



ELSEVIER

Journal of Economic Behavior & Organization  
Vol. 54 (2004) 351–375

JOURNAL OF  
Economic Behavior  
& Organization

www.elsevier.com/locate/econbase

# Commercial culture, political culture and economic policy polarization: the case of Japan

Seiichi Katayama<sup>a</sup>, Heinrich W. Ursprung<sup>b,\*</sup>

<sup>a</sup> *Research Institute for Economics and Business Administration, Kobe University, Rokkodai-cho, Nada-ku, Kobe 657, Japan*

<sup>b</sup> *Department of Economics, University of Konstanz, Box D-138, D-78457 Konstanz, Germany*

Received 15 June 2000; accepted 7 August 2003

Available online 15 December 2003

---

## Abstract

In this paper we present a model of endogenous policy formation that captures crucial aspects of the Japanese commercial and political culture. We analyze the influence of certain cultural traits and show that cultural idiosyncrasies are important determinants of policy formation; especially the complex interaction of the two types of cultures is shown to have significant consequences for the polarization of policy stances. Contrasting our model's behavior with the stylized facts of Japanese politics, we arrive at the conclusion that the model's behavior is compatible with the observed policy positions held by Japanese politicians over the last 50 years.

© 2003 Elsevier B.V. All rights reserved.

*JEL classification:* A13; D23; D72; F13

*Keywords:* Political economy; Cultural evolution

---

## 1. Introduction

Social interactions are shaped both by formal institutions and prevailing cultural norms. The formal institutions place external constraints on individual behavior while the cultural norms are personally internalized to become components of an individual's preferences or belief system.

Although constraints, preferences, and beliefs are all constituent parts of the economic model of behavior, economic theory has largely neglected the influence of specific institutional characteristics, and more so of specific cultural traits, on social interaction—whether

---

\* Corresponding author. Tel.: +49-7531-882332; fax: +49-7531-883130.

*E-mail address:* heinrich.ursprung@uni-konstanz.de (H.W. Ursprung).

the interaction be commercial or political.<sup>1</sup> We focus in this paper on consequences of cultural idiosyncrasies from both these perspectives. We adopt a long-term view in which the commercial and political culture is liable to change, and trace the consequences of this cultural drift for political–economic interaction. There is no generally accepted, precise, definition of the concept of culture,<sup>2</sup> and we apply the term to describe norms of social interaction that have evolved over time without any formal institutional backup. Such behavioral norms belong in Hayek’s (1973, Chapter 2) terminology in the realm of “cosmos” and are characterized by conservatism, conformity, tacit knowledge, emotional encoding, and mutual reinforcement. Most importantly, culturally based social norms imply entitlements and obligations that are often encoded as standards of appropriate behavior such as fairness, and are enforced through reputation effects (cf. Schlicht, 1998, Chapters 1 and 2).

We shall not be concerned here with the determinants and evolution of culture; we take cultural traits as given and investigate their influence on endogenous policy formation in the specific cultural setting of contemporary Japan.<sup>3</sup> The focus of the investigation is political polarization, one of the key aspects of political–economic interaction. Since cultural traits are of especially great consequence when different cultures clash in the course of political–economic interactions, we have chosen Japan as an example. Japan, after all, is endowed with a very specific culture that contrasts significantly with the culture of her main trading partners, and the political–economic positioning of the country vis-à-vis the rest of the world has always played a major role in Japanese politics.

Since delineating the political–economic relationship with her main allies and trading partners has always been an issue of utmost importance in Japan’s political discourse and debate, we portray the political process with the help of an endogenous trade policy model. This model, on the one hand, is designed to capture a major aspect of Japanese economic policy. On the other hand, the model’s implications are supposed to transcend the important but nevertheless specific trade policy field and provide an overall picture of the observed policy positions held by the principal players acting in the Japanese political landscape.

The paper is organized as follows. Section 2 provides some information about the cultural traits that distinguish Japan from the United States and describes the modeling approaches employed to portray these cultural traits. In Section 3 we set up an endogenous trade policy model and analyze the influence of Japanese commercial culture on policy formation in a given environment of political culture. The influence of the political culture on policy polarization is analyzed in Section 4. In Section 5 we compare the predictions of our model with the long-term changes in policy polarization observed in post-WWII Japan.

---

<sup>1</sup> The neglect of institutional considerations is more evident in traditional welfare-theoretic policy studies than in political-economic investigations. Nevertheless, many authors have noticed an unfortunate disregard for institutional details also in political-economic studies. For a discussion of this issue in the context of modeling endogenous trade policy, see Nelson (1999).

<sup>2</sup> Hillman and Swank (2000), Katayama (2000) and Paldam and Svendsen (2000) are three contributors in a special twin-issue of the *European Journal of Political Economy* that studies the concept of political culture.

<sup>3</sup> For a model which endogenizes commercial culture in an international trade context, see Kaneda (2000).

متن کامل مقاله

دریافت فوری ←

**ISI**Articles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات