

Comment on the Third Hayami Award

Recipient: Junichi Yamasaki

Paper: From Samurai to Skyscrapers: How Transaction Costs Shape Tokyo (co-authored with Kentaro Nakajima and Kensuke Teshima)

This paper analyzes how historical land fragmentation shaped today's Tokyo. It addresses a big and economically important question: whether transaction costs to assemble or split land persistently hinder efficient land use by constructing a novel dataset. The authors digitized historical maps from 150 years ago and combined them with recent cadastral maps, land price data, geographical information, and firm-level microdata. The authors conducted rigorous analysis, using OLS for global estimation and RDD for more local and finer estimation. The paper found that the land size persists, and the historically unfragmented lots have higher land prices and higher productivity today. Such a pattern is observed only in the city center and recently after skyscraper construction technology became available. These findings suggest that the transaction cost to assemble fragmented lots is high and prevents the efficient use of land.

This study is highly original, well-executed, and, importantly, well-written and provides novel insight into urban city development with rich data sets. It is a valuable development economics paper in the sense that it rigorously evaluates the long-run impact of land policy taken by developing Japan. At the same time, this paper has important implications for general economics by shedding light on the significance of transaction costs in urban development. It also provides an important policy implication for current low- and middle-income countries where many cities are rapidly developing by suggesting that over-fragmentation and over-entitlement can be future constraints for their further development. The committee members agreed that this paper deserves the award and hope to see this paper published in the Top 5 journals in the near future.

22 March 2023

The Third Hayami Award Selection Committee

Tomoya Matsumoto (Otaru University of Commerce, chair)

Yuki Higuchi (Sophia University)

Yuko Nakano (University of Tsukuba)