

# Initial Land Allocation and Long-Run Land Development: Evidence from the *Tondenhei* in Hokkaido \*

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## Abstract

This study analyzes the long-run impact of the *Tondenhei* policy, which fragmented initial land ownership in the early development stage of Hokkaido. We exploit the historical setting where fragmented land ownership (*Tondenhei*) and concentrated land ownership (*Shokumin Kukaku*) coexisted under identical infrastructure. Using a spatial regression discontinuity approach, we find that lots in former *Tondenhei* districts in urban areas are inefficiently large. Conversely, we find no significant effects on the lots in rural areas. These findings suggest that transaction costs arising from initial land ownership allocation have shaped long-run land development through distinct mechanisms conditional on urbanization pressure.

**Keywords:** Land ownership, urban development, transaction costs.

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