

Lechevalier, Sébastien: *The great transformation of Japanese capitalism*

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The book covers the manifold, albeit gradual, institutional changes of the Japanese political economy since the 1980s. Sébastien Lechevalier, an associate professor of the École des Hautes Études en Sciences Sociales (EHESS) in Paris, is the editor and is in fact also the author of most parts of the book: Only one chapter is written by someone else, Yves Tiberghien, with an overview over 30 years of so-called neo-liberal reforms in Japan, and another one by Lechevalier and Arnaud Nanta on the Japanese education system. In addition, there is an extended foreword by Robert Boyer, who may be seen as the doyen of the French regulationist school; he offers his own interpretation of the recent institutional changes in Japan, with some nuances compared to the main text. Sébastien Lechevalier himself can be considered a leading younger French voice on the Japanese political economy. One of the book's intentions is to provide a non-technical introduction to 15 years of his research, so the book offers a valuable introduction to recent French political economic scholarship and thinking on Japan, quoting important other authors along the way. It was originally written in French and published in 2011, while the 2014 English language edition was translated by J. A. A. Stockwin, a renowned specialist on Japanese politics. Actually, at least in parts of the book, events and issues emerging after 2011 are also discussed, particularly the December 2012 election of Shinzō Abe from the Liberal-Democratic Party as prime minister, and the early months of his unconventional economic policy proposition (“Abenomics”).

In his introductory chapter, Lechevalier explains his research interest and methodological perspective: During the heyday of Japan's economic prowess, the 1980s, the dominant position on studying different economic systems was to recognize the

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diversity of different capitalist system. While noting the problems of finding an adequate typology when classifying the varieties of capitalism, Japan has been identified with a successful and peculiar institutional set-up. With the decline of Japan's economic growth, the so-called "lost decades" following the burst of the financial bubble around 1990, confidence in this set-up slowly evaporated, and the interest in Japan declined considerably. On this background, Lechevalier and his co-authors believe they can support three propositions, which are neatly summarized in a concluding chapter: First, that there has been a profound change of the Japanese political economic system ("Japanese capitalism") since the 1980s, which implies a decisive departure from the earlier post-war system. Second, the main driver of this change is the pursuit of neo-liberal reforms during that period, not wider forces like globalization or technological change. Third, institutional change has not led to a convergence of the Japanese economic system with Anglo-American or European systems. However, a new Japanese "type" cannot be identified. Rather, the heterogeneity of modes of organization within the Japanese political economy has significantly increased.

The three propositions shall now be discussed one by one. On the first point, namely significant institutional change since the heyday of "Japanese capitalism", the book focusses on three major areas, namely the organization of firms as the major units of activity in a capitalist system, the coordination mechanisms on the meso and macro levels, and the social compromise with its consequences for (in-) equality. The book builds on a number of earlier approaches and attempts a synthesized view, combining a micro-perspective with wider political economy concerns. One source is the French school of regulation, which sometimes has a somewhat narrow micro perspective, for instance when focussing on a wage labour nexus in an analysis of the labour market and of its consequences on income distribution, considered too "company-ist" by Lechevalier. Another source is Bruno Amable's work on political economy, which is not particularly explicit about micro level aspects. Still another background is, obviously, the Varieties of Capitalism approach and an eclectic use of studies from major Japanese authors with a diverse methodological basis.

In the chapter on the organization modes of Japanese firms, Lechevalier convincingly shows the growing diversity of Japanese firms, which goes well beyond the older idea of a "J-firm" with a predominance of internal governance mechanisms, internal labour markets and indirect financing through banks. Lechevalier's argument is well in line with other empirical work, for instance of Aoki, Jackson and Miyajima, which he quotes. One would have wished for a somewhat more detailed and concrete statistics-based presentation of the heterogeneity, on which Lechevalier has done interesting empirical work elsewhere; in the whole chapter, like in several other parts of the book, there is unfortunately no single table or figure.

On the second major field of institutional change in Japan, the ubiquity of employed co-ordination mechanisms like the famous industrial policy of the earlier Ministry for International Trade and Industry, Lechevalier notices a decline of classical forms of such co-ordination, while finding evidence for newly emerging forms of co-ordination as well.

As for the third field, the social compromise, Lechevalier interprets recent trends towards more inequality as a re-segmentation of the labour market. While the post-war system is often seen as a period of stability and rather low inequality, the author

notices that even during those years some segmentation of different layers of the labour market may have been decisive, so the recently growing segmentation is rather a return to more visible tensions within the socio-economic system.

Summing up, the book distinguishes three major trends of institutional change in Japan in a convincing way, while being somewhat short on supporting details.

The reviewer has some reservations with the suggestion of the book that these changes are primarily due to the introduction of neoliberal policies, the second major aim of the book as noted above. Certainly, many institutional changes can be related to liberally-inspired policy changes, which go back not only to the years of prime minister Koizumi (2001–2006), who is still well-known in the West, but to Yasuhiro Nakasone, prime minister from 1982 to 1987, as convincingly pointed out by Tiberghien in his contribution. However, are such policy changes really the decisive drivers of change, or are they merely reflections of deeper, underlying tectonic shifts? The book contends that it is not “mega trends” like globalization or technological trends that drive the new policies—but then, what does? The book is not too clear about it. Lechevalier stresses that his explanation is not functionalist, i. e. is not based on change interpreted as a reaction to deficiencies of the old system (p. 9). So attention should, it is argued, turn to the actors involved in policy change. Lechevalier speaks of the role of the “dominant social bloc”, following the terminology used by Amable, but that “bloc” is neither carefully explained in the book, nor what it means in the peculiar Japanese context. Short references like an “alliance of economic and technocratic elites” (Tiberghien on p. 29) point in a certain direction, but are still too loose to inform a rigorous analysis. Moreover, the later chapters hardly return to such issues, so one is rather at a loss to understand what the “dominant social bloc” means for and within fields like education or innovation, and even in an arena like “social compromise”. Given the emphasis on the “actors”, compared to functionalities, it is also surprising that we learn rather little—little at least in terms of a systematic exploration—about the concrete motivations, struggles in the Diet and beyond, role of the media, of commentators and scholars, of the outside world, alliances with foreign “blocs” perhaps, etc. Was Nakasone, for instance, driven by the interests or pushed by a certain “bloc” within the socio-economy to follow his neo-liberal policies? In this context, it is unfortunate that the book does not define the term “neoliberal policies” carefully, possibly taking it for granted.

Given this state, the authors of the book seem overconfident that they can isolate the policy change-variable as the dominant influence over others. Consider the case of the growing inequality in Japan. The reviewer can agree that the role of a factor like demographic ageing should not be “over-worked” (p. 93), but it would equally be dangerous to downplay forces like globalisation, technical progress and, indeed, ageing in this context. “Autonomous” neo-liberal policies may have played a role as well, as succinctly pointed out by Lechevalier (e. g., p. 98f.), but their primacy is not supported by the presented evidence.

So what does the future hold for Japan? The third major proposition in Lechevalier’s book is that no convergence towards Western systems is apparent: “Japan still constitutes a pole of capitalist diversity” (p. 157), albeit with a lot of ambiguity, heterogeneity and openness with respect to its own path. This may sound as a rather disappointing conclusion, but it is a fair summary of recent thought on Japan, and

Lechevalier's book makes this point in a very convincing way. The book is thus not only a valuable source on the recent development and the current state of the Japanese economic system, but it also points the way to what Lechevalier considers essential for a political economic analysis of systemic change: the micro view on diverse forms of organization, the meso and macro levels of the various co-ordination mechanisms, and how this fits into the social compromise or what could be called the socio-economic set-up. The book is an important step on this way and deserves a wide readership.