

ness among his business contemporaries. In the author's depiction, the man clearly diverged in outlook from military and civilian officials in the late prewar period and economic and finance bureaucrats after the war. Referring to the decade prior to Pearl Harbor, Iguchi writes: "Business leaders such as Ayukawa . . . opted for closer economic cooperation with the United States" (p. 4). But he gives few examples of other "business leaders." Indeed, to what extent did the owners and managers of other big businesses, especially the new *zaibatsu*, share Ayukawa's views? Morikawa Hidemasa has labeled the term "new *zaibatsu*" a misnomer since the late-developing industrial groups like Nissan lacked the exclusive family ownership characteristic of *zaibatsu*—in 1937, for instance, Ayukawa and his relatives held only five per cent of Nissan stock⁵—and Iguchi in fact eschews the term. Nonetheless, insofar as the newer combines relied on external funding to a far greater degree than did the old *zaibatsu*, did the newcomers generally support U.S.-Japan cooperation with an eye to attracting American capital, or was Ayukawa a maverick among the new-combine industrialists in that regard?

Questions about the portrayal of Ayukawa notwithstanding, this book makes a useful contribution to our understanding of U.S.-Japan relations especially in the prewar era by adding to the business dimension of the "road to Pearl Harbor" narrative that usually centers on political and military developments. The work also provides a strikingly different perspective on the "transwar continuity" theme that has dominated recent scholarship on twentieth-century Japan, highlighting a kind of countercontinuity of failure in both business enterprise and economic diplomacy.

Japan's Interventionist State: The Role of the MAFF. By Aurelia George Mulgan. Nissan Institute/RoutledgeCurzon, London, 2005. xvi, 296 pages. £60.00.

Reviewed by
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Anyone with even a cursory knowledge of Japanese politics knows that the nation's farmers have long been coddled by Liberal Democratic Party (LDP) politicians eager to win their votes. Yet I still found it shocking to learn, on the first page of George Mulgan's book, that agricultural market distortions imposed by the Japanese government *double* the prices farmers are paid

5. Hidemasa Morikawa, *Zaibatsu: The Rise and Fall of Family Enterprise Groups in Japan* (Tokyo: University of Tokyo Press, 1992), pp. 226-27.

for the products they grow and raise. Government subsidies to farmers are "greater than the entire contribution made by agriculture to the nation's economy" (p. 1). Perhaps there is something going on here that goes beyond the tendency of politicians to redistribute income from taxpayers and consumers to farmers, something that is common in the industrialized world but rarely reaches the proportions seen in Japan.

Indeed, the premise of George Mulgan's new book—the second in a trilogy of books devoted to the topic of agriculture policy in Japan—is that there is more to the story than meddling by politicians. The machinations of the LDP farm caucus were the focus of her first book, *The Politics of Agriculture in Japan*, released by the same publisher in 2000. In this book, she focuses on the role Ministry of Agriculture, Forestry, and Fisheries (MAFF) bureaucrats play in distorting markets and blocking reform. MAFF protects and subsidizes farmers, she argues, not simply because farmers, through politicians, *demand* it, but also because the ministry and the bureaucrats working there have an interest in setting up and running programs that protect them. Market distortions are "supply-driven, irrespective of demand" (p. 2).

A few policy details covered in the book illustrate her argument. When Japan was forced to open up its beef market to imports in the 1980s, MAFF officials made sure the imports were channeled through the Livestock Industry Promotion Corporation (LIPC), one of many ministry-affiliated agencies (*gaikaku dandai*) under the MAFF umbrella. This step protected Japanese farmers because the LIPC was able to use its monopoly on the right to import beef to maintain Japanese beef prices at levels only slightly below those paid to Japanese producers when the market was closed. But the policy also benefited MAFF because the LIPC purchased the imported beef at much lower world-market prices and kept the difference: a sizable profit of ¥40–50 billion a year in the mid-1980s when the scheme netted the largest sum. The LIPC spent some of this money on "the promotion of the Japanese livestock industry" (p. 147), but these efforts still left the agency with plenty of funds to cover salaries and retirement bonuses for LIPC managers—many of whom were retired (*amakudari*) MAFF officials.

Similarly, after Japan agreed to move from a ban on imported rice to a system of high tariffs at the conclusion of the Uruguay Round of trade talks in 1994, MAFF officials made sure they were put in charge of a ¥6 trillion pot of money known as the "UR countermeasures fund," appropriated by politicians who wanted to win the forgiveness of offended rice farmers. This sum of money was so large that officials in MAFF's Agriculture Structure Improvement Bureau had trouble finding legitimate ways to spend it. Some, according to investigations reported by George Mulgan, ended up turning to friends and colleagues in farm villages who found ways to spend it and channeled some of the money back to MAFF officials in the form of cash and golf vacations.

George Mulgan's account, including her thorough analysis of the large number of MAFF bureaucrats retiring into *gaikaku dantai* and tales of personal corruption, makes it clear that these bureaucrats have been living "high off the hog" for many years. She leaves little doubt that these officials have an interest in maintaining access to well-paid postretirement jobs, ample budgets, and the perquisites of power that come with market intervention.

The author is making a larger claim than this, however. She is arguing that these officials' interest in intervening in markets and blocking reform has been an important *cause* of those policies. She does not claim, of course, that bureaucrats' motives are the only (or even the most important) cause of agricultural market distortions. As noted at the outset of this review, she gives interest groups and politicians ample credit in her first book. The novel claim of this book is that bureaucrats would supply these policies "irrespective of demand"—even if the politicians and interest groups stopped advocating for such programs.

Unfortunately, the structure of George Mulgan's research design does not allow her to prove this provocative claim. She has trouble making this argument, first, because there has been no variation over time (that she reports) in demands for agricultural subsidies and protection from interest groups and politicians. As a result, we have no opportunity to observe what would happen if MAFF were ever left on its own to defend its costly policies.

As an alternative to this research design, George Mulgan might have compared the policies pursued by MAFF bureaucrats to those pursued by another Japanese ministry, perhaps the Ministry of Economy, Trade, and Industry (METI). As someone who has written on METI's changing policies toward mom-and-pop retail shops,¹ I could not help being struck by the contrast in attitudes of MAFF and METI bureaucrats toward sectors of the economy that have faced adjustment pressures.

George Mulgan reports that MAFF officials have consistently done everything they can to block corporate farms and the consolidation of land ownership in order to allow small (often part-time) farms to remain in business. In contrast, METI bureaucrats have generally promoted the "modernization" of the retail industry, adopting laws to protect mom-and-pop shops only when pressured to do so by the LDP and opening up the market to large stores whenever market innovations (the emergence of superstores in the 1960s) or diplomatic pressures (*gaiatsu* during the Structural Impediments Initiative talks of the early 1990s) gave them an opportunity to do so. Japan—whether you like it or not—now has a vibrant big-box retail sector.

A comparison of this sort would have allowed George Mulgan to highlight the influence of bureaucrats. LDP politicians have long favored pro-

tection for both of these sectors, but METI officials found ways to take advantage of markets and foreign pressure to push the industry toward greater efficiency. MAFF officials have had many opportunities to use foreign pressure in this way too, but they have apparently had no interest in bucking the politicians in order to pressure agriculture to increase its competitiveness. Instead, they've responded to foreign pressure in ways that delay modernization and boost MAFF's own budget, power, and retirement jobs. As this comparison suggests, I am sympathetic with George Mulgan's argument that MAFF bureaucrats are one of the reasons the Japanese protect farmers to the extent they do. Comparing MAFF with another ministry in Japan would have given her more evidence for this claim while also giving her the leverage she needed to identify *why* MAFF bureaucrats prefer to keep farmers dependent while METI bureaucrats push for modernization.

Unfortunately, George Mulgan never problematizes this preference on the part of MAFF officials. Instead, she uses it as the starting point in her research design, which assumes that it is only natural that a ministry like MAFF should wish to keep the industry under its charge perpetually dependent on government support. The less competitive Japanese farmers are, she argues, the more MAFF officials benefit since these farmers will require large subsidies that will fatten MAFF's budgets. The bigger the gap between domestic and import prices, the more Japanese farmers will depend on MAFF's regulatory interventions through *gaikaku dantai* like the LIPC, giving MAFF officials retirement destinations.

George Mulgan's main strategy for proving that MAFF bureaucrats are an independent cause of Japanese farm protection is to compare these logically deduced preferences of the ministry to the "revealed preferences" of its actual policies. The fact that they match leads her to claim that she has proven her "intervention-maximizing" theory of the Japanese bureaucracy:

This book argues that bureaucrats are not captive of the industries they are guiding; nor are they mere agents of the executive. They define their policy preferences independently in line with their own interests and, I would argue, these interests are for the most part defined by their intervention-maximizing imperative. (p. 44)

The problem with this theory is that it bundles together under "intervention" such a large range of government policy. Steven Vogel, writing about policies of the Ministries of Finance (MOF) and Posts and Telecommunications (MPT) toward the finance and telecommunication sectors, has argued that these ministries use intervention to push the industries under their charge toward international competitiveness: they open markets at a pace that is slow enough to give industry time to adjust but fast enough to be sure their industries eventually catch up with the international competition. They advocate "more rules," but these are rules designed to push firms toward com-

1. Leonard Schoppa, *Bargaining with Japan: What American Pressure Can and Cannot Do* (New York: Columbia University Press, 1997), pp. 146-80.

petitiveness.² MOF and the MPT have officials who need retirement jobs and want their budgets to grow, just like MAFF does, but officials in these ministries seem to be able to pursue these goals while at the same time helping their industries modernize.

It is only in agriculture, it seems to me, that Japanese bureaucrats have pursued intervention that causes the regulated sector to fall further and further behind. I wish George Mulgan had spent a little more time comparing MAFF with other Japanese ministries and/or agriculture ministries in other nations in order to establish why it suffers from this pathology.

Law in Everyday Japan: Sex, Sumo, Suicide, and Statutes. By Mark D. West. University of Chicago Press, Chicago, 2005. xiv, 279 pages. \$19.00, paper.

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This book is interesting—sometimes fascinating—and yet the whole is less than the sum of its parts. Its biggest strength is what it reveals about how law works in several little-studied spheres of Japanese society. Its biggest weakness is that it fails to make much of a case for the payoffs that come from attending to the role of law in “everyday Japan.” Call it the opposite of synergy.

The book opens by claiming that the literature on law in Japan is too preoccupied with “broad-based, high-stakes phenomena” such as the country’s litigation rate (p. 1). According to West, the problem with focusing on matters that matter is that it results in a “potentially misleading and irrelevant model of Japanese law” (p. 1). Although this diagnosis might be right, the author never explains how extant models of Japanese law (as in Frank Upham’s “bureaucratic informalism” or John Haley’s “authority without power”) are misleading or irrelevant, nor does he offer an alternative model that would improve upon the defective ones.

West’s remedy for the preoccupation problem is a focus on the role of law in seven spheres of everyday life: lost property (umbrellas, wallets, and so on), the organization of sumo (in which 105 elders make all major decisions), karaoke noise disputes (the industry has annual revenues of \$3.8 billion), the repair of earthquake-induced damage to condominiums (there are four million units nationwide), love hotels (where, the author calculates, about half of all sex in Japan occurs), working hours (which peaked in the

2. Steven Vogel, *Freer Markets, More Rules: Regulatory Reform in Advanced Industrial Countries* (Ithaca: Cornell University Press, 1996).