Acknowledgments

My students at Kyoto University have no first-hand experience of Japan's bubble economy in the 1980s, let alone the high growth during the period between the 1950s and the early 1970s. They are used to a deflationary society wherein throughout their lifetime they have only heard that institutional reform (e.g., third arrow of the 'Abenomics' promoted by Prime Minister Shinzo Abe) is of prime importance for combating deflation and adjusting the Japanese ways of work, education, and even life according to the global order.

When I was about their age, Japan stood between high growth and the forthcoming bubble, struggling to adjust to the flexible exchange rate regime that paved the way for the emergence of the neoliberal global order. It overcame the struggle by making a series of small-scale adjustments to hedge exchange rate risks while maintaining the existent public policy and economic institutions of the main-bank system, long-term employment, and interfirm networks. Half a century ago, my parents experienced the difficult adjustment associated with the transformation of the war command economy into a market economy to accommodate the post-World War II liberal order. The adjustment was made under the adverse war-torn social conditions through overarching institutional reforms. Three quarters of a century ago, my grandparents had survived the world depression that had worsened in Japan by the gold standard introduced to deeply integrate the emergent Asian state into the interwar international economic order as part of Cooperative Diplomacy. The fragile party government collapsed in the absence of robust political leadership, permitting the Imperial Army to take over the civilian government and push for war preparation.

This book is about how the Japanese political economy has endured adjustments to changes in the international order since the pre-World War II era. To carry out this book project, I have three points in mind: first, the prevailing international order influences the relative efficiency of economic institutions. A closed international order generates a few discernible systemic effects on the states' economic performance, allowing them to maintain their unique national rules and standards. In contrast, the neoliberal order, which has taken place with enhanced cross-border capital mobility since the 1980s, gives a liberal market economy an advantage in generating

growth over a non-liberal economy. It is because the former can more vigorously attract capital than the latter through its sophisticated equity markets, property rights protection, and contractual flexibility. Aware of this asymmetry, a non-liberal state such as Japan finds it necessary to bring its national rules and standards into conformity with liberal practices through policy changes in the realms of banking, business, labor, trade, and investment. These changes generate differentiated effects on the state's sectoral interests and thus arouse acute distributive conflicts.

Second, policy decisions are made by political and bureaucratic officials with distinct concerns and professional talents. In general, politicians have distributive concerns and electoral accountability: the higher the political office, the greater distributive concern an office holder geographically has. A few years ago, when I hired a taxi in Shimonoseki, a major city in Yamaguchi Prefecture from which Prime Minister Abe was elected, the driver complained to me that Mr. Abe was less concerned about Yamaguchi than about the nation, much like his grandfather, Prime Minister Nobusuke Kishi (1958–1960), but very different from rank-and-file parliamentary members whose concerns are mainly about their districts. In contrast, unelected bureaucrats have policy expertise and information, specializing in particular policy domains with organizational loyalty. I also observed in Shimonoseki that officials from the Ministry of Agriculture, Fishery and Forestry helped to promote the exportation of blowfish, a local delicacy, by providing technical and regulatory assistance to dealers. Because blowfish has poisonous elements, dealers must show regulatory compliance with the complicated Sanitary and Phytosanitary Measures (SPS) Agreement by obtaining assistance from expert SPS ministry officials.

Third, how well a state adjusts to changes in the international order significantly depends upon the scheme of authority allocation between politicians and bureaucrats, which influences the use of their distinct professional talents and the quality of their policy adjustment decisions. At present, under the neoliberal global order, the allocation of authority has been shifting toward political leadership that is in a position to use central command and make bold decisions to coordinate policy tasks between ministries. However, in the half-century after World War II, bureaucrats became influential with delegated policy authorities and their expertise, fine tuning public policy to contribute to high growth. Increasingly, they have become unable to adjust to the emergent neoliberal order, leading to the retrenchment of bureaucratic delegation and the ascent of political command. Yet political command is not a panacea because it may be cut off from the flow of information and communication.

Here is a major structural dilemma that the state must solve, which I

find fascinating but difficult to deal with as a research agenda. First, the structure of the government is hard to change in the short run. However, it will change in the long run because of changes in the Constitution, the electoral law, or the bureaucratic system, thereby determining the relative authority of politicians and bureaucrats. Thus, I have to cover a long historical period in order to observe major changes in the government structure and analyze their impact on public policy domains and economic institutions.

Second, to evaluate institutional change, an analyst has to acquire knowledge on law, politics, and economics. Luckily, in a Japanese university, my field of political science is typically part of the law faculty. Following this rule, Kyoto University, where I have been teaching for the last fourteen years, has a faculty of law that combines law with political science and is institutionally well connected to the faculty of economics. This interdisciplinary environment is suitable for thinking about and analyzing the multifaceted problem of institutional change. Personally, I was involved with the research wing of the Ministry of Education as a program officer between 2006 and 2008, which gave me the wonderful opportunity to work with top Japanese scholars in political science, law, and economics. Of course, it is difficult for a single person to specialize in multiple academic disciplines. This book is a product of my utmost, albeit imperfect, cross-disciplinary efforts.

The changes in the global order have influenced the fate of my family as well as those of many other Japanese households. I have tried not to let my personal feelings affect my analysis and sought to be as objective as possible by referring primarily to widely available evidence. Some of the chapters of this book are based on my research presentations at domestic and international academic conferences, the University of Pavia, the University of Milan, the University of California at Berkeley, and Boston University. I was brought to these outstanding institutions by my hosts and hostesses with their deep appreciation of Japanese culture and political economy. I benefited deeply from comments by Professors T.J. Pempel, Steve Vogel, and William Grimes who read the draft with care and helped me correct unsubstantiated claims. As usual, I am solely responsible for the remaining errors and omissions.

The book is published by Edward Elgar Publishing, whose managing editor, Tim Williams, visited my office at Kyoto University on an extremely cold day in January 2012 and encouraged me to turn my various papers into a book. Without his professional enthusiasm I would not have embarked on this book project. Fortunately, I have received grants from the Japan Society for the Promotion of Science, which enabled me to explore the research agenda with excellent co-researchers, Professors

Akira Okada, Kaoru Ishiguro, Keisuke Iida, Atsushi Ishida, Atsushi Tago, Yukari Iwanami, Shuhei Kurizaki, Shoko Kohama, and Yumi Nakayama who are first-rate political scientists or economists. My graduate students, Ms. Yu Keirin, Ms. Azusa Uji, and Mr. Shohei Doi, assisted my research; they worked tirelessly on collecting data and arranging the bibliography. Dee Compson, Chloe Mitchell, and Harry Fabian of Edward Elgar Publishing were extremely helpful for editing my manuscript.

Without support from all the individuals and organizations listed above, this book would not have been published. I am grateful for their advice and assistance. My final gratitude goes to my family, who have endlessly supported and encouraged me despite the boring weekends for the last two years.

Motoshi Suzuki
Kyoto under fallen autumn leaves
7 December 2015