

transatlantic slave trade “is in a class of its own,” other middle passages were imposed on captives across the globe in an incessant quest for a stake in the global economy that, for the most part, thrives today (p. 8).

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Culture and Economic Explanation: Economics in the US and Japan.

By Donald W. Katzner. New York: Routledge, 2008. 184 pp. \$39.95 (paper).

Can the workings of the Japanese economy be successfully explained in terms of standard economic reasoning, a school of thought almost exclusively developed in the Western Hemisphere? Donald Katzner’s collection of essays proposes a clear *No* to this question, provides empirical evidence, and suggests ways to overcome this shortcoming.

In the most abstract definition, an economy consists of the totality of economically relevant activities in a society. Naturally, ways of thinking, custom, and habit strongly influence the nature of these activities. Consequently, two national economies might show as many differences from each other as there are differences in religion, history, and other elements of culture. Yet, most economists would still argue that any economy could effectively be analyzed with the analytical tool set available within the neoclassical paradigm. Drawing on the Japanese example, Katzner’s collection fundamentally challenges this view.

The book is particularly well organized. After a previously unpublished introductory essay, two general discussions of the theme follow, one contrasting the economy of Japan with Western economic explanation and the other approaching it from the perspective of cultural studies. The fourth—also previously unpublished—and fifth essays are dedicated to the motivational cores of economic agents in the United States and in Japan. At the central position, the sixth essay comes with an empirical study of the postwar Japanese economic miracle. The seventh and eighth essays draw on Japanese examples to provide more specific critiques of standard Western economic thought. The final two essays propose reforms to economic theory in order to account for cultural diversity.

The introductory essay stresses the twofold significance of culture in economic explanation by suggesting that both economic agents *and* scholars of economics are culturally contingent. A simple model of buyer

loyalty versus the pursuit of self-interest in consumer behavior helps to illustrate the proposed argument.

The second essay introduces readers to some fundamental cultural differences between the US and Japanese economies. Clearly intended for an audience poorly familiar with Japan, this basic juxtaposition of national values might leave readers with an impression of oversimplification or, worse, superficiality. From the perspective of Japanese studies, this judgment is probably warranted, taking into account the classic, but few and partially outdated, references. Yet, in light of the difficulties that economic mainstream theory faces in producing meaningful explanations of Japanese economic phenomena, these shortcomings can be considered minor and negligible.

The third essay builds an analogy to ideological biases in economic thought, arguing that Western economic reasoning represents a similar case. Drawing on Max Weber, among others, Katzner identifies the sanctity of the individual, success evidenced by the level of consumption, and the pursuit of self-interest to lie at the motivational core of US economic agents. Contrasting this with the Japanese motivational core—group loyalty, maintenance of honor and harmony, and frugality in consumption—Katzner concludes that the macroeconomic relation between income and consumption might not hold. Empirical evidence corroborates this argument: additional income made available through tax cuts in 1998–1999 almost entirely went into increased savings.

A particular merit of Katzner's book lies in the consideration of a generalist readership. The previously unpublished fourth essay provides a crisp introduction to Anglo-Saxon capitalism. Katzner demonstrates that, at its very core, the US economy is still reasonably well conceptualized by the mainstream economic model of general equilibrium theory. In contrast, as the fifth essay argues, neither does this model fit the Japanese case nor has a consistent alternative been proposed so far.

With the sixth essay Katzner provides more empirical flesh to the bones of the conceptual critique offered in preceding chapters. He demonstrates that the inefficiencies—or what are perceived as such from a Western vantage point—of the Japanese economy in the 1990s have been equally present during the period of Japan's postwar "economic miracle."

Essays seven and eight regroup two critiques of specific elements of Western economic thought. The seventh essay illustrates the historical making of utility maximization. Drawing on the example of consumer behavior in Japan, Katzner demonstrates the potential fallacies if utility maximization is to be applied to economic contexts in which individual

motivations arise from sources other than the pursuit of self-interest. The eighth essay presents a critique of the borrowing that economics has made from physics in arguing that economic laws are invariant in time and space. Katzner's main argument points to the learning of economic agents that makes for the evolution of an economy. Pertaining to Japan, the scope of societal transformation since the postwar era suggests considerable change in the cognition of agents and hence in the workings of the economy.

The last two essays are not readily accessible to generalist readers due to the high degree of mathematical argument. They suggest transforming Western economic theory in ways that allow for meaningful analyses of Japanese economic phenomena. While the ninth essay shows how the elimination of profit maximization from the theory of the firm allows for conceiving of a non-Pareto optimal yet effectively functioning firm, the last essay proposes changes to choice theory in order to encompass decision criteria other than self-interest.

Culture and Economic Explanation as a collection of essays comes with three particular merits. First, careful selection, appropriate arrangement, and amendment by two original essays bestow the collection with a true value added. Second, with eight of the ten essays readily accessible to generalist readers, the book represents an important contribution to any collection on modern Japan. Third, individual essays contain a precious stock of references to particularly insightful works on the Japanese economy. While in their appraisal of Japanese culture Katzner's essays might lack appropriate scrutiny when judged from the perspective of Japanese studies, arguments made and insights derived are meaningful and inspiring for the discipline.

From the perspective of a heterodox economist, the articles represent strong evidence supporting the ongoing critique of mainstream thought. While efforts such as the amendment of formal models to allow for the representation of cultural factors certainly represent important means of discourse with mainstream scholars, the provision of more empirical evidence will likely prove an even more powerful argument. For a coherent formulation of theorems on cultural factors in economic phenomena, evolutionary economics might offer useful guidance (e.g., Kurt Dopfer and Jason Potts, *The General Theory of Economic Evolution*, 2008).

It seems awkward that a misfit of Western economic models apparently hardly ever bothers contemporary Japanese economists. Yet, arguably, this is due to the strong orientation that textbooks and economic scholarship in Japan have taken from the US paradigm. Within their thus

“homogenized-from-the-outside” scientific community, Japanese economists perceive few indications that the learned Western models might not be entirely appropriate. If contrasted with the neighboring discipline of business studies that has developed an entire canon of “Japanese-style management,” scholars of economics still have to work on a “Japanese-style economics.”

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Democratic Reform in Japan: Assessing the Impact. Edited by Sherry L. Martin and Gill Steel. Boulder: Lynne Rienner, 2008. 253 pp. \$58.50 (cloth).

Because of its postwar resurgence, Japan became symbolic of how best to combine democratic politics with market economics. This is true not only because it experienced the highest levels of economic growth in the developed world, but also because the Japanese political system reputedly produced enlightened macroeconomic and industrial policies that allowed it to be a model of political stability. This image of Japan was challenged after the bursting of its economic bubble in 1990 not just because its economy registered little or no growth for many years after that, but also because its once-lauded political system ultimately collapsed under the weight of its own corruption and inefficiency. This postbubble period became known as Japan’s lost decade, and the country’s problems led scholars to investigate not only why Japan happened upon such hard times but, more importantly, what Japanese officialdom was doing about the problems it faced.

Overall, the result of this scholarly effort has been an emerging literature that has concluded that, while the Japanese economy has yet to recover, this is not for any lack of effort on the part of the country’s political leaders, who have enacted a number of significant reforms. Some of these enacted reforms have touched directly on the essential functioning of Japan’s political system, and perhaps the most important is the replacing of the country’s old electoral system of multimember districts, where voters cast a single nontransferable vote, with a mixed electoral system where voters cast two ballots—one for a candidate in a single-member district and another for a party list in a large multiseat proportional representation (PR) district. Other reforms directly affected the