisation Committee. They were from the Prime Minister's Office [PMO] (until October 1987), the National Land Agency [NLA], the Ministry of International Trade and Industry [MITI], the Ministry of Transport [MOT], the Ministry of Posts and Telecommunication [MOP], the Ministry of Construction [MOC], and the Ministry of Home Affairs [MHA]. The main proposal was to increase the scale of the waterfront development. It was expanded from 400ha in the Amano Proposal to 700 ha, including the Harumi, Toyosu, Takeshiba, Shibaura, and Hinode areas. As a result, the scale of reclaimed land had doubled, although the floor space remained unchanged. The Working population and living population were estimated at being 250,000 and 70,000 respectively.

They also decided to create a committee following the policy of the Private Sector Utilisation Committee to discuss a basic framework and reach a consensus. The members of the

committee consisted of senior officials from six government ministries (excluding the MHA from the previous list) and the TMG, and the committee was to be called the Tokyo Waterfront Development Steering Committee. At its second meeting on 30 January 1987, they confirmed that the TMG had a leading role in the project and it should have the responsibility for making the basic development framework for the area. The committee directed their efforts to the infrastructure planning such as road and railway, which would connect the project area to the existing city centre. The committee met a few times with private landlords and business leaders, because the infrastructure had to pass through privately owned land. The main issue was how to take contributions from the private sector, which was expected to make considerable gains from the infrastructure project, and to reach agreement about land use change affected by the proposed transport works (Takeshita, 1990).

The Waterfront Sub-centre Development Plan & The Harumi, Toyosu Development Framework

In March 1988, the TMG published its development plan, which set the final framework for the development. In the waterfront sub-centre, the area amounted to 448 ha, the living population would be 60,000, and the working population would be 115,000 (Table 7.5). A detailed land use plan with map was attached, and the location of facilities such as the teleport and the conference centre was specified.

Table 7.5 Changing Scale of the Project

	Tokyo Teleport (Initial Plan)	Amano Proposal	Teleport Study Committee Report	Future Vision of Port of Tokyo
Date	4/1985	4/1986	8/1986	10/1988
Area (ha)	40	400 (1,200 ³)	98.3 (340)	226
Living Population	-	-	-	-
Working Population	-	-	100,000	-
Housing Unit	-	-	-	-

	TWD Steering Committee Report	TWSP Basic Development Plan	Revised Framework
Date	12/1986	4/1989	12/1991
Area (ha)	700 (1,200)	448	448
Living Population	70,000	60,000	63,000
Working Population	250,000	110,000	106,000
Housing Unit	-	20,000	21,000

Source: After Hiramoto (2000, p. 152) with author's modification

Three objectives of the development became clear (Hanada, 1996). These were:

- To create a multi-polar urban structure and avoiding the over concentration of business function in the existing city centre by creating a new sub-centre.
- To adjust to globalisation and the information society by developing facilities for information exchange and international conventions.
- To build an ideal city where environmental concerns and future technology could strike a balance between working, living, and leisure spaces.

After getting a report from the Steering Committee, they included landlords as an important source for financial contributions, as they were expected to gain a substantial amount from the development.

After the publication of the Basic Development Plan in 1988, the main field of detailed planning and implementation work was moved to the internal organs of the TMG. The TMG had established an internal decision system to proceed with the project. An Executive

³ The number within the bracket shows total floor space by ha.

Committee was set up in September 1986 as a supreme decision making body, consisting of the governor, vice-governor, and other heads of bureaus. Then, project teams were created in the summer of 1987 to undertake the practical planning work in fields such as the basic policy for the development, transport, the urban infrastructure including utilities, management and finance, and the Harumi and Toyosu districts where the land was owned by private landlords. They were ad hoc and cross-sectional bodies, whose members came from different bureaus and departments of the TMG. Each team hired outside consultants and academics to carry out necessary survey work. The plans were originally devised by those consultants, then brought to the project teams, and finally to the executive committee, in a 'bottom-up' manner⁴. Then the plans were discussed in the steering committee with other central government officials to get approval before they were finalised.

The Stages of Implementation

The Time Table

After the publication of the Tokyo Waterfront Sub-centre Master Plan in 1988, the Tokyo Waterfront Sub-centre Business Plan in 1989 set out the framework for the implementation of the project. Firstly, the whole implementation programme was divided into 4 phases under the term the 'Flexible Implementation Plan'. Because of the sheer scale of the development, and the long time it could take to accomplish, and to reflect changing social/economic conditions, an incremental approach to infrastructure provision was required (Table 7.6).

⁴ This is a typical method of decision making in public sector, and the TMG was no exception.

Table 7.6 Time Table for the Project Implementation

Time Period	~1993	1994~1997	1998~2000	2001~
Aim	Providing the basic infrastructure and building strategic sites on which to start building the new city.	Continuing to develop the infrastructure the achievement of self-sustaining urban function.	Enhancing the agglomeration of commercial development and achieving self-sustaining growth.	Completing the project and creating the substantial contents of sub-centre.
Facilities	Tokyo Bay Bridge (Rainbow Bridge), New Transit System (Yurikamome) Shinbashi-Ariake, Teleport, Exhibition Centre	Extension of Harumi Road, Extension of the Ring Road No.2, Tokyo Waterfront Rapid Area Transit (Keiyo Line) Shinkiba-Aomi	Extension of the Ring Road No.2 and 3, Urban Motorway Waterfront Line, Extension of Tokyo Waterfront Rapid Area Transit to Osaki	Extension of Tokyo Waterfront Rapid Area Transit to Haneda and Tsurumi

Source; Rinkai Fukutoshin Kaihatsu Kiso Shiryou (TMG, 1996, p. 14)

The Management Organisation

Secondly, the task of project implementation was shared by three different types of organisation: public authorities, private corporations, and public-private joint partnerships. As a public body, the TMG was responsible for land reclamation and the infrastructure of the wider area, such as main roads and utilities which connected the project area with the surrounding area. Private corporations would construct buildings on each plot of land and run their own businesses. The task of facilitating local area infrastructure within the project, which was necessary for the project to function, was handed over to a public-private joint body. The advantage of this was that it could utilise the expertise and financial resources of the private sector, while remaining under the control of the TMG. As a result, five corporations were set up. The biggest one was Tokyo Waterfront Development Inc (TWDI), which was responsible for providing local area infrastructure such as roads, car parks, utilities, and fibre optic cable lines for telecommunication. They also built the so-called 'model buildings' to provide incentives for and encouragement to the private sector by creating an initial accumulation of business activities prior to private investment and therefore reduce the start-up risks. The other organisations were Tokyo Waterfront Heating, which was to develop

the regional heating/air-conditioning system, and Tokyo Teleport Centre which was to build and manage the teleport. The remaining two organisations were responsible for the construction and management of the two new transit systems, which would connect the sub-centre with the city centre of Tokyo.

Finance

The overall cost of the construction of the infrastructure was estimated at 3,960 billion yen in 1990, which excluded building construction, personnel wages, and interest payments. The underlining principle of the finance was that it should be paid for by developers, who expected rising property values as a result of the development, and that public money should not be poured into the project⁵. In the case of the TWSP, the TMG itself acted as a developer as it decided not to sell off the land but to lease it. The TMG created a special independent account called Waterfront Development Account (WDA) to finance the project together with the General Account (GA), and the Reclamation Account (RA). The infrastructure development was divided into two categories. One was the Wide Area Infrastructure (WAI) which would connect the development area with existing urban areas, while the Local Area Infrastructure (LAI) dealt with utilities, information networks, etc within the area. As the table 7.7 shows, the WDA, which acted as a developer's account, financed the largest proportion, nearly 40%, of whole cost, in order to develop LAI in particular (71.8%), but the account was designed to be financed by the rent from land leases to the private sector. Therefore, although it was financed by variety of agencies including the TMG, private businesses, national government and other public organisations like the highway agency, private business were expected to play large part in accordance the Minkatsu policy principle.

Table 7.7 The Amount and Proportion of Financial Contribution

	GA	WDA	RA	State	Others ⁶	Total Cost
WAI	640 (22.7)	670 (24.0)	150 (5.4)	120 (4.3)	1,210 (43.4)	2,790 (100)
LAI	0 (0)	840 (71.8)	70 (6.0)	40 (3.4)	220 (18.8)	1,170 (100)
Total	640 (16.2)	1,510 (38.1)	220 (5.6)	160 (4.0)	1,430 (36.1)	3,960 (100)

Source: Rinkai Fukutoshin Kaihatsu Kiso Shiryou (TMG, 1996, p.20)

⁵ The cost of infrastructure was initially financed by the TMG but later paid back by the private sector as a form of rent.

⁶ Others include the spending of public agencies and private sector contributions to the public private joint bodies.

A New Land Leasing System

The TMG devised a new system to raise rent from the property leasing⁷. Under the new system, property prices in 25 years time when the development would be completed were estimated, and the initial annual rent was set in such a way that it would go up 8% annually (an annual increase of 6% + estimated inflation 2%), and match the estimated price in 25 years time. Therefore, the initial burden for the company was thought to be significantly smaller than other commercial properties in city centre, but the degree of increase was comparatively quite high⁸ (Misawa, 1991; Hiramoto, 2000). Some critics described that the system as effectively an incentive scheme which could be compared to tax remission (Seguchi and Malone 1996, p. 177), but others argued that the rent level was not viable from an investor's point of view (Hiramoto, 2000). After the down turn of Japanese economy, the 8% annual increase of the rent became impossible as the property market slumped. Many companies had trouble paying the rent, and some of them withdrew from their contracts.

Public Bidding

After the initial development of the essential infrastructure carried out by TWDI, the first round of public bidding for private investors was held in 1990. 16 plots of land covering 23 ha were identified as first stage development sites and were subject to public bidding. 394 companies formed 77 consortiums, and registered for the public bidding. The majority of them were a combination of financial / construction / real estate corporations who assembled along the same lines as the corporate groups (Keiretsu), who had historically strong links through the cross-sharing of stocks, and the exchange of personnel. The majority of them aimed to build commercial property for letting, but others wanted to build their own headquarters, such as Toyota, Matsushita, Japan Air Line, and media industries like Fuji-TV and Asahi Shinbun Newspaper. Some foreign firms or subsidiaries also participated by forming groups with Japanese corporations, such as City Corp, Deutsche Bank, and Holiday Inn (Hiramoto, 2000, p.126) The selection was carried out by an ad-hoc internal committee established by officials in the TMG with the help of a group of academics in urban planning and architecture. Four criteria were used to choose the 15 groups. First was the planning and design of the site. General land use guidelines were set by TWDI for each plot of land, and

⁷ It was thought that the public ownership of the land was essential in order to avoid further escalation of property prices in Tokyo at that time.

⁸ The calculation of the rate was based on the increase of property value in Shinjuku-subcentre development between 1965 and 1990. (Hiramoto 2000, p. 111)

contenders were asked that their architectural design comply with the guidelines. Second was the feasibility of the developments. This was examined through the bidding documents. Thirdly was the swap and exchange scheme. Most of the contenders had premises in central Tokyo, where the TMG was desperate to increase the number of public facilities and the amount of affordable housing. The TMG was in favour of the relocation and consolidation of those premises in central Tokyo to the waterfront area, so that the space could be available for the TMG. Fourthly, applicants were asked to submit a plan for recycling on their premises. They were to conform to the TMG's policy of environmental sustainability.

After the first round of bidding was finished, the TMG had to go through the difficult process of negotiation before the actual contracts were signed and construction was started. The deadline for the contracts was originally set at the end of March 1991, but was postponed because of the collapse of property market due to the 'bubble clash', and pleas from corporations to reduce the level of rent. They threatened to walk away from the negotiations if the TMG did not discount their rent. As a result, it was cut by 17% in June 1992 and another 23% in July 1993. Finally the TMG abandoned its New Leasing System in September 1993, which also meant that they gave up the original idea of financing the entire project by private finance and had to pour in general revenue. The contracts were signed, at last, at the end of March 1993, with some corporations dropping out. This event revealed the fragile and unstable nature of the relationship between the corporations and the TMG.

Development after the 1990s

The Tokyo Frontier

Concurrently, the TMG were planning to have an international exhibition, which they called 'Tokyo Frontier'. According to the document produced by the TMG, its purpose was quite philosophical, stating that this was the beginning of a "...new movement for urban development to resolve the problems which mega-cities in the world are facing today" (Hiramoto, 2000, p. 164, Author's translation). They planned to have an open-air exhibition on the construction site to show off how the futuristic city would be built with the aid of new technology and ideas. This would be a very ambitious and unique exhibition. But behind the sublime purpose, the real objective was to speed up the construction of the project by giving it a kind of stimuli. As the general economic situation began to deteriorate in Japan in 1992, 'Tokyo Frontier' ran into difficulties because not many private businesses showed an interest. A delay was announced in 1992, a scaling down in 1993, and it was subsequently called off in 1995 by the new Governor Yukio Aoshima.

Progress of the Project after the 1990s

The 'Bubble Economy', artificial economic growth sustained by the speculative property market, burst in the early 1990s and the Japanese economy went into deep recession. Disagreement and frustration increased among citizens in Tokyo with regard to the project. Their criticisms can be divided under three headings, which were its feasibility, its fairness, and its necessity for the development (Machimura, 1994). Firstly, financial concern was increasing since the Japanese economy had run into recession. Property prices had dropped significantly and doubt been raised about the feasibility of the development. Some companies who had won the public bidding postponed or withdrew from their formal contracts with the TMG because of financial difficulties. The project was designed on the principle that it would not receive input from the TMG's general revenue but should be financed by special revenue consisting of rent, a developer's contribution from their planning gains, and various types of funding from the private sector, which meant no cost to the tax payer. Secondly, allegations of a secret deal between business leaders and the LDP politicians raised the question that the project only helped big business's capital accumulation (Okabe, 1993). Thirdly, there was a fundamental doubt as to whether the development would really be helpful for Tokyo's future success. Their concern was that the TWSP would not help Tokyo's chronic urban problems like congestion and the shortage of affordable housing, but rather exacerbate them by creating another business centre and generating more traffic. Environmentalists also raised the issue of green spaces.

After the election of Governor Aoshima in 1995, the future of project became a big item on the political agenda. A conference for the review of the project was held, but, in the end, a radical alternative plan, which reduced the scale of the project, and a proposal of using the land for a public park, was rejected (TMG, 1996). Despite the recession and the reluctance of some private companies to start the construction work, the investment of the TMG has been steady and the first phase of the development has been proceeding almost according to plan. In terms of the urban infrastructure, the main headache is that road to the city centre which goes through the Toyosu and Ariake district has not so far materialised because negotiations with landlords in these areas have been delayed. In terms of the facilities both public and private, although some commercial buildings in the Daiba district have not been built yet, others have already commenced business. In fact the restaurants, hotels, and leisure facilities in the Daiba district have proved to be an instant success because the concept of 'urban resort' caught the public imagination, especially in the younger generation. Governor Ishihawa was elected in 1999, and he tried to use the project to 'revitalise' Tokyo's troubled

economy. He proposed a Casino as a new leisure function, and abandoned the leasing policy and decided to sell the land instead. Therefore the situation in 2002 can be summarised that it is successful as a place for urban leisure, but not so as a place for business, and the consequences to the urban structure and environment remain to be seen.

7.4 Exploring the Decision Making

Following the context setting in the last section, this section focuses on the decision making process, and examine the institutional relations between different agencies. Particular attention will be paid to the decision making process, and how different organisations, such as Central Government, the TMG, and those with private interests in the development pursued their own interests, negotiated, and achieved their goals in the course of the development.

This section is organised around several key questions asked in the interviews with those agencies involved in the project. They are namely, (1) why and how they got involved in the project: the motives, the aims and objectives, and (2) how are they pursued and settled these in relation to other agencies: what were the conflicts of interest, if any, and how did they manage to make compromises to achieve their own goals. These questions were put forward to the officials of various departments / ministries of the TMG and the national government, and the private sector, who are mainly private developers and the tenants.

Aims, Objectives, and Motivations

The social and economic environment in the early 1980s is crucial in identifying the agencies which were actively involved in the project, and in understanding their motives. As is discussed in Chapter IV and V, the big national political agendas at that time were the international trade imbalance and dispute with the USA; recovering from fiscal deficit of the late 1970s and cutting public spending; coping with the new phase of growth and concentration of urban functions in central Tokyo caused by the global economic integration. Public officials were bound to respond to these agendas at both local and national level.

On the national government level, the main policy responses were a restructuring of the economic growth model which consists of; transformation from an export-orientated one to a more self-sufficient and domestic-consumption orientated one; Minkatsu Policy, administrative reform, market orientation, and introduction of private finances; new urban structure and planning policy for selective concentration.

On the local government level, the TMG was concerned about rectifying the negative effect of urban concentration. The imbalance between the living population and the working population in some central wards reached record levels, and the rising property prices pushed local residents out of their neighbourhoods. The TMG was also eager to catch the momentum of the global economy and coming information society, and to take maximum economic benefit from them.

Tokyo Metropolitan Government (TMG)

The then Governor Suzuki was very much at the forefront of the project from the start, which was the proposal of the teleport on the island No. 13. This was based on the pride and ambition of his personal political life. As was discussed in Chapter V, his political style was described as ‘re-developmental’, and his previous experience made him confident in handling a big project. He was also driven by a sense of pride and rivalry with other local governments. The Tokyo teleport was first proposed in the 2nd World Teleport Congress in 1985, because the TMG was the host of the congress and he knew that both Yokohama and Osaka were proposing similar projects. He thought, as host, it would be embarrassing and humiliating not to make proposal on this occasion as people might see it as a failure of Tokyo compared to Yokohama and Osaka, and he could not politically afford to do that (Iwabuchi, 1991; Hiramoto, 2000). However, according to Mr. Hanada who held an executive position in the Chamber of Policy Planning (CPP) and was close to Suzuki, he also saw the teleport’s economic prospects.

“He soon realised that after the age of the seaport and the airport, the next would be the age of the teleport as the communication technology progresses. He thought that the teleport would become an indispensable urban facility for Tokyo in the coming information age to become the main gateway of the global economy and a connecting point of the global information network” (from the interview note with Mr. Hanada in CPP on 20/2/1998).

The conference participants and the media welcomed the plan with high hopes and enthusiasm, which further encouraged Suzuki to believe that the project should go ahead.

The Bureau of Harbour and Port (BHP) was one of the key agencies in the TMG involved in the project. Firstly, it is responsible for managing the land use of the Port of Tokyo. Any proposal with implications for land use and the function of the Port of Tokyo falls into its

jurisdiction⁹. As was discussed before, the port was facing a transformation of its function and land use from pure industrial use to a kind of mixed use of industry, office, housing, and leisure. Thus the BHP was contemplating devising a new land use strategy to accommodate and harmonise quite different land uses. Secondly, the BHP was the first to propose the teleport project in the first World Teleport Congress in New York in 1984. Because the conference was organised by the Port Authority of New York and New Jersey, the BHP was invited as a counterpart and 'sister port' (Hiramoto, 2000). Thirdly, there was an internal power struggle within the TMG. Although the Port of Tokyo plays an important role in economic development, the BHP deals with highly specialised issues and is not a mainstream policy making bureau in the TMG. Mr. Takeshita, the former head of BHP, told in the interview that,

"The Teleport project gave us a rare opportunity to lead the TMG policy which was popular and fashionable. It was good to boost the morale of the officials, and thus we were very enthusiastic about it" (not exact words but taken from the interview with Mr. Takeshita in BHP on 25/2/1998).

The Chamber of Policy Planning (CPP) is another body in the TMG which was deeply involved in the project. It played a vital role in co-ordinating the different policies of different departments, and making strategic decisions with the Governor. The duty of managing the teleport project was transferred from the BHP to the CPP after the successful conference in Tokyo in 1985. Because the proposal captured the public imagination and symbolised national confidence, it was transformed to a more ambitious business centre based on information technology (Hiramoto, 2000), which was beyond the BHP's sole responsibility. CPP assembled the Teleport Study Committee to discuss feasibility and technical matters, and set up its secretariat.

Another TMG department which was actively involved was **The Bureau of Urban Planning (BUP)**. They were responsible for total land use of Tokyo and its strategic planning. Their involvement came late, after its management responsibility has been transferred to the CPP. Their main concern was, as discussed in Chapter V, to rectify the over-concentration of economic functions in central Tokyo by developing sub-centres. As the project was expanded and transformed from teleport to information business centre, the BUP was taken on board to make sure that it did not contradict the TMG's multi-polar policy. The BUP was also

⁹ The Japanese planning system distinguishes the port area from the urban area, and designates more planning power to the port authority.

concerned about the level of property prices and the shortage of office space in the early 1980s.

National Government

The major political agenda for the national government in the early 1980s was to find a new formula for economic growth through domestic consumption, Minkatsu policy and utilisation of the private sector, and to tackle over-concentration in Tokyo and hyper property prices. The main policy response to these issues in relation to the urban development in Tokyo was to increase the supply of office space, because it could contribute to the above three problems. On the one hand, in short-term, the supply of new office space could ease the development pressure and the price increase. On the other hand, in the long term, it could invigorate the private development/construction industry which was regarded as a key to increasing the domestic consumption through the Minkatsu policy. These policy goals were pursued both by the political party and state officials in various ministries.

The Liberal Democratic Party (LDP) was the ruling party of Japanese post-war politics since 1955. It was effectively a broad coalition of different factions which were connected to different interest groups, such as agricultural, commercial, and industrial. As discussed in Chapter IV and V, it was also the coordinator and ‘fixer’ of business interests and state officials. Thus it played a major role in economic development in post-war Japan. It organised two kinds of initiatives; one to point out the potential geographical area of new office supply, and the other to establish an advisory committee to devise a strategy for the project management.

The former, known as the Amano Proposal, was made in April 1986 and, pointed out the possibility of increasing property supply in the Tokyo waterfront area. Its policy intention was clearly stated thus,

“... the recent increase of demand for office space is causing a severe shortage of land and a formidable rise in property prices, which may hamper Tokyo's economic prospects. At the same time, we need to restructure Japanese economy from an export-orientated model to one based on domestic consumption, as was demanded by the USA as a result of the trade dispute. Therefore urban redevelopment on a massive scale involving the private sector is necessary to satisfy the two demands at once. They are, on the one hand, cooling down the heated property market by making more space available, and on the other,

*boosting overall domestic consumption by giving incentives to construction related industries*¹⁰”(Private Sector Project Study Group, 1987, p. 258, my translation).

The second initiative which fell in the latter category was led by the then Vice Prime Minister Shin Kanemaru who was known as a ‘King Maker’ of Japanese politics in the 1980s and had great influence in the construction industry. He set up a committee called the Minkan Katuryoku Suishin Kondankai (*The Private Sector Utilisation Committee*). This was part of the government policy of Minkatsu. The purpose of the committee was to discuss how to introduce private finance to large-scale urban redevelopment projects following the Amano Proposal. The committee members came from industry, academia, journalism, and local government, including Governor Suzuki himself (see Appendix 2). It was chaired by the chairman of the Nippon Steel Corporation, one of the largest steel makers in the world, who also chaired the Japan Confederation of Economic Organisations¹¹. Therefore, it could be said that the committee, despite its non-statutory status¹², assembled a group of unusually powerful individuals from their respective communities (Machimura, 1994, p. 148).

The committee issued a statement on 6 November 1986 in which they proposed a policy for large-scale urban redevelopment projects. They recognised, on the one hand, the enormous potential of the developments waiting to happen on the doorstep of the central part of Tokyo. On the other hand, however, they faced the obstacle of putting in place the necessary infrastructure, a complicated and lengthy process requiring consensus between different departments of central and local government, other public bodies, and private corporations in a given period of time (Private Sector Project Study Group, 1987, pp. 261-264). Therefore, they established three principles under which to proceed:

1. Management Structure

Although it was assumed that the local authority would have the leading role, the involvement of central government would be necessary to establish the basic concept of the development and to implement action of the infrastructure projects which would cover a wide area. Therefore, steering committees, which consisted of officials from central and

¹⁰ This includes building material industries such as glass and steel, and high-tech machinery like computers.

¹¹ This is an association of business leaders, which was most politically active as lobbying organisation, and had a strong link to LDP.

¹² In some policy areas, the Japanese legal system requires the establishment of an advisory committee. But this was a voluntary body responsible only to the Vice Premier.

local government, and relevant public bodies, such as public housing corporations, should be established in each project for its coordination and the achievement of consensus. It was seen as vital to have good communication between the public and private sectors in order to strike the right balance in terms of sharing the cost and responsibility for the project.

2. Planning Gain and Private Sector Contribution

The principle was that the basic infrastructure should be provided by the public sector and the private sector should construct the business facilities. However, as the planning gain would be huge in some cases, a mechanism of getting contributions from the private sector should be established through, for example, the setting up of public-private joint organisations.

3. Disposal of Public Land

The developed land should be released to the private sector without causing a further escalation of property prices. Therefore, open market competition may not be suitable. Leasing, land trust, or a joint-body system should be considered.

In addition to these initiatives from the political party, several **national ministries** presented their own ideas and concepts for the urban development in Tokyo waterfront. They were attracted by the prospects of developing the ‘information city’ and the general idea of the forthcoming ‘information society’ prompted by the Teleport proposal. For example, **The Ministry of International Trade and Industry (MITI)** proposed the ‘Information Future City’, whose main objective was manifested in its policy document as,

“Urban development is crucial to transform the economy from export-orientated to domestic consumption, to facilitate a new post-industrial production system ... particularly, the investment into information technology would be critical to increase the domestic consumption” (MITI, 1987, p. v).

The document also envisaged that the future city should combine the advanced urban function with amenity space to create harmony of working life with residential life. The waterfront area was ideal for the purpose as it could supply vacant land, which is difficult to find in the built-up area.

The Ministry of Construction (MOC) announced 'The Super City' which proposed the innovation of office building technology. Massive building structures with floor spaces equipped with high-speed fiber-optic cable, automated security system and minimum CO2 emission was planned in Island No. 13, as a model of future building. The Tokyo Marine-net Plan by The Ministry of Post (MOP) was also related to the development of information technology. Though not exclusively targeting Tokyo waterfront, MOC and The National Land Agency (NLA) were responsible for strategic planning and the regional development plan. As discussed in Chapter V, the 4th CNDP, Capital Reconstruction Plan and the 4th CRDP aimed to create several core cities and to encourage selective industrial concentration. The Tokyo waterfront reserved a unique place in the plan for global business and information.

In summary, the interests of the national ministries were more geared towards the long term interest of the state, which was the transformation of industrial structure, working life, living style, and urban structure in relation to information technology and quality of life. Because of the availability of large undeveloped land, and the teleport project, Tokyo waterfront was targeted as a convenient place for the new initiatives.

The interest of the state was, however, most strongly felt to lie in the concerns of increasing office supply and boosting domestic consumption (Hanada, 1996; Hiramoto, 2000), compared to more general interest on information city. On the one hand it was led by the LDP, and the Amano Proposal and the Private Sector Utilisation Committee were the most powerful instruments to penetrate its influence. On the other hand, the proposals from ministries looked similar, with a combination of information technology and new forms of urban structure. Mr. Takeshita described these in the interview as,

"The proposals from the national ministries were the result of the competition of ideas aiming to increase their budget and profile. Their concern was over who was getting the biggest share, and there was very little coordinating effort. It was typical bureaucratic sectionalism" (from interview with Mr. Takeshita in BHP on 25/2/1998).

Private Sector

As was outlined in the last section, the private sector was involved in the project in various stages, from planning to implementation; and on several levels, from the strategic to the managerial. Four types of involvement can be identified;

- (A) as an individual member of an advisory committee to the government
- (B) as a developer who formed corporate groups, made proposals, and participated in the public bidding
- (C) as a tenant who operated a business on the premises,
- (D) as a contributor / investor to the Tokyo Waterfront Development Inc. (TWDI), the public-private partnership responsible for the infrastructure investment.

The main sectors involved were property developers, construction contractors and building material industries; utilities and financial corporations were also involved. The following explains the circumstances and their motivation.

(A) Advisory Committee

During the planning stage, there were mainly two ways for the private sector to be involved. Firstly, business leaders could exercise their influence by being a member of the advisory committees to the government. As Machimura's study shows, many committees were set up in the 1980s in relation to urban restructuring. A few advisory committees were created to discuss the basic concept and developing strategy of the project. They were the Tokyo Tele-port Study Committee (July 1985 - March 1987), the Future Vision for Port of Tokyo Committee (Feb. 1986 - Oct. 1986) set up by the TMG, and the Private Sector Utilisation Committee (Sept. 1986 – March 1988), established under the leadership of the then vice prime minister Kanemaru. As Appendix 2 shows, the committee members were powerful individuals in their respective sectors, a sort of Great and Good.

(B) Corporate Groups

Secondly, business firms assembled and formed a number of corporate groups to express their development interests through publications, and to campaign against the government. About a dozen corporate groups were formed. For instance, Japan Industrial Bank, New Nippon Steel, and Tokyo Marine Insurance organised the Tokyo Tele-port Research Committee with 70 other top firms, and published their proposals. Tokyo Humania, another group, organised by Itochu-Shoji plc. and Daiichi Kangyo Bank assembled 92 corporations. According to Mr. Muraki, who worked for Tokyo Humania, they were created for

- *exchanging information between different sectors,*
- *getting better access to the government officials (somehow corporate groups were seen as quasi-public organisation)*

- *allowing individual members to use the knowledge gained in the group to the benefit of their own business*
- *gaining the access to bigger business chances that are not possible by acting alone*

(from the interview note with Mr. Kimura in Tokyo Humania on 19/3/1998)

These corporate groups published and promoted their ideas as developers in glossy plans. They saw this area as having a major business and commercial accumulation potential in the 21st century, and thus clearly expected a great potential for property development (Tokyo Humania, 1988). They thought that if their idea (or only a part of their idea) was adopted in the official development plan, their investment opportunity and their chances of winning the contract might be greatly increased (Hiramoto, 2000, p.114). In addition, some government ministries organised groups by themselves with private corporations. The MITI proposed an 'Information Future City' with information industries such as Nippon Telephone and Telegram (NTT), Fujitsu, and Toshiba, to broaden the horizons of technological innovation. All the corporate groups mentioned above participated in the public bidding in 1990.

(C) Tenant

The individual members of the corporate groups, and others outside the groups, sought the opportunity of being a tenant and doing business in the project. As the project developed from teleport to information business centre and comprehensive new town, the range of interest expanded. It ranged from tele-communication and information related industries to leisure and retail sectors. They were attracted by variety of reasons. For instance, the availability of large floor spaces in one floor level at a reasonable rent attracted UC Card, one of the Japanese credit card companies. Mr. Fujinomori told in the interview that,

“Though we were aware that the project encouraged information industries and we are one of them, the critical reason was the rent level and the floor space. We were looking for a large floor space to consolidate different departments of our operation into one building. The information infrastructure, fibre-optic cable system, is better for transmitting financial transaction by our credit card, but it was the third reason” (interview with Mr. Fujimori in UC Card, conducted on 5/3/1998).

Nikko Hotel, a luxury and leisure hotel, was the key attraction for the leisure and entertainment side of the project. Mr. Muraki who was an executive of Tokyo Humania and

also responsible for development of Nikko Hotel was confident of the location advantage of the waterfront, which turned out to be an instant success. He told in the interview that,

“Before the development was underway, this area was only partially open to the public. Though there was a nature reserve, the access was very limited, and the beach and the water was not approachable because of the garbage. Therefore we were quite confident that, once those obstacles were cleared, people would like to visit a clean and natural environment just on the doorstep of Tokyo”
(interview with Mr. Muraki in Tokyo Humania, conducted on 19/3/1998).

Despite his confidence, however, the survey carried out by Tokyo Humania with its members pointed out that the typical attitude among potential tenants in 1988 was ‘wait and see’. They were not sure what sort of new city centre would emerge, and whether the promised industrial / commercial facilities would really materialise. They did not like to be left out, but did not like to take a risk either (Tokyo Humania, 1988).

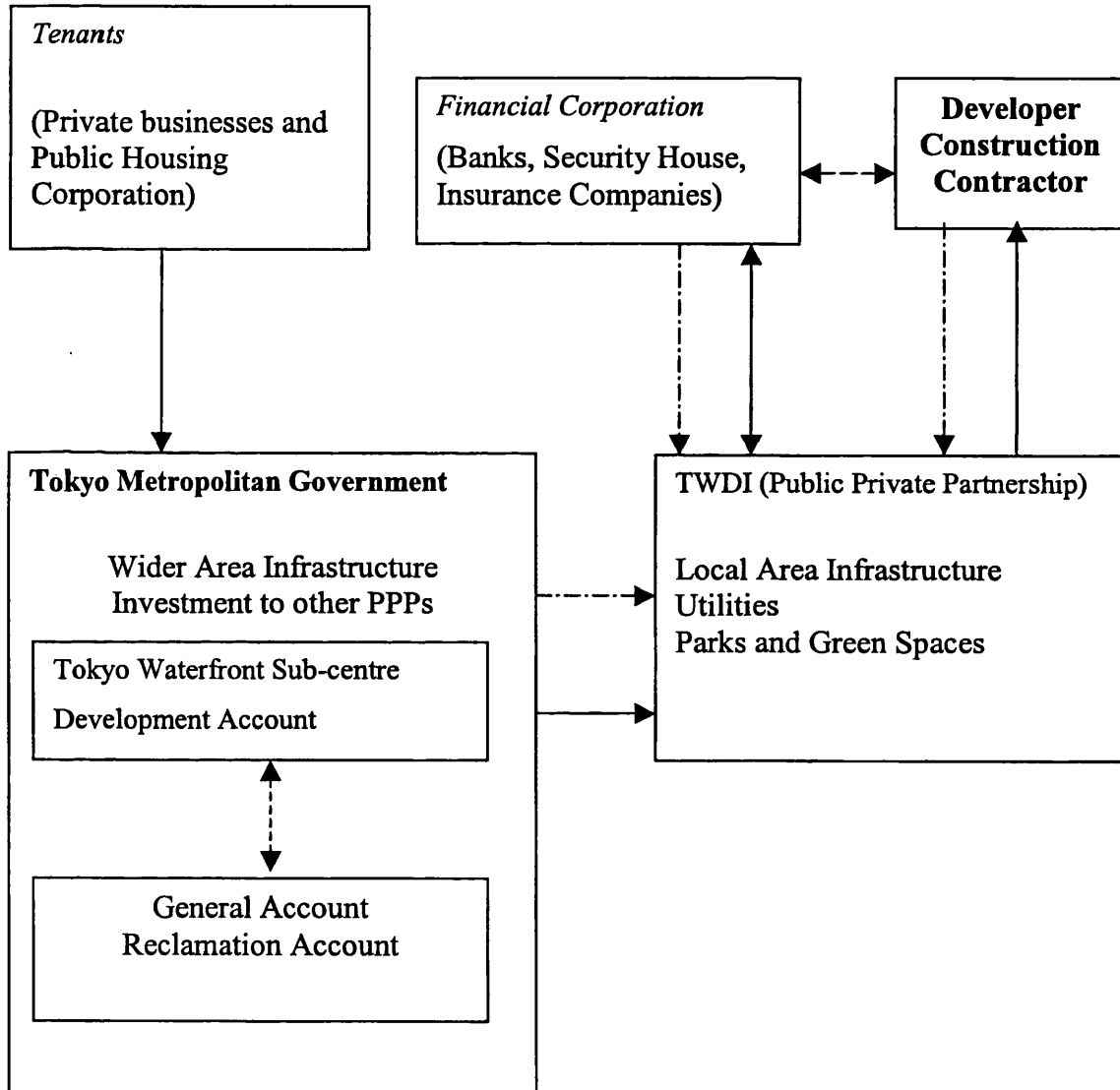
(D) Tokyo Waterfront Development Inc. (TWDI)

The Private sector also contributed to the implementation of the project by investing in TWDI, a public private partnership for the construction of infrastructure. Figure 7.2 shows the mechanism of its implementation. TWDI borrowed money from financial corporations with the assurance of the TMG and constructed the infrastructure. The TMG paid for it from the Tokyo Waterfront Sub-centre Project Account with the exchange of completed facilities. TWDI, in turn, paid Construction Contractors for the job. TWDI is a public private partnership in which the TMG and private corporations shared personnel and capital investment. The TMG holds 51.5% of its shares and the rest is divided amongst the private sector and financial corporations. In terms of its personnel, the president was the Governor of Tokyo, and a quarter of its executives and about two thirds of its staff were from financial institutions¹³. However, the influence of private corporations over the management was quite limited. The private sector share was divided almost equally among them, with the result that each company had a small percentage. This was a deliberate strategy by the TMG to maintain overall control by preventing a small number of firms from taking a large amount of shares and taking dominant positions (O’Leary and Machimura, 1995). The private sector did not object to the arrangements, because they did not really expect to gain large profits from this

¹³ The majority of them were from the construction and development industries who were seconded to banks and then transferred to TWDI (Okabe 1993)

sort of public private partnership project, in spite of their substantial investment. What they had in mind was maintaining good inside communications with public officials, so that they could hold favourable positions against other competitors (or at least avoid lagging behind) in other TMG public work projects.

Figure 7.2 Implementation Mechanism of TWSD



Conflict, Cooperation and Resolution between National and Local Government

Having identified the agencies involved in the project and their aims, objectives, and motivations, this section discusses the way conflicts were raised, cooperation formulated, and resolutions executed between the different agencies. Though it could be possible to identify many issues of conflict and cooperation between multiple agencies, I focused on broadly two phases, which illustrated the nature of power relations between the agencies most vividly. One is the process of initial planning and conceptualisation of the project, and the expansion from the teleport to the sub-centre in particular. The main conflict in this phase is between the TMG and the national government, over the pace, contents, and control of the project. The other is the process involving the private sector, particularly public bidding and the operation of TWDI. This was where the contribution of the private sector was most tangible, thus attention is paid to the way private and public sector worked together. It illustrates the institutionalised relations and difficulty between the TMG and the private developers.

The section asks two sets of questions;

- (1) What was the nature of conflict / cooperation, who were behind it, and why?
- (2) How was compromise reached, consensus achieved, and the situation resolved?

The project evolved from a proposal for a teleport through an information business centre to a comprehensive new sub-centre over the matter of three years. This section explores the nature of conflict and cooperation during the period. Two policy issues deserve particular scrutiny, one is the scale and the content of the project from the highly specialised teleport proposal to comprehensive sub-centre, and the other is over who managed the project. The basic shift of power was from the TMG to the national government, then back to the TMG again and settled in the end by mutual compromise.

Conflict

After the teleport initiative was launched by the TMG in 1985, the interference of the national government started with the Amano Proposal in April 1986. It called for more land in Tokyo waterfront to be set aside for redevelopment, and effectively put a pressure on the TMG to contribute to the Minkatsu Policy¹⁴. The Private Participation Promotion Law (Minkatsu Act)

¹⁴ Central government also asked to relax the zoning regulation in central Tokyo to realise more redevelopment projects.

was activated in May, and the 4th Capital Region Development Plan announced in the following June. Thus, the policy environment was ready for a large scale redevelopment project in the waterfront through a public private partnership. Tokyo Tele-port Study Committee published a mid-term report in August 1986, in which the idea of a tele-port was effectively transformed into that of a new business centre. It was said that because of the pressure from the national government and the LDP, the course of the discussion in the committee shifted from tele-port to business centre, which no one could have anticipated in the beginning (Sasaki, 1991; Hiramoto, 2000). One member of the committee expressed his confusion that:

“This committee is supposed to discuss the feasibility of a Tele-port, but the TMG’s policy is gradually shifting towards a business centre. Which should we discuss, is it Tele-port or business centre?” (Sasaki, 1991, p.123, my translation)

According to Mr Takeshita, the then head of the BHP, the crucial issue was the working population of 100,000 and visiting population of 300,000 because it set the frame for the development. He recalled the shock of seeing the draft report that,

“The draft came to us (BHP) just two weeks before the official announcement. I was astonished to see those figures, and rushed to the office of CPP. They tried to persuade me, but I was still not happy. So I proposed to discuss the matter further with Governor Suzuki later, but nothing happened and the announcement was made as scheduled” (interview with Mr. Takeshita in BHP on 20/2/1998).

He attributed this incident to the different stances in different bureaux of the TMG. The tele-port project was originally coordinated by the BHP, but later responsibility was transferred to the Chamber of Policy Planning (CPP), which was the centre of policy making and coordination in the whole TMG, and had a strong link with the powerful MITI who coordinated the study committee. Although the BHP had close links with Ministry of Transport, the ministry was usually not as powerful as the MITI who had strong links to the CPP. As a result, he suspects that the committee was under strong pressure from central government through the CPP (Takeshita 1990, p.5).

Mr. Ohtsuka, then the head of the CPP, confirmed this in an interview with a journalist:

"It is our view that we really needed one or two more years to have a satisfactory plan at this stage. But, because central government and the private sector were very keen to press on with the project, which helped to boost domestic consumption, it was true that we were under political pressure to carry forward the project sooner rather than later"¹⁵ (Otsuka, 1987, p. 89, my translation).

There are a few more anecdotes which illustrate this pressure. NLA staff visited the TMG and asked them to speed up the development concept. Kanemaru's staff invited high-ranking managers of the TMG to an exclusive restaurant and encouraged the development. Governor Suzuki was reported to be upset that central government had made various plans for land owned by the TMG, and was resentful of their advances (Yokota, 1992). He was quoted as saying,

"It is rude to enter someone's property without removing your shoes"¹⁶ (Asahi Shinbun Newspaper 4/5/1991, my translation).

On the 25 September 1986, the then deputy prime-minister Shin Kanemaru, construction minister Mitsuharu Amano, and the head of the National Land Agency, Tamisuke Watanuki, went to an inspection of the Tokyo waterfront including the proposed site for the tele-port. It was unprecedented that the three most powerful politicians in the sphere of construction and development gathered together to inspect a particular site before the project was launched. This was portrayed as a sign of increasing pressure from the central government (Sasaki, 1991, p.124, Okabe, 1993, ch.3) to advance the Minkatsu policy. The Private Sector Utilisation Committee was set up in the same month. In December, the National Land Agency compiled a response against the Amano Proposal from the national government ministries. It followed the same line, 1,200 ha of floor spaces, but added a working population of 250,000 and a living population of 70,000. Despite the view of the TMG that it was too early to present those figures before the land use strategy was finalised, it was made public (Hiramoto, 2000, Takeshita, 1996). The sequence of the events suggests the accelerating pace of Minkatsu policy by the national government.

¹⁵ The LDP also applied pressure to change the zoning in the central part of Tokyo to increase the density and encourage more construction project. The TMG was desperate to refuse it, and instead tried to make some concession in the waterfront (Takeshita, 1990, p. 5).

¹⁶ Needless to say, it is a Japanese custom.

One of the most straightforward statements of opposition to the report came from the BHP, and its advisory committee's report, "Future Vision of the Port of Tokyo," published in October of that year. Mr. Takeshita, the then head of the BHP, explained that the main aim of the report was to introduce urban land use around the port area, but in so doing,

"It tried to make a coherent and coordinated pattern of land use. We thought it was wrong to present any figures of floor spaces and population projection, before the basic land use strategy was established. The first step should be to sort out different types of land use, and locate them in appropriate order" (interview with Mr. Takeshita in BHP on 25/2/1998).

He also contested the criticism that the report followed the same line as the Amano proposal, in a sense that it introduced urban land use, in a newspaper interview at the time;

"It was fundamentally different. It tried to contain urban land use in certain part of the port, and avoid any speculation. In fact, in a sense, it aimed to cool down the Minkatsu enthusiasm" (Tosei Shinpo on 7/11/1986).

Compromise, Concession, and Cooperation

The TMG clearly felt strong pressure from the national government, but could not stop it. It would be wrong, however, to interpret the outcome of the Tokyo Teleport Study Committee, despite denying the opportunity for the BHP to present their case, as a sign of surrender by the TMG. It was rather the tactic of the TMG to avoid further interference by presenting its own vision for a business centre ahead of central governments. This was described as a 'counter punch' (Hiramoto, 2000, p.67).

This idea was further developed in the TMG's multi-polar plan by including the project. It was officially named as "Tokyo Waterfront Sub-centre Project" in the TMG's 2nd Long Term Plan, and was no longer just a business centre but, together with housing, retail and leisure, a complete and self-contained new city. The designation of the sub-centre was more powerful than the idea of national government and made it difficult for their intervention. It was not in the original plan as Mr. Hiramoto in Mitsubishi Research Institute (MRI) who worked as a chief planning consultant to the TMG told me,

“It was really a surprise that the teleport was transformed to a sub-centre. If I had known that, I would have planned the project differently. The locations of the facilities were not meant for a sub-centre” (interview with Mr. Hiramoto in MRI on 25/3/1998).

The Private Sector Utilisation Committee established in September that year was a powerful tool with which central government could promote Minkatsu Policy. Governor Suzuki was chosen as a member of the committee, and delivered sharp criticisms to the Government in the discussion. At the third meeting on 22 October 1986, the committee encouraged more waterfront development by saying that the increase of office space would be good from the viewpoint of Minkatsu policy. Governor Suzuki, however, argued that the property development should proceed not only from the narrow and immediate interest of boosting domestic consumption and easing trade friction between Japan and the US, but from a long term strategic view point. He was quoted as saying in the fourth committee meeting on 6 November 1986 that,

“Local government should have the responsibility of making a basic plan. Then, in consultation with central government ministries, it should lead the process. There is no real progress without affirming this point. Apart from the privately owned land, local government should have a leading role in the whole development process” (Takeshita, 1990, p.8; Hiramoto, 2000, p.73, my translation).

The TMG regained its initiative through his speech, which enabled them to prepare the basic framework for the project. Although the TMG had to form a Steering Committee in consultation with government ministries, their ability to influence the committee increased.

It was unprecedented for central government ministries to set up a steering committee for a project led by local government (Hiramoto, 2000, p. 73). This indicated their special interest in the project. It was also very convenient for the TMG because it did not have to bother with the sectionalism of central ministries as it was a cross-sectional body and worked as a one-stop shop. The main function of the steering committee was to forge consensus on the development between the TMG and Government ministries. The initiative was taken by the TMG but only with help and approval from the government.

To summarise the argument above, the following section discusses the subject of conflict, the method of achieving consensus and coordination, and the nature of power relations between

the TMG and national government. The scale and the contents of the project, and the method of development was the subject of conflict in early stages. On the one hand, the TMG and the BHP in particular liked the idea of gradual introduction of an urban function into the port area. Though they recognised that land use transformation was inevitable, they preferred an incremental process. On the other hand, the national government and the LDP pressed hard for designating more space for the office development at once. They were urged by the need to adopt Minkatsu policy. The pressure was too big for the BHP to resist, and the project was nearly hijacked by the national government. The conflicting view inevitably raised the question of who should take control of the project. Despite the fact that the Island No. 13 is owned by the TMG, it was not clear, at one time, who should lead the project.

The conflict was eventually settled by the effective persuasion of the then Governor Suzuki, and the tactics he and the TMG adopted in retaining overall control at the expense of its pace and, to some extent, the contents of the development. Firstly, the governor had a superb knowledge of and insight into the government machine¹⁷, which helped him at the negotiation table to persuade and convince them. He knew the weakest point of the central bureaucracy was sectionalism, and lack of coordination. Maintaining the budget and the portfolio tends to provoke inter-ministerial rivalry and to override the concern for project coordination¹⁸. Thus, he successfully argued that, by taking the TMG to the centre of the coordination, ministries could overcome the distractive sectionalism and achieve their goals. The result was the establishment of the steering committee. According to Mr. Araki, who represented NLA in the committee,

“The function of the committee was consultative. The TMG led the proposals and the ministries responded to reflect their concerns. Effectively it became a place for the TMG to get ‘a stamp of approval’ from the central government”
(interview with Mr. Araki in NLA on 20/4/1998).

Secondly, and probably most crucially, the TMG adopted a set of tactics to avoid confrontation and further intervention from central government. Although the TMG was furious, at the time, about government intervention, it adopted quite similar ideas for the project, such as a global business centre based on communication technology. As I discussed in Chapter V, Governor Suzuki's administration was in tune with neo-liberal ideology of central government, and he had a political vision of transforming Tokyo into a global city.

¹⁷ He was a civil servant who reached the top of the ranks before elected governor.

¹⁸ For instance, port development is notorious as a battleground between the Ministry of Construction and the Ministry of Transportation, because the responsibility overlaps.

Moreover, he was in favour of a big project based on his experience. Therefore, there was no major disagreement about the substance of the development in the end. The conversion of the project into the sub-centre within a multi-polar urban structure policy was a calculated tactic by the TMG to distance itself from the influence of central government and maintain the policy initiative. Professor Ohnishi, in the University of Tokyo and a keen observer of the project, told me in the interview that,

“It was typical of the TMG under the Governor Suzuki’s leadership. They liked something big and monumental, but did not have enough resources for going it alone. Thus, they tried to get the most out of the national government. The rivalry was mainly over superficial values such as the preservation of the pride of the TMG by its retaining the initiative in the development process”(interview with Professor Ohnishi on 10/7/1998).

In summary, despite their rivalry, they worked together closely and used each other’s influence to advance their own interests. Mr. Suzuki himself recalled the incidence of central government’s advances by the then Vice Prime Minister Kanemaru as “helpful for the TMG in that he promised coordinated back up (the establishment of the Steering Committee) from the central government” (Hiramoto, 2000, p.71, my translation).

Inter-dependent Relations

The discussion traced conflict and resolution between central and local government. What does it tell us about the nature of power relations between the two? The relationship between the TMG and the central government on the project can be described as one of mutual dependence with an element of strong rivalry, which means that they both needed each other, despite fierce competition for leadership, to advance their own agendas. As discussed above, the TMG took the upper hand in the end by adopting central government policy but managing to retain the capacity of overall control.

This kind of mutual dependency can be better understood against the larger contextual backdrop of the strategic urban planning and Minkatsu policy. Firstly, a change of the strategic urban planning policy effectively paved a way for the implementation of the project, because large-scale urban developments had been discouraged in favour of the dispersion of urban concentration in previous plans. The change of policy was brought about by the Nakasone administration at the beginning of the 1980s. The 4th CNDP (NLA, 1987) and the 4th CRDP (NLA, 1986) opened a new opportunity for the TMG to plan large-scale urban

development by giving them a new justification for financial and producer service agglomeration. One official in the TMG said during interview that the whole project would not have happened without the policy change by the central government. Thus he portrayed the change of strategic planning policy as “timely help” (Interview with Mr. Araki in NLA on 23/4/1998). However, because the land was owned by the TMG, the central government could not proceed with the project without the TMG’s consent.

Secondly, the Minkatsu Policy pursued by national government had a great impact on the physical environment and the urban community. The TMG had an ambivalent relationship with central government regarding the advancement of Minkatsu policy. The scale of intervention and the degree of political pressure from central government during the project were unprecedented and unusual (Yokota, 1992). On the one hand, its policy for utilising greater private potential was annoying because it could strip the TMG of the power to carry out development on its own terms to achieve its own objectives. This was a real threat because of the firmness of the national government’s stance on the policy. Minkatsu policy reflected a common structural change among advanced industrial countries which started with the oil crisis and recession in the 1970s and was accelerated by the advance of neo-liberal ideology. Moreover, it was expected that close cooperation between government officials and business leaders coordinated by LDP politicians was further encouraged by the policy and that this would strengthen the Development Industry Complex (DIC) and accelerate the pressure to develop. On the other hand, however, although the TMG had a vague idea of how to develop the waterfront area as a strategic centre for Tokyo (TMG, 1982), it lacked a specific strategy and the means for carrying out a project on this scale¹⁹. Moreover, it is possible that, by hiding behind national government policy, the TMG thought that they could divert criticism against development towards the national government. Therefore, the private sector utilisation policy was partly welcomed and worked as an impetus and a dynamo for the project (Mikuriya, 1990).

The Involvement of the Private Sector

The last section dealt with the initial planning stage and examined the conflict and cooperation between the TMG and the national government. This section focuses on the nature of private sector involvement and explores the relations with the public sector. There are two arenas of investigation. One is the interaction between the corporate groups and the TMG regarding their project proposals and the public bidding in 1990. The other is the

¹⁹ It would have been much smaller scale without private sector contribution.

formulation and the operation of TWDI, the public-private partnership body for implementation of the project. It revealed that the relationship between the public and private sector was not one of 'conflict' and 'reconciliation', but rather 'non-engagement' and 'keeping distance,' which led to a kind of 'misunderstanding'.

Corporate Groups and Public Bidding

As was discussed in the previous section, corporate groups were active in promoting their ideas. The TMG seemed to welcome the proposals. The words of the officials were recorded as "If you put forward brilliant ideas, we would like to reflect it in our plan" (Hiramoto, 2000, p. 114). The Japan Information Service Association (JISA), the association for the information processing industry and later as established a company called Time 24, lobbied for a software industry cluster as a part of the project, and had an encouraging response (Iwabuchi, 1991). However, the real effect on policy makers was questionable. Although it is true that particular facilities and ideas proposed by those corporate groups, such as the urban marina and the light rail transit, appeared in the official development plan at a later stage, that does not necessarily mean that the project was guided by their proposals. The final stage of planning was done by the project team in the TMG with the help of independent academics and outside consultants. According to Mr. Takeshita, the then head of BHP,

"Although we were aware of those proposals, there was no discussion nor negotiation of individual cases. We have our own ideas and did not copy theirs"
(interview with Mr. Takeshita in BHP on 25/2/1998).

Mr. Kimura, then working for Tokyo Humania, expressed confusion from the developers' side that,

"We frequently visited the TMG office, and pressed hard to sell our ideas. Their attitude was lukewarm at best. We did not get any clue" (interview with Mr. Kimura on 19/3/1998).

In reality, the words of the TMG officials should be regarded as 'lip service' (Hiramoto, 2000, p. 114), prompted by the anxiety that the project might not attract enough interest. Mr. Nakamura in Time 24, a software company, recalled that,

"They (TMG) must have been worried that not enough firms may be participating in the bidding process. Although there was a plan, in reality, it was just an empty site. Infrastructure was notorious for its unpredictable implementation timetable. For us, however, their word sounded like an invitation" (interview with Mr. Nakamura in Time 24 on 12/3/1998).

Public Bidding

During the bidding and selection process, closer contact between the TMG officials and the consortiums was to be expected. These contacts, were however, strictly limited to the formal sphere of government activity. The bids were sent by post and decided behind closed doors. Although there were some members of the private sector specialising in the evaluation of building design, the selection panel was dominated by TNG officials (Hiramoto, 2000, p.126) Their idea was to make bidding as fair as possible by excluding any possibility of being influenced by the bidders. A member of the selection panel recalled in an interview with a journalist that:

"We made sure that the bidding was as fair and clean as possible. Thus, we didn't accept any telephone calls or visits regarding the bidding, not only from private bidders but also from central government ministries" (Iwabuchi, 1991, p.201, my translation).

There were some allegations that secret negotiations took place, with the help of politicians, between the TMG and business leaders (Okabe, 1995), but these allegations have never been substantiated. Although some national politicians may have tried to intervene in the bidding, it is clear from my interviews that the TMG officials were desperate to keep away from these political spheres, and tried to act neutrally in the realm of a technocratic decision making structure. The following comments obtained in interviews with former TMG officials illustrate their concern.

"The land owned by the TMG should be used for the welfare of the whole people of Tokyo. It might look like sleazy to help certain individual firms in the process of bidding" (interview with Mr. Hanada in CPP on 20/2/1998).

"It would look suspicious to negotiate with individual firms when those rumours were circulated" (interview with Mr. Takeshita in BHP on 25/2/1998).

From the private sector's point of view, it was difficult to calculate the risks and benefits of this type of open competition. For instance, Mitsubishi Corporation, one of the biggest developers in Japan, did not take part in the bidding. One executive explained that,

"We were not clear how much risk factor was involved. We did not like the TMG as a landlord. Especially the new leasing system seems to be over bureaucratic and have little flexibility. We also thought the level of rent was too high. We might have considered it if they opted for sale rather than leasing" (interview with Mr. Suzuki in Mitsubishi Corporation on 5/7/1998).

Although the general direction of land use for a plot of land, such as office, hotel, and housing was given by the TMG, each applicant did not know who else was applying and what sort of business might move in next door. Therefore, the initial anxiety for the companies investing was quite high and, in fact, even shared by some of the officials in the TMG who feared that the project might not appeal to business people.

The rigid and time-consuming application process also left a negative impression among private developers. Mr. Kimura in Tokyo Humania told me that,

"The deadline of the application was the end of August, and we have to work in the summer holiday season. Because TMG want more than a few signatures of the executives on the application form, I have to go around and collect them. I remember that I went to Karuizawa²⁰ when they were enjoying their family holiday" (interview with Mr. Kimura in Tokyo Humania on 19/3/1998).

In the end, the development site proved to be quite popular, but some of the companies whose bids were successful ran into difficulties at the later implementation stage. Private developers expressed concern that some companies might participate in the bidding because of the general trend of popularity of the waterfront site (a sort of fashion) without considering the serious financial implications. The main cause of difficulty in the later stages was the general economic slump but it could be argued that if the TMG and the business community had been working more closely and had had a cooperative policy, it could have been avoided. Land prices were rising continuously at the time and all were confident that investment in property was good business.

²⁰ It is a well known and exclusive holiday resort for the company executives, about 100 Km north of Tokyo.

TWDI

The private sector contributed to run TWDI, but as discussed earlier in this chapter, this investment did not lead to a substantial influence. Firstly, in terms of financial structure, the TMG controlled a majority of its shares and the rest was divided almost equally among the private investors. Crucially, however, the private sector did not object to these arrangements, because they did not really expect to gain large profits from this sort of public private partnership project, in spite of their substantial investment. Mr. Takeshita in the BHP explained that,

“What they really wanted was to maintain good inside communications with public officials, so that they could hold favourable positions against other competitors, or at least avoid lagging behind in other TMG public work projects. Japanese corporations operate on the basis of long term interest. It is vital to have good working relations with the government for financial institutions”
(interview with Mr. Takeshita in BHP on 20/2/1998).

Secondly, in terms of its management structure, the major posts were held by the public sector. The chairman of the corporation was the Governor of Tokyo, the president came from central government (the Ministry of Home Affairs), and the managing director was also from the TMG. Out of 21 executives and other managers, the public sector held 13 seats (two from central government, and the rest from the TMG) (Machimura, 1994). In contrast, among some 80 staff, 50 were seconded from the private sector mainly from the construction industry via financial corporations (Okabe, 1993), which indicated that decision making tended to be driven by public sector interests, while the practical work was carried out with the help of the expertise of the private sector.

The Characteristics of Public Private Relations in the TWSP

In summary, the evidence presented above shows that, despite contacts in the committees and partnership organisations, the interaction between the public and private sector was not significant in terms of formulating the program and taking the leadership. Firstly, the influence of the private sector was exercised in an environment carefully controlled by the public sector. The public bidding process was carried out within strict guidelines set down by the TMG, which did not allow any space for flexibility. Private investment into TWDI was carefully regulated so as not to exceed the capacity of the TMG to take control. Some

commentators argued that the development was led by big corporations (Okabe, 1993), but there is no evidence to support such claims. In fact, contrary to their argument, I found that there was a good degree of scepticism and mistrust, and even hostility among officials in the TMG against large private corporations.

“For the TMG, the guiding principal of economic policy is to help small firms. I guess that the TMG officials subconsciously think that a big corporation is too greedy because of the profit motivation, and the small firms are weak and fighting for survival. Thus they are uncomfortable about anything which helps big corporations” (interview with Mr. Iritani in TMG on 7/4/1998²¹).

Officials in the TMG feared that the private sector would take over and drive the proposed development out of their control. For instance, Mitsubishi Real Estate, one of the biggest developers in Japan, proposed the Marunouchi Manhattan Plan. Its idea was to redevelop Tokyo's prime business district in front of the central station where they owned property, and the plan showed sixty skyscrapers which would dominate the skyline of Tokyo (Ohno and Evans, 1992, p.113). It may be an extreme case, but it epitomised developers' vision of desirable urban redevelopment. As landlords, the TMG thought that they were entitled to proceed with the development on their own without regarding others. The TMG officials felt that they had an obligation to keep the land under public control because it was owned by the public and the public interest can only be achieved in public hands. The TMG was afraid that there would be no space for necessary infrastructure provision, if such an idea was carried out on the waterfront. As a result, however, some developers were deterred from making a bid.

Secondly, the cooperation between the public and private sectors in the TWSP had limited scope in terms of its membership and the agenda for discussion. Within the business community, the main sections which were keen to be involved were finance, developers, and construction contractors who expected to gain a substantial amount of work, and vital connections to the public officials for public works, and possibly profit from the development itself. Others, such as the manufacturing and retail industries, although they could become tenants, were not so keen. Although there were some attempts to represent general concern on how the Tokyo waterfront should be developed by such as JFEO (Keidanren, 1987), there was little cross sectional business alliance. Business alliances were set up along the lines of historically established corporate groups (*Keiretsu*) with the developers and financiers at their

²¹ This is also related to the tradition of the TMG's industrial policy, which tends to stay away from the economic policy as a whole, as it belongs to the central government, and thus may upset them.

core. Their interests were narrowed down to property development issues and to consolidate the group interest, but not extended to the strategic concern for Tokyo. There was no discussion about strategic issues for urban development, such as economic competitiveness, city marketing, and identity creation.

This lack of cooperation was also pointed out by Mr. Hanada in BHP in the interview. In his words:

“In Japan, we sometimes call these relationship ‘Dousho-Imu’ that means ‘as intimate as sleeping together, but dreaming different kinds of dreams’. That was exactly what happened in the Waterfront Sub-centre Project” (interview with Mr. Hanada in BHP on 20/2/1998).

Business interests were fragmented and focussed on immediate, individual self-interest. Mr. Hiramoto in MRI also said that,

“For individual corporations, the ultimate goal is to expand their business opportunity, whether Tokyo would become a World City or not” (interview with Mr. Hiramoto in MRI on 25/3/1998).

There were organisations that represented the wider business community such as the Chamber of Commerce and the Japan Federation of Economic Organisations (*Keidanren*), but their leadership on strategic issues was not strong. There was no formal consultation with the business community about the plan, and there were only two meetings held between the steering committee and the JFEO. The meetings were held on 22/7/1987 and 1/3/1988. According to my interview, however, Mr. Araki in NLA who was a member of the steering committee and who attended the meeting told me that,

“To be honest with you, I do not remember any particular agenda nor the nature of discussion. I think, whatever it was, it was not significant” (interview with Mr. Araki on 19/4/1998).

This comment was also confirmed by Mr. Yoshikawa in TMG, who was working in a secretariat at that time.

7.5 Analysis through Urban Regime Theory

This section analyses the institutional relationships in the governance of TWSP discussed above through the terminology and concepts taken from the literature of urban politics, such as Urban Regime Theory and Growth Coalition. The previous sections highlighted a number of characteristics associated with the decision-making on the TWSP through the examination of inter-governmental and public-private relations. The remainder of the analysis examines these characteristics and interprets them in relation to five aspects of the urban politics: the overarching agenda for a coalition, the extent and the composition of the membership, the mode of cooperation and existence of informal arrangements between the agencies, the characteristics of their power relations, and the role of local government in the coalition. The findings in TWSP are compared with the general characteristics of urban politics theorised in Urban Regime and Growth Coalition literature, discussed in Chapter V, in order to highlight the uniqueness of the governance of TWSP.

The Overarching Agenda: The Significance of Property Interest

In Urban Regime and Growth Coalition literature, the overarching agenda in the majority of cases is the economic growth of a given locality, although there are some exceptions, such as middle-class protection regime. The original growth coalition was based on the property development project and aimed to increase land value (Molotch, 1976; Logan and Molotch, 1987), but later developed the more general goal of economic growth (Cox and Mair, 1989; Wood, 1996). More recently, as world cities have faced increasing competition, inward investment, city marketing, and promoting tourism have become the major agenda for forming a coalition (Short and Kim, 1999; Thornley, 2001; Judd and Fainstein, 1999).

Machimura (1992; 1994) insisted that 'a loose but rather wide range of coalition for urban restructuring' was formed not just for the pursuit of the exchange of land, and more intensive and profitable use of it, but with the more general goal of transforming Tokyo into a World City (ibid, 1992, p.120). I argue, however, that the world city goal was weak as an agenda for the governance of TWSP, despite its origin as a teleport. 'World City' had become a familiar term among urban policy makers in the 1980s, somehow replacing 'international city' (Suzuki, 1990), and it was utilised to capture the confident mood of the nation and illustrated the economic success and increasing prosperity of Tokyo. It certainly played a role in boosting the confidence and prospects of the project, but not as a basis for the formation of concrete

policy goals. For the government side, Mr. Araki who was the NLA representative on the steering committee ,said in the interview that,

“I do not recall any moment when we discussed the “world city.” The term ‘world city’ did not come up to our discussion. I do not think the term does not match the reality of Tokyo” (interview with Mr. Araki in NLA on 19/4/1998).

Therefore, though each agency involved in the project had its own agenda to pursue, there seems to be no clear and powerful overarching agenda. As section 5.4 discussed, the strong suspicion is, because of the favourable market environment, Tokyo did not adopt an aggressive economic development policy and Supply-side intervention commonly observed in the West, which often binds the coalitions together and works as their overarching agenda.

Membership

The literature suggests that the membership of coalitions extends beyond narrow property concerns to include professional sports, media and education sectors because the local economic growth is seen as bringing wealth to all (Wood, 1996; Cox and Mair, 1989; Dowding, 2001). Moreover, this literature highlights the fact that coalitions attract agencies, who originally had different interests and priorities, and sometimes compete against each other, to work together to achieve common goals which could not be achieved by acting alone (Stoker, 1995).

Examination of the TWSP demonstrates that this was not the case. Firstly, the range of membership was not so extensive, and there was division in terms of the keenness. As discussed in section 7.5, the core members keen to be involved were directly connected to the construction and physical development, such as financial corporations, property developers, and construction contractors. They are the ones who participated in the advisory committees (shown in Appendix 2), and consisted of the core of the corporate groups who devised the strategic ideas. Others, such as the manufacturing, retail, and various service sectors were not so keen. To be sure, the TWSP was planned as a comprehensive development project, which would not only include offices, but also retail and leisure functions such as hotels, restaurants and shopping malls. Their participation in the planning stage, however, was very limited as they were primarily involved as ‘tenants’ who were mobilised after the main decisions were

taken²². Moreover, there was hardly any participation from the civic sector. Voluntary sector organisations and NGOs, in fact, raised some concerns about environmental and community issues (Okabe, 1993).

Secondly, another difference found between the literature of conventional regimes and the TWSP was the strong presence of the national government. Regime literature generally considers the role of national government to be that of a 'resource' from which the local actors can draw, (Stone, 1989; 2002) for example in the form of grants, but does not expect them to be directly involved. This was not the case in Tokyo. As well as expressing the strategic interests of Tokyo through various strategic plans, and proposing the Minkatsu policy, which had a big impact on land use, they were core members of the coalition. They often set the agenda and the target. The example is the Amano Proposal, which defined the needs of large scale property development in Tokyo Bay. The national government also assembled the membership from the private sector, and led the discussion in the Public Sector Utilisation Committee.

The Mode of Cooperation

The literature generally suggests a close cooperation between the local business community and city officials. Despite originally having different interests, partnership organisations, which shared the risk and responsibility, often united under their overarching common agenda to promote economic growth and the prosperity of the community. This is a relatively recent development in Western democracy in which post-war routine division between the public and the private is bridged by partnership. The mode of cooperation is often characterised by informal arrangements through networks rather than a formal hierarchical structure (Stone, 1989; Stoker, 1995). The cooperation is obtained through mutual trust and support rather than through commands and directives, which generates solidarity and loyalty. Thus, there is scope for substantial policy fusion, mutual learning and innovation. Regime theory also emphasises the importance of leadership for giving clear policy direction to compensate for the lack of a definite command structure.

The mode of cooperation is complex in the TWSP. On the one hand, although an 'informal' alliance did exist, it was based on the idea of the Development Industry Complex between the national government and property developers. For instance, the Private Sector Utilisation

²² The situation was different after the project succeeded as a 'leisure and entertainment' centre, as many joined the project management group.

Committee, a crucial organisation in shaping the course of the development, highlighted the interests of development industry. Out of its 20 members, 13 (including architects, planning academics, and the two most prominent private developers) had vested interests in property development (Appendix 2). It was an informal ad hoc advisory group to the then Vice Prime Minister Kanemaru. It was a routine operation to maintain established connections, but did not lead to an innovative relationship. On the other hand, where cooperation existed between the TMG and the business community, it was of a very different nature. As study of the implementation process revealed, the TMG just used the managerial and financial resources of the business community without considering their views on the strategic policy direction. For instance, though the private sector contributed considerably by paying rent and investing in the TWDI, their influence on the decision-making was very limited.

The TMG also had a very weak and limited capacity for working with the business community. Its policy direction was circumscribed by the philosophy of 'public service' in a narrow sense. For instance, in the field of industrial policy, though the MITI was keen to develop the IT industry, the TMG's attitude was lukewarm. The TMG was generally happy for the software industry to be involved in the project, but was afraid of sending the wrong message to the public that it gave 'unfair' advantage to the software industry if its companies were allowed to work closely together (Iwabuchi, 1991). This fear of unfairness was also expressed by a private developer that,

"One reason that we formed Tokyo Humania, a corporate group, was that it makes easier to have a contact to the TMG officials. They somehow seem to regard the corporate groups to be less profit orientated and more concerning the public goods than individual firms, and thus feel relaxed" (interview with Mr. Kimura in Tokyo Humania on 19/3/1998)

Thus, in terms of the relationship with the private sector, there was little substance to their cooperation. The participation in the project by private firms was limited to a few occasions, such as various committees commissioned by central government or the TMG, the public bidding stage, and in public private partnerships. Although informal contacts with national LDP politicians were reported in the planning and bidding process, my analysis revealed that contact between the TMG and the private sector was scarce in quantity and poor in quality. It did not contribute to the building of an institutional understanding, which would enable them to work together and to share responsibility. On the contrary, there was mutual distrust and scepticism.

The Concept of Power

Regime literature is based on the assumption of fragmented and pre-emptive power, which essentially suggests that no single party can have the ready-made authority to take overall control, but that it must work together with others and create the capacity to influence others. Thus it emphasises the 'social construction' model over 'social control', and sees the essence of power as the 'power to achieve' a governing capacity, rather than 'power over' the others (Stoker and Mossburger, 1994).

The case of TWSP seems to present a quite interesting example, as both 'pre-emptive' and hegemonic power co-existed. On the one hand, there was no single body, either private or public, which was in charge of coordinating the governance of TWSP. There was no minister or central government department which was responsible for Tokyo,²³ and there was no single grand coalition which assembled every stake-holders. Therefore, it could be said that the governance structure was fragmented and took the shape of a network without a particular centre. On the other hand, it is clear that the influence of national government penetrated well into the institutional relations. The nature of power was not so much 'social control' nor 'power over' but seemed more 'soft' and 'relational'. According to Mr. Yoshikawa, my contact person in TMG,

"The 'controlling' element of the national government through the formal government structure was not strong in the project, but the policies were decided in an ad hoc manner without thorough coordination" (interview with Mr. Yoshikawa in TMG on 9/3/1998).

The power of national government seems to have directed the establishment of the conditions within which other organisations had to work. Thus despite the organisational fragmentation, the power of national government remained central.

The Role of Local Government

The recent literature of urban politics emphasises the transformation of the role of local government from 'government' to 'governance' (for instance Kean and Paddison, 2000). The

²³ This is different from London where there is a cabinet minister and government office, as well as the London Pride Partnership, which represents an element of centralisation. (Newman and Thornley 1997)

traditional managerial model which emphasised service provision and the allocation of resources through the local government machine gave way to the 'entrepreneurial' or 'economic development' model based on the Supply-side intervention (Kearns and Paddison, 2000; Stoker, 2000). The priority of policy shifted to strategic concerns rather than mere implementation. Local government is regarded as one of many actors who have a stake in the local community, and is expected to cooperate with the business community and civic organisations. The role of local government is not to direct them, but to create an environment which enables other actors to work, and to manage the overall coordination.

In the case of Tokyo, though the TMG was the local government at metropolitan level, its role was more one of implementation of policy rather than of strategic planning. To be sure, the TMG started the tele-port project, and resisted the advances of central government. Their leadership, especially under the then Governor Suzuki, was bold and ambitious, which reflected the confidence of the TMG. It resembled the 'entrepreneurial' model in which he favoured big projects and was enthusiastic about physical development. However, their ideas of how to achieve their goals were very different. The Government machine of the TMG was rigid, procedural, bureaucratic, and not cooperative with outside organisations, especially with large business corporations. The TMG has often been criticised because of its closedness, and its policy was described as a kind of 'Monroe Doctrine'²⁴. Officials have also been criticised for their bureaucratic attitude, which shies away from any policy innovation. The TMG's policy-making style was generally said to resemble a technocracy (Nakano, 1997) and this was particularly salient during the implementation stage of the project when most of the work was done within the TMG along its hierarchical lines. They carried out the project in good faith based on the idea of 'public service,' which prevented them from working with any private interests to realise a 'public' goal. Though they were proud of themselves for acting as a 'public service', the attitude was, however, regarded as inflexible, closed, self-embracing, paternalistic, and even arrogant by private developers. In the light of this argument, it can be understood that the then Governor Suzuki's enthusiasm for development was based on his personal political ambition. Thus, though the role of the TMG might have looked 'entrepreneurial' at a time, its policy making process has a quite different nature.

²⁴ It is a form of isolationism named after the President Monroe's foreign policy in the USA.

Table 7.7 Comparison of some characteristics of governance

	Characteristics of Governance in TWSP	Characteristics of Governance in the Literature
Overarching Agenda	No clear and powerful overarching agenda, 'World City' agenda was weak	Economic development (often involving city marketing and inward investment)
Membership	Centred around development related ministries, Private developers, Construction contractors, Financial sector, No NGOs	Local government, Developers, Other local businesses (manufacturing and services), Media and educational institutions, Voluntary organisations, Landlords
Mode of Cooperation	Informal relations on the national level based on the routine DIC, Non-engagement on the local level	Flexible, interactive, inclusive Based on localism
Concept of Power	Based on Pre-emptive condition, but exercised through 'soft' and 'relational' method, rather than direct control	Based on pre-emptive condition, which lead to the power as 'Social Construction' model
The role of Local Government	Based on the concern over effective implementation and service provision	Based on the strategic concern Local government as 'Enabler' and 'Coordinator'

7.6 Conclusion: Urban Governance and the CDS

As I have set out in the introduction, this chapter does not intend to find a particular type of regime. Instead regime analysis has been employed as an analytical framework to explore the nature of institutional power relations in the project. The last section compared and contrasted the findings in the project with conventional urban governance literature. Based on that comparison, this section summarises the characteristics of the governance of TWSP, and analyses the way in which it relates to the characteristics of the political economy of Japan, theorised as the Capitalist Developmental State.

State-centred Governance of TWSP

Existence of Complex Partnership

Firstly, despite the perceived strong state thesis suggested by some commentators, (Hill and Fujita, 2000, for instance) central government did not exercise absolute command and control

power in the project. Nor was the decision-making hijacked by corporate business interests, as some (Okabe, 1993) claim. The decision-making was, instead, embedded in a complex web of mutually dependent, but sometimes competitive, relationships between central government, the TMG, and the business community. However, it is impossible to pin down any single body as 'the' governing coalition. There was no grand coalition which assembled all the key agencies and discussed strategic vision of the project. Instead, governance was embedded and achieved through the network of ad hoc and informal agencies that worked together.

Public sector centred governance

As my investigation clearly revealed, the decision-making and implementation was led by the public sector; the national government and the TMG. Firstly, crucial decisions such as the scale, timetable, contents, and management of the projects originated in the national government and the TMG. The main negotiations and power struggles took place between them. In that sense, the governance was centred around the government.

Secondly, this does not mean that they acted alone, but that they had a device to manage the compliance of others. They created advisory bodies such as the Teleport Study Committee and Private Sector Utilisation Committee, and had a public bidding process, and created TWDI for implementation. The influences of the advisory bodies and TWDI, however, were carefully managed and absorbed by the government. Guidelines were laid down by the public officials and the operation was carefully monitored.

Thirdly, policy making and implementation of TWSP can be described as 'technocratic'²⁵. Technocratic generally means a style of policy making based on scientific data and technological evaluation, and executed by experts. Firstly, the actual planning work was carried out by the TMG officials, and though there was some help from outside consultants, the decisions were made exclusively within the public sector. To start with, cross-sectional project teams were set up to plan different aspects of the development, such as development policy, public transport, utilities, and finance and project management. They started with surveys and research by outside consultants, followed by discussion in the project team, the results of which were sent to the management committee and the executive committee, who then reported to the steering committee to get approval. This was a time consuming and bureaucratic process. Secondly, the initial work for the framework was based on expert

²⁵ Policy making of the TMG has been sometimes characterised as 'technocratic' (Nakano, 1997; Sasaki, 1991).

calculations. It was estimated that the demand for office space in Tokyo would increase by around 1700 ha in 2000, while new supply was expected to provide only 1330 ha. Thus, they would be 370 ha short²⁶. The whole development area (440 ha) was divided up according to 'ideal proportions' with reference to the existing built up area of Tokyo, for buildings, roads, public transport, and open spaces. This resulted in the allocation of 38%, 34%, 3%, and 25% respectively. The building-to-land ration of the building area (244 ha) was 400 ~ 600%, which ended up creating 360 ha of floor spaces. Floor space per head for the worker was estimated at between 20 and 50 square metres depending on the type of business, and the whole working population would add up to 115,000. This illustrates the way in which the project was driven by the expert's estimation which was rigid and lacked flexibility.

Business Community

Thirdly, and most strikingly different from conventional regime literature, the business community was not pro-active in the development, but rather followed the decisions which the public sector made. Although they published quite a few showy illustrated proposals (sometimes along with government officials), when it came down to the actual development, it was not materialised. They were content to follow the lead set by the government. The business community in Tokyo was "too fragmented and uncoordinated to make any systematic impact on strategic urban development policy" (interview with Mr. Hanada in CPP on 20/2/1998). Their concerns remained the maximisation of their own profits and did not extend to the overall economy of the city through the big project. It is hardly surprising that business influence was limited and that they were willing to follow the direction set by public officials, given the fact that Japanese firms, financial sector and construction firms in particular, were heavily protected from competition by the national government and these two sectors were the key players in urban restructuring. In addition, they were accustomed to be offered business opportunities by the national government through the Minkatsu policy, thus were likely to behave in such a way as to avoid risks.

TWSP and the CDS

The analysis of the institutional relations in the TWSP through the framework of Regime Theory suggests that, contrary to the conventional regime literature, the governance was centred around the government. Despite the fact that there was no over-arching agenda, the

²⁶ NLA published that new office demand would be 5000 ha in 2000, which was criticised as it caused much speculation. (NLA 1985)

governance was achieved through consensus and conformity led by the national government and the TMG. Thus, it seems to be clear that there was some sort of guiding principle in organising the governance. This section argues that it is because the governance is deeply embedded within the structure of the CDS.

The role of the state can be conceived in two ways in the project: one is through the direct initiative of the state officials, and the other is through constructing a kind of environment in which every agency follows the rules and norms of CDS.

Direct Contribution

The most salient direct contribution of the national government was the Amano Proposal, which set aside the land in the waterfront for office development, and the establishment of The Private Sector Utilisation Committee. The former resulted in the change of timetable, scale and contents of the original teleport project, while the latter established the principle for the project management, such as defining the role of national and local government, the way in which private sectors should contribute, and the creation of the steering committee. Both initiatives were largely led by the LDP, but the national ministries followed their lead, and acted to press the TMG in the decision making process.

It may not be exactly classified as direct involvement in the project, but nevertheless the role the national government played in urban restructuring and in the development of the TWSP was significant. It was most tangibly observed in two policy initiatives - strategic planning policy and Minkatsu Policy. The 4th CNDP and the 4th CRDP confirmed the policy of selective concentration, which opened up opportunities for new types of business agglomeration on the waterfront. In terms of Minkatsu policy, the Minkatsu Act in 1986 allowed tax reductions and special loans to developers (public private partnerships) who planned to build special urban facilities such as the tele-port and the international convention centre. Thus, strategic planning policy prepared the right conditions for the TWSP, and the Minkatsu Act acted as catalyst. The project would not have been possible without them.

State as an Infrastructural Power

As well as the direct participation of the national government, the role of the state was crucial through the mechanism of CDS. Firstly, it affected the way that the TMG behaved. In the planning stage, the CDS worked as a form of close relationship between state officials and the business leaders. As Chapter III discussed, in the field of land use planning and property

development, the CDS was strengthened through the Minkatsu policy in the 1980s, and transformed the urban structure of Tokyo. This affected the relationship between the TMG and the business community. Because of the close co-operation between the national business community and Japanese government officials, the TMG had very little capacity to influence national industrial/economic policy, even though it had a great impact on Tokyo. One former TMG officials said in the interview that,

“The business community in Tokyo does not usually lobby TMG, but has direct negotiations with national ministries. The TMG does not have a comprehensive economic policy” (interview with Mr. Takeshita in BHP on 25/2/1998).

As a result, the TMG had no formal communication channel to the national business community²⁷. The TMG officials felt that they were excluded from the arena of economic policy making. Therefore, during the process of planning and the implementation of the TWSP, the TMG officials could not construct a meaningful dialogue with participants from the business community. There was mutual mistrust and scepticism rather than co-operation. It seems that the TMG harboured a sense of hostility and bitterness toward the business-state alliance²⁸, which was perceived as a ‘threat’ by the TMG.

Secondly, the role of the TMG in the implementation process is also related to the CDS. Although the implementation process of the TWSP can be characterised by the strong leadership of the TMG, detailed examination reveals that the TMG’s leadership should, partly at least, be understood as a response to the strong pressure from government’s policy of urban restructuring. The key to understanding the contradiction between the hegemonic power of the state and the strong leadership of the TMG, I would argue, is that the TWSP was not only the response from the TMG to global economic change, but also to the hegemonic power of the state. The sense of rivalry and resentment among the TMG officials towards the national government made the implementation and management of the TWSP contrast sharply with the style of the national government. The TMG monopolised their authority to define the goals and chose the ways of achieving them. While national government realised its policy objectives by forming the coalition with the business sector and utilised its resources, the TMG’s management style was more singlehandedly technocratic, isolated, and non-

²⁷ For instance, the Tokyo Chamber of Commerce and Industry had occasional meetings with the TMG officials, but they were rather routine and not substantial in deciding any public policy.

²⁸ Governor Suzuki was said to be highly resentful of the attempt to take over the control of the development by the alliance of the Japanese government and business communities. (O’Leary and Machimura 1995, note 66)

cooperative. It was frequently expressed in the interviews that officials in the TMG were anxious not to allow business into the field of policy making, and were highly resentful of the state-business alliance. This could, in turn, indicate the significance of the political influence of the state, of which the CDS was the backbone. Exclusive public initiative and non cooperative policy of the TMG in the TWSP is odd in the light of the current theoretical discourse of global-local dialectics and the Urban Governance debate. However, I would argue that the development was not so much a response by the TMG to globalisation and urban competition, as a response to the state mechanism referred to as CDS and its strategic urban planning. Therefore, in turn, paradoxically, the TMG's struggle and resistance suggests the existence of the powerful forces of the state - business coalition, and the strong pressure it exercised.

This chapter concludes that the institutional relations in TWSP exposed the nature of 'state-centred' governance. It was not so much the imposition of government order, or command and control in crude form, but the exercise of strategic national policy through carefully crafted institutional arrangements, in which the public and private sector maintained a delicately balanced relationship, creating consensus and conformity within the framework of the Capitalist Developmental State.

CHAPTER VIII: CONCLUSION

8.1 Introduction

Overview of the Research

This thesis starts within the assumption that Tokyo is different from other world cities and it argues throughout that the role of the state has been crucial to its development as a world city. The World City Paradigm generally insisted that increasing flow of people, money, commodity, information and image created a globally-integrated economic entity which, in turn, established a network of world cities whose characters depend on the economic function they play in the global market place (Friedmann and Wolfe, 1982; Friedmann, 1986; 1995). London, Tokyo and New York are often grouped at the apex of an urban hierarchy which functions as a command and control centre of the global economy (Sassen, 1991). In turn, world cities are seen as a product of global economy, and are thus claimed to be increasingly detached from the nation state (Taylor, 1995). My thesis challenges this notion and argues that the development of each city should be understood in terms of its socio-cultural context, which includes national / regional character, historical trajectory, social conventions, and institutional practices (Abu-Lughod, 1999). Thus, each city, even the world city, cannot be assumed only to be a product of the present round of global capital accumulation and the global economic forces.

In the case of Tokyo, some of the characteristics of national political economy known as Capitalist Developmental State (CDS) have been mentioned in relation to urban change in several papers (Fujita, 2000; Hill and Kim, 2000). The definition of CDS and the way it relates to urban spatial change, however, was not very clear. Therefore, this thesis clarifies the concept of CDS by constructing a five-fold definition after Palan, Abbott and Dean (1996), and relates it to the role of the state in infrastructure development and construction through the concept known as Public Work State (PWS) (Honma, 1996). The state-led public work project was a vehicle for economic growth, but also in the process, there arose a strong alliance between state officials and construction-related business, bridged by LDP politicians. It has become a self-embracing and self-sustaining mechanism which ensures a

strong state-presence in spatial planning systems and development projects in Japan. Existing studies of Tokyo as a world city do not take this into account.

Another problem with the existing studies of Tokyo in relation to global economy is that they mainly used macro economic data and interpreted the urban change as a mechanistic outcome of external variables. Thus, they failed to address the internal mechanisms of how the global economy works through the interaction between the key agencies involved in the process of shaping the world city. Existing studies do not deal with the conscious policy response, vis-à-vis global economic change, but rather are concerned with economic transformation, such as labour market change, per se.

Therefore, this thesis looks at strategic urban planning in relation to the Waterfront sub-centre project in Tokyo, one of the flagship projects for the global city, as an example of public policy shaping the physical landscape of Tokyo. The examination of strategic planning, and Minkatsu Policy which tried to enhance to role of private sector in physical development, uncovered the renewed intention of the national government to lead urban planning. The analysis is supported by a detailed examination of interaction between national government, TMG, and the business community in TWSP within the framework borrowed from Urban Regime Theory. It reveals that the governance arrangement of the project was deeply embedded in the structure of CDS. Thus, the previous chapters consistently pointed out that the 'state-centred' approach based on CDS is vital to the understanding of the nature of world city formation in Tokyo.

Organisation of the Chapter

The main purpose of this chapter is to explain the role of the state in forming the world city, to present a 'state-centred' approach as a credible analytical perspective for Tokyo, and to discuss the implications of the findings over the wider debate about the global economy and world city formation. The chapter is divided into three parts. The first part presents the 'state-centred' approach for Tokyo. Firstly, various aspects of the role of the nation state explored in Chapters 4, 5, 7, are summarised and synthesised. This includes the history of city building and infrastructure provision since the Meiji Restoration in the 1860s, the inter-governmental relations between the TMG and the national government, strategic urban planning policies, and the politics and the governance of the waterfront project. It tries to convey the common characteristics of those aspects, and to present the general pattern of state influence. Then, secondly, the linkage between some elements of global economy and Japanese state policy in Tokyo in the late 1980s and early 1990s is discussed. There is no

doubt that Tokyo was facing considerable extra-national economic forces, and it is unrealistic to explain urban change only through the national institutional factors. Two aspects of global economy are picked up here. One is 'closedness', described in Chapter 3 as Tokyo's economic characteristics as a world city, which has made significant impact upon the way policy was formulated. It prevented agencies outside the established policy network, such as foreign investors, from engaging in the process, thus helping to preserve the old practices of state-led policy making. The other aspect is that 'world city' emerged as a hegemonic 'discourse' which favoured particular agencies over others. This discourse gave justification for government officials to pursue uneven urban structure centred around the capital region and call for more investment in physical development in Tokyo, thus encouraging more state influences. To conclude the first section, the 'state-centred' approach is contrasted with the world city paradigm, and the usefulness of the approach is restated.

The second part discusses the implications of the research findings in Tokyo on the wider debate about economic globalisation and the formation of world cities. The first point of the discussion is the configuration of the relationship between global economy, nation state, and world city. Economic globalisation is often seen as reducing the influence of state institutions (Ohmae, 2001), and promoting the local and super-national organisations (Swyngedouw, 1996). From this perspective, "nation-state and city-corporation linkages to the world are at odds" (Douglass, 2000, p. 45). Others argue, however, that nation state and world city are not necessarily mutually exclusive, and suggest greater cooperation between the two (Brenner, 1998; Bunnell, 2002). The second point is a rather broader issue of the way in which world city research is approached. There is sign of increasing frustration against some forms of world city research (i.e. Sassen (1991)), and there are even questions as to the validity to the world city paradigm itself (Hill and Kim, 2001). This section considers these arguments, and discusses how this thesis might be able to contribute to the debate.

The thesis concludes with an evaluation of and some reflections on the research presented, and suggests possible ways forward for further research. Firstly, two possible arenas for further investigation might be to look at another redevelopment project and non-property related policy issue, which could complement the 'state-centred' approach to Tokyo. Secondly, two potential avenues for further research are pointed out. One has a geographical perspective, and is a comparative study of world cities in Asia, paying particular attention to the role of the state institution in forming the world city. The other has a historical perspective, and investigates the urban development in Tokyo in the 'post-bubble' economy.

The data used in this research goes up to 1992 when the Japanese economy was performing well. It was a time when the state institution was full of confidence, and Tokyo was untouched by the negative side of global economics. The thesis does not cover events after Tokyo suffered badly from the crash of the property market and the prolonged recession, which transformed the nature of world city discourse and the policy direction considerably. Moreover, the Japanese model of economic development faced criticism in the light of its recent weak economic performance, and the configuration between the state, market, and the civil society entered into a new phase. Thus the role of the state exposed in this thesis may not be as appropriate as it was before, and needs to be re-examined in the new market environment.

8.2 State-centred Approach

The Capitalist Developmental State and Tokyo

This thesis argues throughout that the state played an instrumental and vital part of in the formation of Tokyo as a world city. The examination has revealed that various aspects of world city formation: the history of city building, infrastructure provision, strategic planning, and governance of the waterfront project city were firmly rooted in the socio cultural tradition and the institutional framework of the Capitalist Developmental state.

The History of City Building and the Tradition of Infrastructure Provision

As Chapter 6 describes, the history of city building and the infrastructure provision in Tokyo are closely related to the Japanese political economic system and state-centred economic development tradition. Firstly, the examination revealed that Tokyo was always used as the place to show the power and authority of state officials to the rest of the country and to the outside world. The transport and communication network was planned radiately with Tokyo at the centre, which helped to create a centralised governing system. Cosmetic transformation of urban landscape from traditional Japanese style to the Western style in the late nineteenth century, such as the main shopping street of Ginza Street, red brick office buildings in the Marunouchi district, and the Rokumeikan dance hall, epitomised the national government's attempt to present a new image of a modern Japan which was now part of the international community. Thus Tokyo's urban development had a strategic importance for the state. This tradition continued even after the Second World War. The unusually fast pace of development of the urban motorway project in the early 1960s aimed

to complete the modern urban landscape by the time Tokyo hosted the country's first Olympic games in 1964.

Secondly, the way the plans were made and the projects were implemented reflected CDS tradition. The Tokyo Improvement Ordinance in 1888, the first urban planning legislation, and the City Planning Act in 1919, established the system of central bureaucratic control, and policy priority of economic growth over the community welfare and quality of life. The investment into industrial infrastructure, such as roads and canals, overwhelmed housing development and other community facilities. The urban planning committees which were responsible for deciding development projects were directly appointed from the central government, thus there was no local political accountability. The element of central control and priority of economic growth persisted through the Comprehensive National Development Plan (CNDP). Although extensive consultation had taken place with local governments, at the apex of national planning system, CNDP ultimately decided upon the framework for national land use. Moreover, the allocation of investment funding created an extensive lobbying system by the local political and business leaders to the state officials. Thus it was a seedbed of Development Industry Complex, hence illustrates the Public Work state.

Urban Planning in the 1980s – Strategic Plans and Minkatsu Policy

Two distinctive developments are observed in the urban planning policy in the 1980s. One is strategic planning and the new emphasis on the economic function of Tokyo as a world city. The other is Minkatsu policy which tried to introduce more resources from the private sector into urban development. In both cases, it is shown in the previous chapters that the role of the state was significant, though exercised in different ways. Firstly, as Chapter 6 discussed, the Capital Reconstruction Plan (1985), the 4th Capital Region Development Plan, and the 4th CNDP (1987) recognised the new strategic importance of Tokyo in the national economy in relation to global economic change. They favoured the agglomeration of such sectors as, finance, specialised producer services, and high value added technology, and emphasised the need to upgrade the physical infrastructure to achieve their goal. This represented a considerable policy shift from the post-war convention of 'balanced growth' policy where public investment was mainly channelled into rural regions in order to counter the rapid growth of the urban areas, and the capital region around Tokyo in particular. Thus it can be said that the state policy was transformed from operating on the national scale, which targeted the growth of the national economy as a whole, to the more geographically limited scale of Tokyo and more limited economic sectors.

This can be related to the notion of 'glocalisation' put forward by Swyngedouw (1992, 1997), and Brenner (1998, 1999) who argued that the territorial focus of the state policy is re-scaled from the national level to the urban and metropolitan level; this is another dimension of state influence on economic development policy. Also, the provision of most badly needed welfare facilities, such as urban green space and affordable housing¹ did not materialise, as the policy prioritised economic development. Thus, it could be seen as a continuation of state-led economic development, following the path of CDS.

Secondly, this new metropolitan focus was facilitated by the introduction of the private sector into urban development. In order to facilitate world city function, a considerable scale of investment into the physical infrastructure was required, which went beyond routine public expenditure. Aided by the 'neo-liberal' ideology of the Nakasone administration, Minkatsu policy quickly became a top policy agenda. As discussed in Chapter 4, Minkatsu policy is not one of deregulation and market centred 'hands-off' approach, but involves large amounts of grants as incentives. As a result, the relationship between the public officials and developers became even closer and Development Industry Complex (DIC) was invigorated around the redevelopment project. Thus, not only the policy goal, but also the means of achieving it provides another example of the significance of state institutions.

The TMG and Suzuki's Administration

In terms of inter-governmental relations, Governor Suzuki's administration helped the state to exercise its influence. His policy was in tune with the national government's with respect to the neo-liberal policy and strict fiscal control, and he was happy to work within the national government's framework. He was also keen to develop the productive aspects of Tokyo's economy rather than the reproductive one, and he was eager to undertake big projects, of which he had some experience while managing the Osaka Expo in 1970. Thus, TMG developed a multi-polar urban structure which followed the national government's strategic plans. It welcomed the new focus on world city functions proposed in the plan, and tried to make the most of it.

The major difference between the national government and TMG was in their means of achieving world city formation. On the one hand, national government took Minkatsu policy

¹ NEA's survey among business community in Tokyo indicated that the most popular requests against the authority in relation to urban condition were affordable housing in accessible distance and office space in reasonable lent.

and formed DIC within the tradition of PWS. On the other hand, however, TMG did not have such a tradition and mechanism. In fact, TMG was excluded from the complex, fearful of the overwhelming development pressure, and was frustrated by its lack of power. Thus, TMG was not completely happy with the national government and the Minkatsu policy, but accepted it in the end, because it would facilitate the appropriate urban structure for a world city, and thus achieve TMG's goal.

The Tokyo Waterfront Sub-centre Project

The influence of state discussed above materialised through the institutional relations of TWSP. Policy making through coordinating agencies in urban restructuring and in TWSP suggested 'blurred distinction' between the public and the private, which is one of the characteristics of CDS. Private members were assembled by the government officials and political parties, and followed their lead. The analysis of TWSP shows that the private sector came into the equation after the agenda had been sorted out between the national government and the TMG, which indicated their degree of obedience alongside an element of risk evasion. It would suggest an aspect of state ideology which puts the state interest ahead of the private. The project implementation in TWSP also revealed its explicit technocratic orientation. The goal was predetermined, and the technically perfect solutions were sought by a small number of experts.

The project level analysis of TWSP also revealed that, unlike Regime Theory and the example of the Western cities, the governance mechanism of Tokyo was not driven by local agencies but by national ones. Close association between the national public officials in the various ministries and the business leaders, bridged by LDP politicians, effectively represented growth coalition at the national political level. The nature of the coalition in Tokyo was strictly based on property development. The Minkatsu Policy encouraged the coalition by releasing the government owned land to the market, emphasising the redevelopment potential around the waterfront. Financial conditions at that time also triggered greater cooperation between the three. The urban governance model generally assumes the the coalition of local agencies aims to increase the economic competitiveness of the city, but this was not the case in Tokyo.

Functions and Influences of the Global Economy on the State

Those elements of state influence discussed above were not independent from global economic change. In fact, the research also revealed that the particular mode of economic

integration of Tokyo in the 1980s was deeply related to the nature of state policy and politics. Firstly, Tokyo's economic function was dominated by Japanese TNCs and their flow was disproportionately outward, which created a rather 'closed' world city. Secondly, the term world city was used as a political symbol to generate a positive image and manipulate the political opposition and general public. The two were by no means the only aspects of Tokyo's economic change. For instance, the increase of the foreign labour force was one aspect of world city formation but it did not affect this kind of policy development. Thus, it could be said that policy makers and politicians picked and chose the appropriate aspects of economic change, and used them to advance their own agendas.

Tokyo as a 'Closed' World City

As discussed in Chapter 4, economic integration on the global scale affected Tokyo in a variety of ways, and shaped its urban structure. The growth of globally-oriented industries, such as finance, producer services, and information processing was phenomenal. It suggests the development of a corporate command and control function, a sure sign of a world city. In addition, however, Tokyo possessed some unique socio-economic characteristics which were derived from its unique function and market position in the global economy. Tokyo was in a very favourable market position during the 1980s and early 1990s. It was the centre of world-wide manufacturing businesses and financial corporations. The Asian market as a whole was expanding and there was plenty of scope for export. As a result, the disproportionately large outgoing flow of international transactions and a 'closedness' against foreign capital and labour defined Tokyo not as a standard type of world city, but as Douglas pointed out, as 'a national centre with global reach'.

"The terms internationalisation is a somewhat misleading description of the Japanese Economy. In terms of foreign labour, investment, or capital stock, there is yet very little international participation in the process. The city is not becoming substantially international in the sense of openness to a diversity of people or deep cultural exchanges" (Douglass, 1993, p. 111).

The element of 'closedness' of Tokyo is exemplified by the TWSP where the input of foreign capital was kept to a minimum. Unlike similar high profile projects across the world, there were no major international developers and investors involved. Olympia & York, the company behind prominent projects like Battery Park and Canary Warf, sent a delegate to inspect the site and discuss a deal with TMG, but in the end they withdrew (Hiramoto, 2000).

World City as a Political Discourse

Another way of measuring and analysing the influence of globalisation on urban change is to focus on the ideology and symbolic use of image and language. In addition to the impact of real, concrete, and incremental processes of economic change, there was also a powerful attempt to utilise the image and symbolism of the world city by the elite (Short, 1996; Short and Kim, 1999; Machimura, 1998). The desire to become a critical node within the global system has spread among the major metropolises in the world. In particular, those cities which have some command function and node of globalised business, but want more, which Short terms as the 'wannabe global city', adopted aggressive campaigns to boost their image exemplified by 'The City of Choice for Business' campaign in Dallas (Short, 1996; Short and Kim, 1999). They also launched prestigious redevelopment projects including airport, skyscrapers, and various cultural facilities to attract inward investment and international tourism.

In the case of Tokyo, the world city was presented and promoted as the inevitable goal of future economic development. TMG's vision for the global city was presented as follows:

"In the approaching 21st century, Tokyo will continue to develop as a megacity with a population of twelve million, as a livable city with communication and mutual support among generations, as a comfortable city with affluent green areas and beautiful waterfronts, and a harmonious city with a national and international node of information flow, and a world business centre. This future form of Tokyo as a world city or international city will afford it a leading role in the world community" (TMG 1986, p. 35, Machimura's translation 1998, p. 187).

Thus, urban policy in the 1980s was marked by a positive and optimistic tone, and full of glorified images of Tokyo. Machimura insisted that world city discourse worked as an ideology to make the wider population believe that Tokyo was and would be a great city. This justified the efforts of both national government and TMG investing in physical restructuring in order to facilitate the world city functions (Machimura, 1998, 2000).

Channels to the State Policy

The two points discussed above encouraged the state and business community to maintain the old way of doing business alongside the CDS. The 'closed' nature of world city characteristics prevented the tightly knit policy community from exposing itself to outside 'strangers'. Firstly, it is illustrative that, unlike similar prestigious project in other countries (Olds, 2001), very few foreign firms participated in the TWSP. For instance, In the first public bidding, fewer than 10 corporations out of a total of 378 a total were foreign firms. Secondly, the example of maintaining the status quo can also be found in the urban policy. As Chapter 5 discussed, a lack of major policy shift towards a more aggressive revitalisation and regeneration strategy, common to other world cities, suggested a continuation of the policy-making mechanism rather than a departure from it. Thirdly, the characteristics of Tokyo as a 'closed' world city contributed to the preservation of a particular style of politics. It can be contrasted to the experience of institutional transformation in the West. As Chapter 2 explored, the economic change and the formation of an integrated global market, started in the mid 1970s, shook the foundation of the national based economic management system, and forced changes in the post-war welfare states. The new regulatory framework, according to Jessop, focused on supply side intervention by promoting production and innovation even to the extent of compromising social welfare policies (Jessop, 1994). At the urban level, as was discussed in Chapter 5, local economic development and regeneration had emerged as a major policy agenda, and a less bureaucratic and more concerted approach developed with the local business and community organisations (Stone, 1989; Stoker, 1995). In contrast, economic turbulence in the mid 1970s was short-lived in Japan, and the country was back on track by the 1980s. Thus central and local government in Japan did not experience drastic institutional reform, which helped to maintain the old element of institutional relations even in the era of economic globalisation and world city formation.

Secondly, the world city discourse effectively disguised a government policy which promotes a disproportionate concentration of investment in and around Tokyo, and the enthusiasm of Minkatsu policy for using private developers. As was discussed in Chapter 7, the rapid expansion of redevelopment projects around Tokyo, which were actually most likely accelerated by the property boom and speculation, were justified as necessary for the development of the world city function which was thought to be vital for Tokyo's economy. The redevelopment policy caused some negative effects in the urban community, such as excessively high property prices, mass displacement of residents population, and closure of

neighbourhood community facilities. This discourse, however, discouraged community groups from organising effective opposition movements, and the general public was manipulated by the promotion of positive images of Tokyo.

As a result of the two factors discussed above, the political mechanism behind the formation of the world city was a rather closed form of elite coalition within the tradition of CDS. It was growth orientated, confined to a number of agencies centred around property development, and detached from the general public. As Machimura (1995) explored through the study of 'coordinating agencies', the policy network of developers, state officials, and LDP was reproduced in different levels of policy making from national strategic to urban implementation. Therefore, overall, the established practice of state institution was strengthened by the particular market position and the mode of integration of Tokyo into the global economy, and the ideological function of world city discourse mobilised by the state.

State-centred Approach

The World City paradigm generally assumes that the development of a globally integrated market creates a hierarchical urban structure across the globe. The structure, then, assigns different roles and functions to the different world cities in relation to the international division of labour, which in turn, define the characteristics of economic structure, social organisation, and spatial patterns (Friedmann, 1986, 1995; Sassen, 1991). The implications of this argument are that those globally-orientated economic forces transcend national institutions, politics and cultures, and shape the world cities of similar economic function (i.e. global financial centre) into a similar socio-economic structure (Hill and Kim, 2001).

There was some doubt expressed in the literature as to whether, in the case of Tokyo, state institution rather than global economy had played a decisive role in the formation of the world city (Fujita, 2000, Hill and Kim, 2001, White, 1998). The empirical research presented in the thesis consistently suggests that the physical restructuring and land use changes in Tokyo were made through the state-centred planning and development mechanism within the framework of CDS. It also revealed that this was made possible by the fact that Tokyo was in a unique market position within the global and Asian economy, and also the Japanese political and economic elite utilised the notion of world city as a political symbol. Thus, the global economy actually invigorated the state institution via mediation of the CDS, which created a world city Tokyo. Therefore, this research supports the notion that the state institution's role is central to the understanding of the urban transformation of Tokyo, even in the age of global economic integration.

This thesis propounds the view that there is no single urban response to the global economy as such. There is no doubt that the world cities today face considerable economic pressure from global economic forces, but as they are always filtered through and mediated by cultural factors, institutional mechanisms, and legal frameworks, urban outcome remains place specific. This thesis shows comprehensively that the governing mechanism of Tokyo was rooted in the CDS.

8. 3 Implications for the Theoretical Debate

The empirical chapters of this thesis comprehensively argue that the weight of the state institution in the world city formation of Tokyo should be taken seriously. The creation of built environment and urban structure is an important element of world city formation. The examination of strategic planning policy, urban development initiative and the political process of its flagship project confirmed that the state played a vital part in the process. Thus, this research complements and strengthens the 'state-centred' approach presented by Hill and Kim (2001), Fujita (2000), White (1998) and others. In the light of this finding, this section extends the discussion to the implications of the findings upon the wider theoretical debate on globalisation and the formation of world city, which is sometimes criticised of its over reliance of economic explanation and lack of attention to the role of state (White, 1998).

There are two issues that require further discussion. One is specifically concerned with the city-state relations in the global economy, and the other concerns the wider implications of the nature of the analytical approach to the world city.

City-State Relations in Global Economy

The main implications of the theory concern in the debate about the configuration of power and influence between the global economy, nation state and world city. The established territorial and geographical order for the last two hundred years after the birth of the modern nation state was shaken by the development of the global economy; a new conception of the relationship between the different geographical scales had been developed. The rapidly emerging orthodoxy is that there is an apparent 'dis-embedding' of economy and 'detachment' in social relations, even 'tension' between global cities and nation states. The argument is threefold. (1) Rise of global economy and the eclipse of nation state. As global

circulation and the integration of capital, commodities, people, and information intensified, directly connecting different parts of the world, national borders became redundant (Ohmae, 1995), and 'space of flows' is superseding the 'space of places' (Castells, 1989). (2) Rise of world cities as 'dynamios' of the global economy. Cities and inter-urban networks have become the most fundamental geographical unit and seems to be replacing state as the basic territorial infrastructure of capitalist development (Taylor, 1995). (3) As a result, the traditional mutuality between the state and the city was broken. For instance, in the case of London, the City's role as a global financial centre has very little to do with what the rest of the UK is doing (King, 1990) and "the City is now a global stage located in Britain rather than a British stage in the global arena" (Toulouse 1991, p. 62). Therefore, "What is good for the global city and what is good for the nation no longer coincide" (White 1998, p. 453), and "we can no longer assume a general mutuality of interest between state and city" (Taylor, 1995, p. 60). The contradiction and contest between the two geographical levels is highest in the world city where the new urban hierarchy cross-cuts or by-passes the national scale (Sassen, 1991).

Others argue, however, that it is misleading to contrast the global city with the nation state, and in fact a new kind of mutuality has been developed. The current state of the debate between global economy / world city and nation state was criticised as it is based on 'Zero-Sum' conception of state power in relation to global economic forces (Brenner, 1998, 1999), and thus global-local mediation is a "conceptual short cut to bad theory" (Beauregard, 1995, p. 244). Instead, Brenner sees globalisation as a 'double edged' and 'dialectical' process (Brenner, 1999, p. 435) which combines two distinctive processes. On the one hand globalisation is an inevitable extension of 'time-space compression' (Harvey, 1989) which is an inherent dynamism of capitalism. This is illustrated by circulation of people, commodity, capital, identities and images over the globe, which is continually accelerated and expanded. On the other hand, this acceleration and expansion is made possible only through a relatively fixed form of spatial configuration, such as large-scale transport infrastructure and urban regional agglomeration, in which the state institution plays vital part. Therefore the state 'facilitates' capital accumulation on a global scale by a set of 'spatial fixes' (Harvey, 1982).

The both sides agree that the world city has become a crucial site for facilitating the global economy. Brenner and Harvey argue, however, that, as a national asset, the world city has a mutually beneficial relationship with the state. The greater accumulation of capital generated in the global city is an attractive taxable resource for the state, while the basic infrastructure which secures and enhances capital accumulation, ranging from the police,

fire services and education, to fixed facilities like airports and communications networks, is provided by the state. Indeed, there are some studies that suggest that the state's strategy is to promote cities as a place for capital accumulation on the global stage (Swyngedouw, 1996). Brenner argues that states are not losing their significance and influence but 're-scaling' the territory in which they exercise it and re-configuring the way in which they exercise it. Therefore, the national scale of regulation may have been substantially transformed into super national and regional / local levels without losing significance (Brenner, 1998). In fact Peter Taylor, who once insisted on mutual exclusivity, now seems to have changed his mind and wants to "revise the simple 'fall of mutuality thesis' and thereby scotch any notion that I see cities simply replacing states as the key 'spatial' institutional centre" (Taylor, 2000, p. 6).

This thesis supports the latter position. Certainly, Tokyo's economic function as a world city raised its profile around the globe as shown by the various indications in Chapter 4. It did not, however, mean that the insertion of Tokyo's economy onto the global stage led to 'dis-embedment'. The examination of its strategic planning shows that the state has refocused its policy priority on Tokyo as a new asset for national economic development. This new focus however, did not lead to the decentralisation of its decision-making capacity. Although there was some indication that the TMG sought sources of independent finance for its own future, it had to go through negotiations with the national government. The governance process of TWSP revealed that though the project was initiated and mainly implemented by the TMG, it had to make a compromise with the national government, and had to operate largely within the parameters set by the national government. Thus, though some parts of the economy may have become detached (e.g. international finance), the overall economy, and in particular the urban policy of Tokyo, remained very much in the national domain.

Approach to World City Research

Following on from the arguments in the previous section, I now consider how to approach the study of the world city in general. Before this discussion, however, it should be borne in mind that the research has limited capacity for generalisation. It is inevitable that this very small piece of work in a complex world of globalisation and world city research cannot cover all aspects of this debate. There are two kinds of limitation which makes theoretical generalisation difficult. One is the context specificity. According to the findings, the 'state-centred' approach may suit Tokyo because of its unique historical path and institutionalised practice, but it is not clear to what extent the approach might be useful to other cities. More research on individual cities is needed to overcome this difficulty. Asian cities share similar

kinds of characteristics in the state-led economic development tradition (Appelbaum and Henderson, 1992), but there is still considerable diversity amongst them. It may be even more problematic outside Asia, where the concept of market economy does not share the same tradition. The other limitation is one of time specificity. The data set used in this research is mainly taken from the mid 1980s, and the empirical phase covers up to the early 1990s. This period coincides with the overheating economy, and Tokyo was in the middle of property boom, which is very different from what has happened since. Thus, it is not clear if the same approach can be successfully applied to the present situation. Therefore, the implications of my findings upon this theoretical debate are necessarily restrictive. The intention here is not to present a grand theory of counter argument of 'state-centred' approach against 'market orientated' conventional understanding, but to question the prevailing conception, and unsettle the accepted explanation.

World City Paradigm and its Challenge

The central question in this section is, in the light of the findings from this research, what is the most promising analytical methodology to use for the study of the world city. In the past few years, there is a sign of growing dissatisfaction against the present state of global city research (for instance, the review symposium at the AAG conference in 2001, which was partly recorded in the *Urban Affairs Review*, 37-1). It said "we also detect increasing feeling of frustration, uncertainty, malaise, and even ennui with respect to the global/world city paradigm" (Keil and Olds, 2001, p. 120). What is wrong with the World City Paradigm? Should it be scrapped altogether, or does it require substantial amendment? The answer depends partly on what is meant by WCP, as it encompasses a broad framework of research, and how it is interpreted and applied to the empirical research. The confusion of the present state of the world city research seems to come from the lack of conceptual clarification and different people approach the subject differently without clear awareness.

Friedmann, the founder of the paradigm, in a recent article, offered a clarification by calling for a distinction between 'world city paradigm' and 'world city hypothesis'. The former concerns "the underlining assumptions of a research programme that is focused on the incorporation of major city-regions into the global economy, while the latter proposes "a series of questions for research posed within the broad framework of the paradigm" (Friedmann, 2001, p. 2535).

Brenner identified four types of analytical method in comparative research of world cities in the past twenty years (Brenner, 2001). The 'encompassing comparison' is the most

prominent method and directly derived from Friedmann's (1986) original hypothesis and Sassen's (1991) work, and in many ways it generated the three other methods. This method is derived from general comparative urban study and tries to "place different instances at various locations within the same system, on the way to explaining their characteristics as a function of their varying relations to the system as a whole" (Tilly, 1984, p. 83). Thus in this instance, the methodological essence of the encompassing approach tries to "explain these local tendencies (of world cities) –whether of convergence or divergence- with reference to the cities' changing structural positions within world wide spatial division of labour" (Brenner, 2001, p. 137).

Secondly, within the broad framework of 'encompassing comparison', 'individualising comparison' emphasises "peculiarities of particular places and institutional contexts in relation to broader geoeconomic trends" (ibid, 139). Thus, if the nature of urban development in particular cities is explained in relation to the global urban system, it still relies implicitly on an encompassing comparison. One particular example is Mollenkopf and Castells' monograph of the restructuring of New York (1992), in which its inherited but increasingly divided socio-economic structure was discussed in relation to global economic change. Its main concern is the context specificity and/or the uniqueness of local outcomes in contrast to the encompassing comparison in which the global urban system is emphasized as the common template between the cities under investigation.

Thirdly, 'universalising comparison', in contrast, is the opposite of 'individualising comparison'. This approach tries to demonstrate the similarity of economic, social, and spatial restructuring between different world cities. Thus, "the overarching analytical goal is to underscore the degree to which otherwise quite different world cities have acquired certain common features" (Brenner, 2001, p. 139), for example Fainstein's detailed analysis of the property market in the 1980s in New York and London, in which she found similar performances of the property market and behaviour amongst developers (Fainstein, 1994). Another comparative study (Fainstein, Gordon, and Harloe, 1992) between the two cities also found a similar trend in terms of economic structure, political institutions, levels of class bifurcation, and forms of sociospatial organisation. Thus, these studies emphasised the tendential convergence of specific local outcome rather than the persistence of local specificity.

The fourth approach is called 'variation-finding comparison', and its goal is to "establish a principle of variation in the character or intensity of a phenomenon by examining systematic differences among instances" (Tilly, 1984, p. 82). One of the examples Brenner cited was

Janet Abu-Lughod's *New York, Chicago, Los Angeles: America's Global Cities* (1999), which "explains variations between and within specific urban places" (ibid, p. 400) in the trajectory of urban development over four centuries. Her analysis, in Brenner's view, is a radical departure from the 'encompassing comparison' as it minimises the influence of the global urban system. She goes on to question the fundamental usefulness of the world city paradigm altogether in dealing with a complicated multi-dimensional urban reality in which many other non-global factors constitute substantial parts of the causal chain (Brenner, 2001). Marcuse and van Kempen (2000) also adopted this approach based on the hypothesis that a new spatial order was emerging in global cities. They, however, found no single coherent spatial order in their investigation of world cities which have diverse socio-cultural backgrounds such as Calcutta and Rio de Janeiro, as well as New York and Tokyo. Thus they concluded that, in understanding spatial forms at least, the global city analysis has a limited explanatory capacity. The nature of the spatial order very much depends on multiple contingent factors and globalisation is "only one of a number of contingencies in explaining the formation of changes in the spatial order" (ibid, p. 262). They also rejected the link between the 'hierarchy' in the global urban system and the degree to which any particular world city is subjected to global economic change. Thus, it is not the case that the higher the city climbs the ladder in the hierarchy, the more its spatial form is affected by globalisation; it depends rather on the nature of its integration.

Implications of my research

Brenner's article demonstrated how people approach world city research differently. Within his typology, this research implies the same principles of 'individualising comparison'. It highlighted context specificity, CDS in this case. Unlike the 'variation-finding comparison' and the study of Hill and Kim (2000), which rejected the world city paradigm altogether (Hill and Kim, 2001; Friedmann, 2001), this research remained within the broad framework of the paradigm. In fact, it demonstrated that the role of the state was not completely divorced from the global urban system. As my research shows, the state institution did not operate independently from the global economic change, but exercised its influence within particular conditions. The state did not refuse global economy, but encouraged particular aspects and suppressed others (e.g. openness to the inward investment).

This thesis supports three premises of WCP, which are: (1) Technological advancement (i.e. tele-communications) and institutional development (e.g. World Bank, WTO, etc) has made the world into one economic entity, (2) The integrated global economy works through the network of world cities, whose economic functions correspond to the new international

division of labour, (3) The economic function affects the economic, social, and spatial structure of the world city to a considerable degree. It does not, however, support the thesis that the state institution is losing its significance, and world cities are disembedded from the nation state. Hill and Kim rejected the paradigm because it was based on the single hierarchy model, and the emphasis on the 'denationalised' world city (Hill and Kim, 2001). Friedmann stuck to his single hierarchy model, but also left some space for interpretation of its precise meaning, and conceded that it is less stable than originally expected (Friedmann, 2001). In my view, Hill and Kim interpreted the paradigm too narrowly, and there is more to lose than gain by rejecting the paradigm. This research suggests that the paradigm and the influence of state institution are not mutually exclusive, and the paradigm is still an indispensable framework for understanding the urban development in the world city.

8.4 The evaluation of this thesis and the potential for future research

Evaluation of this Research

This section seeks to identify those areas of inquiry which were not covered due to the time / resource constraints, but would complement the analysis in this research. Firstly, further investigation into the different kinds of development project may be helpful for generalising the nature of the institutional relations of urban governance. For instance, a study of the Tennouzu project, which is along the Tokyo Bay not far from TWSP, is one possibility. The project was designed and carried out almost entirely by a private developer, the Mitsubishi Corporation. It includes prominent TNCs like City Bank and Japan Air Line, and it developed offices, hotels, and an entertainment complex mainly to cater for wealthy businessmen. The contrast between Tennouzu and TWSP is vivid, highlighting the conflict between national government and TMG; most of the land is owned by TMG, and the role of the private sector was minimal. The choice of TWSP as an object of project level analysis was justified on the grounds that it was the biggest and the most prominent project for the world city, but the Tennouzu project might add some further insight. I do not believe it would alter the usefulness of the 'state-centred' approach because the analysis of strategic planning and the Minkatsu policy shaped the policy within which each individual project had to operate irrespective of who led the project. However, it might reveal the variety of ways in which the state institution exercised its influence through non-direct involvement (for instance, zoning regulations). Therefore, it would not have changed the conclusion, but might have reinforced the view the state institution was important.

Secondly, the significance of land use policy, property development, and physical infrastructure should be properly weighted in the whole economy of Tokyo. Though property and infrastructure is vital for any social and economic activity, it remains only one aspect of world city formation. The research did not investigate other areas of the economy which are also crucial for the world city formation, such as the media industry, high-tech industry, leisure and entertainment, to name a few. Some development of the software industry is covered in the investigation into TWSP, but it is a very small part of the investigation. CDS is a model which defines the basic characteristics of the Japanese political economy, and again, the overall conclusion of this research would not have been changed, but the study of non-property related policy would have enriched our understanding of how the state institution influenced the process of world city formation.

Potential Directions for Further Research

This research could be a starting point for further enquiry into world city formation, and particularly the configuration between global economy, nation state, and world city. It can be extended into the geographical context of Asian cities, and historical context of post-bubble economy in Japan.

Asian Context

It seems more evident in Asia than in any other region that considerable national effort was put into promoting the world city status on behalf of the state. According to Douglass,

“... many governments have become the principal sources of launching critical mega-projects -world class airports, high-speed train lines, convention centres and sites for world spectacles- and promoting key metropolitan centres as world cities. This trend is but the latest variation of the boosterism induced by global intercity competition that has dominated urban politics over the past several decades” (Douglass, 2000, p. 45).

Yet, there are some variations in Asian world cities. Yeung devised three types of world city in relation to the global economy (Yeung, 2000); Hyper Global City, represented by London and New York; Emerging Global City; City-State Global City within the developing and newly industrialised countries in Asia. He argued that Emerging Global City is more dependent on the ‘inflow’ of global economy (e.g. capital, labour, goods, and services), which “becomes the command and control centre responsible for channelling transnational

flows into its home countries” (ibid, p. 6). This situation was well illustrated by the Asian financial crisis in 1998 where rapid and large amounts of financial transactions in and out of the market caused economic turmoil. While City-State Global City is represented by Singapore and Hong-Kong, and is characterised as a state contained within the city. Yeung compares Kuala Lumpur and Shanghai and argues that “one common process in both emerging global cities is that there is a very strong political and institutional will to construct them as ‘national projects’” (Yeung, 2000).

Against those debates, it is possible to conduct comparative research between Tokyo and other Asian cities to find out commonalities and differences. On the one hand, Tokyo shares similar characteristics of state policy. On the other hand, its uniqueness lies in the fact that it has had a relatively longer history as an established world-leading metropolis at least for the last thirty years, a disproportionately ‘outward’ direction of economic flow, and a large-scale national economy as a hinterland. It is interesting to see to what extent these difference contribute to the way the world city is formed vis-à-vis the influence of state institution.

Historical context

Although the findings of this research convinced me that the ‘state-centred’ approach is generally useful for studying the world city formation in Tokyo in the 1980s, it is an open question as to what extent the same approach can be applied since the 1990s. Changes in the national economic fortune after the collapse of the ‘bubble’ economy in 1992 and prolonged recession throughout the 1990s fundamentally transformed the nature of Tokyo’s economy and urban policy. Hollowing out of the manufacturing industry and persistent bad debt in the financial sector, caused by the collapse of inflated property market, hit Tokyo very hard. It shrank the economy and shook the political establishment. State officials and the LDP lost confidence in economic management, and could not present any credible future vision of the country. Thus, the 1990s have been called ‘lost decade’. The relationship between state officials, the construction / development industry, and the LDP, depicted as the Public Work state in this thesis, was criticised as it represented the old way of doing business; it was unfair, undemocratic, and fostered corruption-prone institutional practices.

Things began to change after Junichiro Koizumi was elected as a Prime Minister in 2001. He is, though established LDP politician, a maverick in the party who seriously strove to reform the old state-centred system. Tokyo, in the mean time, has experienced a change in administration. After the brief spell of Governor Aoshima, Governor Ishihara had a landslide victory in the 1999 election. He adopted an aggressive economic development policy

by highlighting inter-city competition and challenges from other Asian cities. The national government under Koizumi, on the one hand, seemed to be in tune with his ideas, and proposed a number of policy measures to increase the economic competitiveness of Tokyo. They included a new emphasis on CBD development in order to attract more global command and control functions, and expanded the Haneda airport to introduce more international flights. On the other hand, however, the national government restricted TMG so it had more control over its financial independence through local tax correction. Thus, clearly the situation has changed.

Academic research is, so far, quite slow to pick up these policy changes and relate them to the role of Tokyo in the global economy. Some studies however, suggest the changing perception of world city status among policy makers played a pivotal role in Tokyo's urban planning policy (Saito and Thornley, Forthcoming). CDS was under great pressure in 'reform' government, but it proved to be resistant to change in the past, and its fate is still unknown. One of the characteristics of institutional relations in Japan was its retention of Keynesian-like economic management in the 1970s and 1980s when other advanced industrial countries were undergoing major transformation. This resulted in the creation of a new institutional capacity for economic growth often through the new style of cooperation with business, the voluntary sector, and Non Governmental Organisations (NGOs). Local government is not an operational branch of Keynesian national government any more, but is expected to play a key role in mobilising urban space as a force of production. Space / place specific advantage for inter-urban competition (Mayer 1994), indigenous development (Swygedouw, 1992), and urban-regional level of new regulative bodies (for instance, devolution in United Kingdom) began to emerge. It will be very interesting to see to what extent established institutional practice will be affected by the new national and local administration of Tokyo, and to what extent the CDS will remain relevant to understanding the urban development of Tokyo.

**Appendix 1: Chronicles of Tokyo Waterfront Sub-centre Project
(1982 ~ 1991)**

Year	Tokyo Metropolitan Government	Central Government
1982	12. 1 st Long Term Plan for Tokyo (Tokyo Waterfront as a Symbol Zone)	
1984	2. 1 st Teleport Conference in NYC	
1985	4. 2 nd Teleport Conference in Tokyo (40ha.) 7. Teleport Study Committee (~ 1987)	6. Capital Reconstruction Plan 9. Plaza Accord (G5 meeting in Singapore, decided for boosting Domestic consumption, opening the Market)
1986	8. Report from Teleport Study Committee (98.3ha., 10,000 pop.) 10. Report from Future Vision of Tokyo Bay (226.3ha.) 11. 2 nd Long Term Plan (Sub-centre Urban Structure)	4. Amano Proposal 6. 4 th CRDP (Multi-polar structure) 9. Private Sector Utilisation Committee (~1988) 12. Setting up of TWDS
1987	5. Basic Concept of Tokyo Waterfront Sub-centre (440ha., 44,000/115,000)	6. 4 th CNDP (Tokyo's role in global economy)
1988	3. Master Plan for Tokyo Waterfront Sub Centre 12. Establishing Tokyo Waterfront Development Inc.	3. Final Report from TWDS
1989	4. Business Plan for TWS (strategy and time table for implementation) 12. Tokyo Frontier Plan	5. Construction of Tokyo Bay Crossing Road started Basic Land Act (tightening land use regulations)
1990	6. 1 st Public Bidding for TWSD 11. Announcement of winners of the bidding (14 Corporate Groups)	
1991	12. Revised Development Framework	

Appendix 2: List of Members in Private Sector Utilisation Committee

<u>Mr Ishikawa</u>	Kashima Construction (Later became chairman of Japanese Chamber of Commerce)	Business
<u>Mr Ishihara</u>	Tokyo Science University	Academic (Planning)
<u>Mr Ito</u>	Tokyo University (played major role in formulating Japanese planning policy)	Academic (Planning)
<u>Mr Ibuki</u>	Mitsubishi Bank	Business
Mr Kamiyama	Kinki Railway	Business
<u>Mr Edo</u>	Mitsui Development (legendary figure in Japanese real estate business)	Business (Real Estate)
Mr Kawagoe	NHK (Public Broadcasting Corp.)	Journalism
Mr Kumon	Tokyo University (ideologue of then Prime Minister Nakasone)	Academic
<u>Mr Kurokawa</u>	Kurokawa Ltd. (one of the world leading architect)	Architect
<u>Mr Kono</u>	Housing Finance Corporation	Public Sector
Mr Kono	Yomiuri Newspaper	Journalism
<u>Mr Saito (Chair)</u>	New Japan Steel (Chairman of Japan Federation of Economic Organisation)	Business
<u>Mr Shimokawabe</u>	NIRA Research Institute (Expert of national/regional planning, who was involved in all the CNDPs)	Public Sector
Mr Suzuki	TMG	Governor
<u>Mr Takeuchi</u>	Kansai International Airport	Business
Mr Tsuchiya	Institute of Local Government	Public
Mr Toya	Himeji City	Mayor
<u>Mr Nakada</u>	Mitsubishi Development Corp.	Business (Real Estate)

Mr Matsumoto Agriculture/Forestry Finance Public Sector

Mr Yoshise Japan Development Bank Public Sector

(Underlined person had connection to development / construction industry.)

Appendix 3: List of Semi-Structured Interviews, Consultations, Telephone Interviews, and Personal Communication

Miss Yuko Nishida	Institute of Advanced Studies, The United Nations University and Tokyo Metropolitan Government Dec. 1997
Mr Tomio Yoshikawa	Office of Policy Planning, Tokyo Metropolitan Government Various time between Jan. 1998 – April 1998
Mr Noboru Miyata	Freelance Journalist (Formerly working with Asahi Shinbun Newspaper over the waterfront development issues.) Telephone Interview, Jan. 1998
Mr Peter Marcotullio	Visiting Research Fellow, Institute of Advanced Studies, United Nations University Feb. 1998
Mr Kazunori Hanada	President, Tokyo Waterfront Development Inc., Feb. 1998 (He was a former head of Chamber of Policy Planning, TMG.)
Mr Koretoshi Takeshita	Special Adviser, Maeda Construction Inc., (He was a former head of Bureau of Port & Harbour, TMG.) Feb. 1998
Mr Sadayuki Suginomori	Chief Executive, UC Card Japan, Feb. 1998
Mr Akira Watanabe	Senior Director, Tokyo Waterfront Heating Inc., Feb. 1998
Mr Hiroshi Nakamura	Managing Director, Time 24 (The company managing the tele-port.) March 1998
Mr Yoshiro Kimura	Senior Managing Director, Tokyo Humania Enterprise Inc. (The developer who was responsible for Hotel Nikko Tokyo.) March 1998
Dr Kazuo Hiramoto	Senior Staff Researcher, Mitsubishi Research Institute Inc., March 1998

Mr Yasuyuki Aida	Director General, The Japan Development Bank, March 1998
Mr Hisashi Kokubo	Senior Managing Director, Tokyo Fashion Town Corporation, April 1998
Mr Ichiro Hirose	Head of Customer Services, Tokyo Chamber of Commerce and Industry (TCCI), April 1998
Mr Akihiro Itakura	Department of Local Economic Promotion, TCCI, April 1998
Mr Masanori Iritani	Department of International Affairs, Tokyo Metropolitan Government, April 1998
Mr Kazuhiko Abe	Director of Research Division, Research Institute for Urban & Environmental Development, April 1998
Mr Hiroshi Araki	Special Adviser, Teikoku Consultant Inc., April 1998 (He was a former executive planner in NLA.)
Mr Takashi Machimura	Associate Professor, Faculty of Social Sciences, Hitotsubashi University, April 1998
Mr Keiichi Suzuki	Architect, Project Development and Construction Division, Mitsubishi Corporation July 1998
Dr. Takashi Ohnishi	Professor of Urban Planning and Environmental System, Research Centre of Advanced Science and Technology, University of Tokyo July 1998, and various time afterwards

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