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Government-Business Collusion and Land Giveaways in Central Tokyo

by Kamata Satoshi

Shiodome Shiosite, a major high-rise office, shopping, and residential development in the heart of Tokyo, has been heralded by the media as the newest attraction in the city. The first building in the complex opened in December 2002, and the project is scheduled for completion in 2006. Here, the Shiodome site's history as a major freight yard of the Japanese National Railways is recalled, along with the government-business collusion that delivered it into the hands of the developers.

THE GREED OF CORPORATIONS FLOCKING TO PUBLIC LAND

Until four or five years ago, a broad, roughly triangular open space lay to the south of Shimbashi Station, extending out from the JR train line toward Tokyo Bay.

Looking down from the windows of the Shinkansen bullet train, you could see the immense open lot, which until 1987 had been the Shiodome freight station of the Japanese National Railways. For many decades its congested sidings had voraciously swallowed long lines of freight trains arriving in the capital from all over the country. In 1971 the station handled an average of 8,500 tons of freight a day, along with 64,000 packages. Eight hundred JNR employees worked at the station, along with 2,100 employees of private-sector shipping companies, day and night, around the clock.

Mountains of freight had lined the long platforms of the station: apples and mandarin oranges and pears, Chinese cabbages and Japanese radishes, rolls of newsprint for rotary presses, checked baggage sent from hometown stations to the metropolis. Fish shipped from seaports was shunted, still in its freight cars, down the track to the nearby Tsukiji Market, while cars of pigs and steers were redirected to the slaughterhouses behind Shinagawa Station.

Then, during the economic bubble of the 1980s, when real estate speculation sent land prices soaring, this giant, 53.4-acre yard drew the attention of Japan's major real estate developers and construction firms, along with the politicians they're connected to. The site was called the "last tract of prime land in the center of Tokyo," and it had them licking their chops.

During this period, Minato, Chuo, and Chiyoda wards in central Tokyo were known as the "golden triangle." There were incidents in which elderly people living alone were murdered in order to obtain their small parcels of land, or where dump trucks were crashed into the homes of landowners who refused to sell out to developers. "Jiage" (land sharking) became a catchword of the day, and because of forced sales, the city center was pockmarked with land undergoing redevelopment. The enclosure method once applied to farmland was now employed to obtain land in the city. All of this defied the imagination, even for one who had witnessed, as I had, the violent development techniques of corporations.

In March of 1981 the second Ad Hoc Commission on Administrative Reform came into being, chaired by Doko Toshio and reporting to the prime minister. Its charge was to recommend a national rationalization program in response to what was called a catastrophic financial crisis--92 trillion yen in cumulative national debt.

Photographs of the frugal Chairman Doko eating dried sardines were carried in the weekly news magazines, and he was generally portrayed as a man of impeccable integrity. He was called "Mr. Rationalization," and the expectation spread that any financial reconstruction carried out under this former chairman of Keidanren (Federation of Economic Organizations) would be an eminently fair "administrative reform."

The centerpiece of this reform plan was the division and privatization of the Japanese National Railways (JNR). Though this was widely promoted as a means of reducing the national debt and eliminating the JNR's annual losses, as of the end of 2003 the national debt was projected at 450 trillion yen--five times what it was twenty years ago. As for the JNR debt, at the time of privatization it stood at 25.5 trillion yen, but it has now grown to 27.2 trillion yen, while assets have fallen from 11.8 trillion to 2.7 trillion yen.

In other words, the major assets of the national railway system have been largely disposed of, while debt has increased. The reason this happened was that the assets were left unsold when their price would have been highest; they were held instead until the price fell to the lowest level. (According to figures compiled by Maekawa Yuji, an attorney who has researched the Shiodome development, some of the parcels of land at the site sold for as little as 23 percent of their peak price.) It is thus little surprise that interest on the debt continued to snowball.

Still, while the public burden of the railway debt has only increased, for the corporations involved waiting to get their hands on the land cheaply was "no problem." This was the ambition, after all, behind the privatization of the JNR in the first place.

NOW YOU SEE 'EM, NOW YOU DON'T: THE NAKASONE NETWORK

One of the reasons that business circles, with Doko Toshio in the lead, pursued the privatization of the land-rich JNR (its land holdings were second only to those of the national government) was that there was no remaining land suitable for investment in major urban areas. Privatization would kill two birds with one stone. By privatization the government would sell off JNR land holdings, valuable of course because the land was close to train stations, and at the same time business would profit from brokering the stock of the newly incorporated railway companies.

During a hearing in 1982, the managing director of the JNR was asked to estimate the income from selling all of the assets of the JNR at that point in time. The answer was about 70 trillion yen, which meant that the JNR, the property of the Japanese people, had assets nearly triple its liabilities. That it was dissolved and turned into a number of new companies can only be called a political conspiracy.
The Supervisory Committee for JNR Reconstruction, established in June 1983, was chaired by Kamei Masao, the chairman of Sumitomo Electric Industries and a man famous for his aggressive labor practices. Kamei had close ties to then-prime minister Nakasone Yasuhiro, as did committee member Yoshise Shigeya, a former administrative vice-minister for finance. Yoshise was also a member of the Economic Policy Research Committee, a group that served as a personal advisory body to Nakasone's private-sector revitalization campaign, and he later became chairman of the Sumitomo-related group, Trust 60, and president of a

Shiodome-site development company.

The Ad Hoc Committee's report on JNR privatization was written by Keio University Professor Kato Hiroshi and former administrative vice-minister for transportation Sumita Shoji. Sumita was a counselor to the Japan Project-Industry Council (JAPIC), a group that tied together corporations from the steel, cement, construction, electric power, and other industries to promote large-scale development in Japan.

The Supervisory Committee for JNR Reconstruction served as Nakasone's general staff in the extraparliamentary realm of Doko's Ad Hoc Committee. The committee, commanded by Sejima Ryuzo, a former Japanese Army staff officer, formed a behind-the-scenes headquarters to carry out the dissolution of the JNR.

Swearing loyalty to this headquarters was a trio that comprised the "reform faction" within the JNR: Ide Masataka, Kasai Yoshiyuki, and Matsuda Masatake. These men would later become presidents of the gold-mine companies that resulted from the division of the JNR: the West Japan Railway Company (JR West), JR Central, and JR East, respectively. The posts were bald rewards for services rendered, the "generals" reaping the benefits of the sacrifice of many.

The JNR was privatized and divided into the JR companies in April 1987. Surplus properties were placed in the hands of the JNR Settlement Corporation: in addition to the Shiodome freight terminal, these included the JNR headquarters building in the central-Tokyo Marunouchi district, the yards at the Yaesu north exit of Tokyo Station, the Shinkansen yards at Shinagawa Station, the freight yards at the south exit of Shinjuku Station, and the Omiya switching yard in neighboring Saitama Prefecture. All of these properties have now been transformed into clusters of skyscrapers.

MAJOR MEDIA CORPORATIONS ENCAMP ON PRIME LAND

At the time of privatization, JNR was estimated to hold 8,150 acres of salable land, worth 7.7 trillion yen. The 53.4 acres of the Shiodome site alone were worth 2.4 trillion yen. However, by the 1990s the price had fallen to less than half that amount.

After privatization, it was anticipated that the jostling to determine who would end up purchasing the Shiodome site for how much would soon begin in earnest. It was rumored at the time that the Mitsubishi group would end up with the Marunouchi site, the Mitsui group would get Yaesu, and Shiodome would go to the Sumitomo group.

However, the government put a freeze on the Shiodome sale, on the grounds that it would contribute to the inflation of the bubble economy. In time, the bubble burst, and the sale was made in February 1997, ten years after privatization. The price was one third of what had been estimated, while in the meantime, interest on the JNR debt had been borne by the citizens.

During the first phase of the land sale, the corporations involved--including the advertising giant Dentsu, the real estate developer Mitsui Fudosan, Matsushita Electric Works, Nippon Television, Kajima Shiodome Kaihatsu (a subsidiary of a major construction firm), and Mitsubishi Estates--participated in a process called "construction planning guidance." Rather than an open-bid process, this guided method began with a redevelopment plan initially drawn up by government authorities, which prospective buyers then bid on constructing.

Later, negotiated contracts were signed with the Housing and Urban Development Corporation and Sumitomo Life Insurance. Kyodo News was the only corporation to purchase land through open, competitive bidding. During Diet hearings concerning JNR privatization, Transportation Minister Mitsuzuka Hiroshi had boldly pledged that the sales would be conducted by "competitive bidding," but ten years later, his words had become an empty promise.

Terms of land use at the site were sweetened by increasing the allowance for the density of construction and raising building height limits over 200 meters. Infrastructure was further improved by connecting the site to the new high-tech Yurikamome train line that runs from Shimbashi out to Tokyo's waterfront development area, by building a stop on the new Oedo subway line that loops through the city, and by adding an access road to the metropolitan expressway. It's a complete package, of extraordinary use value.

On top of all this, factor in the site's prime location right next to the Ginza in the center of city, and that there was no expense involved in packaging the real estate or demolishing existing buildings, and it becomes clear the price obtained was absurdly low. The cost was borne by the citizens of Tokyo and Japan, in what was nothing other than the collusion of a government-led cartel.

Construction finally began at the enormous Shiodome site in 1999. Now a grove of glitzy buildings looms forty-plus stories high, hulking over the tracks of the JR line beyond Shimbashi Station.

EDO-TOKYO HISTORY UNEARTHED AT THE SHIODOME SITE

In the plaza in front of the 43-story Shiodome City Center building stands a two-story 19th-century English-style stone building. There is a tall flight of stone steps facing a carriage porch, tall windows with chevron canopies on either side of the entrance. The building is a reconstruction of the old Shimbashi Station. "Leaving Shimbashi, with one blast of the steam whistle," go the lyrics of an old railroad song. The station anchored Japan's first railroad, running 29 km. from Tokyo to Yokohama, which opened in September 1872.

When it started operations, the station master swaggered through the station in a gilded uniform like a naval officer's. The station was the terminus of the Tokaido main line, running west to Kyoto and Osaka, until Tokyo Station opened in 1914. But the elegant building that symbolized the opening of Japan to Western civilization burned in the Tokyo earthquake of 1923, and all that survived were the platforms and the metal zero-mile maker. The ruins were buried and, in their place, a freight station was built.
The station served as the main freight terminal for Tokyo until the mid-1970s, when containerization and computerization combined to rationalize freight handling. In time, a new container terminal was built at the Oi wharf further to the west and the amount of freight processed at Shiodome declined quickly. The long-term trend of freight transport shifting from railway to trucks also contributed to Shiodome's demise.

When the JNR was dissolved, the Shiodome yard was excavated. Found buried on the site were a fan-shaped roundhouse and turntables, the foundation for the original Shimbashi train station, and the residences of the foreign employees who served as engineers and firemen during the first years of rail operations.

But that was not all that was discovered: there were also ruins of Edo-period estates, for the Shiodome district was the historically rich locus of the overlap between Edo culture and early Western development.

The area was originally an inlet that reached from Edo Bay toward Hibiya and Marunouchi, in the center of what is now downtown Tokyo. The name Shiodome means "where the tides stopped." During the first half of the 17th century, the tidal flats were filled in and several daimyo--drawn by the advantageous location near the port-- established their Edo estates in the area, with all of the

related buildings: domain offices and residences, samurai long-house barracks, shops and tea houses. Ruins of all of these buildings were discovered, virtually intact, at the Shiodome site.

These were invaluable relics from the transformation of Edo into Tokyo. If they had been preserved, along with the restoration of the modern-era Shimbashi Station, they would have become a popular tourist destination. A campaign to preserve these ruins was launched by Kamiyama Akihito, then chairman of the Shiodome local of the National Railway Workers Union, and Maekawa Yuji, an attorney. But the effort faced long odds from the start.

JNR DISSOLUTION AND NAKASONE'S "GENERAL ACCOUNTING"

Red ink and corruption in the management of the JNR had become political issues even before the Nakasone administration was inaugurated in November 1982. Calling for a "general settlement of postwar accounts." Nakasone's program included an array of elements. His famous description of Japan as "an unsinkable aircraft carrier" for the American military, as well as his support for revision of the constitution and official visits to Yasukuni Shrine were all precursors of the hawkish Koizumi administration.

On the domestic economic front, Nakasone's policies centered on business-led "administrative reform" and "a vital private sector," with the JNR being the prime target. Books reflecting Nakasone's program, with titles like "International Financial Metropolis," "Rebuilding the Capital," and "Twenty-First Century City," filled the shelves of bookstores.

Given this context and unquestioning media support for the Nakasone program, "Neither the labor movement nor the citizens movement were able to prevent this forced redevelopment," preservation campaign leader Kamiyama says somberly. The site was not one frequented by ordinary citizens, so it was difficult from the start to raise concern among the public at large. And the developers were none other than the authorities who had succeeded in crushing the JNR.

As a result of the preservation movement, the old Shimbashi Station was reconstructed, but even here shops and restaurants are conspicuous, while historical exhibits are little more than perfunctory. It is transparently clear that JR East's sole concern is making money, and it cares little for historical relics.
Today the remains of Japan's historic transformation are once again buried, now under eleven skyscrapers. The development, comprising 3.23 million square feet of office space, is a major contributor to the glut in office space now afflicting Tokyo.

As we have seen, the land was sold at one third of the price it would have fetched at the time of the JNR dissolution. Had it been sold at a higher price more could have been set aside for a unique historical district with a reconstructed town that incorporated both the Shimbashi Station and the Edo-period remains. It would have been of much greater cultural value than Tokyo Disneyland or the reconstructed Dutch settlement, Huis Ten Bosch, in Nagasaki.

The attorney Maekawa, of the Committee to Demand the Democratic Use of the Site of the Shiodome Station, expresses it this way: "It simply amounted to a disposal of government property. Government, business, and politicians colluded to carry this out just as they planned from the beginning."

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