Japan's Construction Lobby Activities –
Systemic Stability and Sustainable Regional Development

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The term "construction state" has been used to refer to a system of vested interests in construction activities that embraced Japan at different geographical levels of scale. A system of collusion between politicians, bureaucrats, and businessmen evolved and led to massive government spending on public works projects. Its pace and scope have resulted in fiscal crisis and environmental devastation and have aroused the opposition of local residents. This paper will analyze the construction-related networks of relationships of the central actors in the so-called "iron triangle" of politics, bureaucracy and construction business, and its influence on regional development. We shall theorize that sustainability will remain an unattainable ideal in regional development as long as the stability of the "construction state" is preserved by certain formal and informal elements in Japan’s politicoeconomic system. These elements, however, have until now remained comparatively stable, despite of some reform initiatives.

1 Introduction

During the long period of one-party rule in postwar Japan, a system of collusion between politicians, businessmen, and bureaucrats evolved. They were linked by an extensive network of formal and informal ties and were bound in a so-called "iron triangle" of benefit and influence. Public works projects became a major focus of structural collusion. The system of vested interests in construction activities encouraged bribery and bid rigging and spread a net that embraced Japan at different geographical levels of scale. This system led to massive government spending on public works projects often to the benefit of business rather than the general public and to an inefficient construction industry highly dependent on public funding (Miyai 2000; Igarashi 2001). The term "construction state" (doken kokka) has been used to refer to the notorious Japanese habit of pump priming, as a result of which the central and local governments have incurred cumulative debts totaling more than 670 trillion yen meanwhile.

Among the political and economic problems prevailing in the aftermath of the collapse of the bubble economy a decade ago, the "iron triangle" became a major focus of political and administrative reforms. In actual fact, the construction state mechanism has remained relatively stable despite these reforms. One indication of this is that the Japanese government has repeatedly attempted to counteract the continuing economic weakness by Keynesian spending on public works. The potential profits