

WHEN INTERESTS ARE NOT PREFERENCES:
THE CAUTIONARY TALE OF JAPANESE CONSUMERS

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Abstract

How do we know what interest groups want? Should we derive their interests from theory, or discover their preferences through field research? These basic questions strike at the heart of current debates in comparative politics. In practice, many political scientists derive group interests by logical assumption, often building upon standard economic theory. Proponents of this approach contend that by making certain simplifying assumptions they are able to devise more parsimonious and more powerful models. And in any case, the interests of many groups are self-evident. After all, how many workers do not want higher wages, and how many consumers do not want lower prices? This article sounds a cautionary note by examining the case of Japanese consumer groups, who have repeatedly advocated policies at odds with their economic self-interest. Seemingly innocuous assumptions about consumer preferences have not only led scholars to mischaracterize Japanese consumers' role in politics, but to misinterpret Japan's postwar political economy more broadly.

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Biographical sketch

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Much work in political science today in some way or another involves the analysis of competition between interest groups, whether these be landlords and peasants, employers and workers, creditors and debtors, or producers and consumers. But how do we know what these groups want? Should we derive their interests from theory, or discover their preferences through field research?¹ These basic questions strike at the heart of current debates in comparative politics.²

In practice, many analysts derive group interests by logical assumption, often building on standard economic theory. In doing so, they implicitly or explicitly adopt a "thick" view of rationality. That is, they give rationality a specific substance: the

maximization of economic welfare.³ Not surprisingly, those who work in political economy are particularly drawn to this approach.⁴ Proponents contend that by making certain assumptions about preferences, they allow themselves to devise more parsimonious, powerful, replicable, and testable models. In any case, the interests of many groups — particularly those defined by their place within the economy — are virtually self-evident.⁵ After all, how many employers do not want lower wages, and how many workers do not want higher wages? How many producers do not want higher prices, and how many consumers do not want lower prices?

This brings us to the curious case of Japanese consumer groups, who have repeatedly advocated policy positions at odds with their basic material interest in lower prices, higher financial returns, greater choice, and a more efficient economic system overall. I introduce this case as a cautionary tale for those who assume that they know what interest groups want, or that economic assumptions about interest group preferences apply equally well in different national contexts.⁶ In doing so, I do not suggest that political scientists should never make simplifying assumptions about interest group preferences. Rather, I merely contend that even the safest assumptions may turn out to be false, and that false assumptions tend to produce faulty political analysis *in practice*. In the case of Japanese consumers, seemingly innocuous assumptions about consumer preferences have not only led political analysts to mischaracterize Japanese consumers' role in politics, but to misinterpret Japan's postwar political economy more generally.

Abused?

Economists, political scientists, U.S. negotiators and Japanese consumer groups overwhelmingly agree that Japan's postwar economic system has favored producers over consumers.⁷ The financial system shifted resources from consumers to producers by maintaining deposit interest rates below market levels. Trade barriers allowed domestic producers to charge higher prices, and prevented consumers from purchasing cheaper and/or better products from abroad. Weak enforcement of and bountiful exemptions to antitrust laws permitted price cartels and other forms of collusion between producers. And a wide range of economic regulations impeded competition, bolstered corporate profits, and increased price levels in sectors as diverse as retail and construction.⁸ According to standard economic theory, each of these features implies a substantial welfare loss for consumers.⁹

But this consensus about the nature of the postwar economy only begets a larger puzzle about postwar politics: Why couldn't the consumers stop this? Logically, one of the following propositions, or some combination of them, must be true: either consumers were

too weak to fight back; they did not recognize their own plight; or they really did not fare so badly after all. That is, the consumers may have been abused by the system, confused by it — or they may have been perfectly rational all along.

The most obvious answer is that they simply did not have the political power to derail the producer-bias in postwar economic policy. Two distinct bodies of literature offer explanations for why consumers may have been underrepresented in the policy process: one focuses on the distinct features of the Japanese political system, and the other stresses the universal problems of collective action. Chalmers Johnson and others have described Japan as a “developmental” state.¹⁰ They argue that the Japanese political system enabled the government to pursue economic policies that an elite bureaucracy, relatively insulated from political pressures, dominated policy formulation.¹¹ Meanwhile, the ruling Liberal Democratic Party (LDP) garnered support from an unusual coalition of producer groups including farmers, large corporations and small businesses, allowing it to maintain a stable majority while still excluding major interest groups such as labor unions. Moreover, the consumer movement was dominated by women, and thus lacked clout within a political system dominated by men.¹² Even more than in other countries, the role of consumer in Japan is associated with the role of housewife. The postwar consumer movement grew out of groups of housewives joining together, often for the practical purpose of collective purchases rather than for any larger political goal. Consumer groups focused on lifestyle issues, and channeled their energy more at the local level than the national. And many of them lacked a solid financial foundation to support their political activities.

Theories of collective action offer a second way to understand the apparent weakness of consumers within the policy process. According to this perspective, large groups with diffuse interests, such as consumers, do not fare well when competing with smaller groups with more concentrated interests, such as producers.¹³ Individual consumers have little incentive to defend the interests of consumers at large, and consumers are too numerous to organize effectively for this purpose. George Stigler and others have developed this line of argument into a theory of economic regulation. They argue that government regulation tends to serve producers rather than consumers because consumers have little stake in pressing for the removal of these regulations whereas producers have a large stake in defending them.¹⁴

Specialists on Japanese politics are right to suggest that consumer groups faced considerable obstacles in their political activity: they lacked privileged relations with either the bureaucracy or the LDP.¹⁵ And collective action theorists are right to stress that consumer groups face organizational hurdles in mobilizing support for public-interest causes. But neither approach can account for the consumer groups’ substantial successes

in certain policy domains, or for the particular pattern of successes and failures. Consumer groups may have failed to promote import liberalization or deregulation, but they have been very effective in pressing for tougher health and safety regulations. In fact, they have also been quite successful in *opposing* liberalization and deregulation. One might argue that rather than politics driving policy, in this case policy may have driven politics.¹⁶ That is, rather than consumer weakness fueling pro-producer economic policy, the high-growth policy may have constrained consumer influence in those areas such as antitrust regulation where consumer preferences threatened this policy. More critically, however, the imperatives of late industrialization, war, and reconstruction, reinforced by government mobilization of consumers for national goals and consumer group alliances with producers and workers, shaped consumer group preferences that were fundamentally consistent with the high-growth strategy.

The Housewives' Federation (*shufu rengokai* or "Shufuren") started off in 1948 by protesting faulty matches, and then developed its own laboratory to test products for quality, safety, and truth in labeling (See Table 1).¹⁷ In 1951, Shufuren discovered that 40 percent of pickled radish (*takuan*) contained an additive suspected to cause cancer. The Ministry of Health and Welfare (MHW) reacted by conducting its own tests, and eventually banning the additive completely. In 1957, Shufuren found that 40 percent of juice packages claiming not to use artificial sweeteners actually contained these sweeteners, and used this data to push the Ministry of Health and Welfare to reinstate stricter labeling requirements. And in 1960, Shufuren found that many brands of canned meat labeled as "beef" actually contained whale or horse meat, and persuaded the MHW, the Ministry of Agriculture, Forestry and Fisheries (MAFF), and the Fair Trade Commission (FTC) to crack down on this practice. Consumer groups then consolidated their gains with a new law which sets standards for labeling and restricts marketing promotions (*futokeihinrui oyobi futohyoji boshiho*) in 1962.¹⁸ Consumer groups were not always successful in specific cases, but by mobilizing public opinion and establishing consumer protest as a credible threat they fostered a phenomenal increase in the scope and stringency of Japanese health and safety regulation.

[Table 1 about here]

By the 1960s, consumer groups had not only achieved some notable breakthroughs, but had gained an institutionalized role within the policy process. The Tokyo metropolitan government founded a consumer affairs division in 1961, and many other local governments followed suit shortly thereafter. At the national level, the Economic Planning Agency (EPA) set up a policy council on consumer issues in 1961, and created a consumer affairs bureau in 1965. The MAFF established a consumer affairs division in 1963, and the Ministry of

International Trade Industry (MITI) followed in 1964. In this way, consumer groups gained formal inclusion in the ministerial decision-making process, although representation on ministry policy councils still did not always offer the best mechanism for influencing government policy.¹⁹ Then in 1968, the government passed the Consumer Protection Law (*shohisha hogo kihonho*), despite considerable opposition from some LDP Diet members who feared that it could impede industrial growth. The law set forth government and corporate responsibilities in responding to consumer concerns and created a cabinet-level Consumer Protection Council (*shohisha hogo kaigi*). The government then revised the Local Autonomy Law to require local governments to promote consumer protection, and the EPA followed this up with detailed directives that effectively created a national network of semi-public consumer information centers (*kokumin seikatsu sentaa*).²⁰ Consumer groups have been particularly effective in using their access to local government to mobilize public opinion and to promote core policy goals such as strengthening consumer protection.²¹

Consumer groups became even more aggressive in the late 1960s and 1970s, challenging corporations directly through public denunciation, product boycotts, and law suits. In 1969, a disgruntled former MAFF official by the name of Naokazu Takeuchi joined others to found the Consumers Union of Japan (*nihon shohisha renmei* or “Nisshoren”). Nisshoren insisted on political neutrality, refused government financial support, only enlisted private individuals as members, and brought denunciation into the strategic arsenal of the consumer movement. In 1969, for example, it launched a campaign against cola — which it felt was unhealthy and perhaps even dangerous — by publicly accusing Coca Cola Japan of violating Japanese laws regarding foreign firms’ activities in Japan.²² In 1970, consumer groups boycotted color televisions in protest of manufacturers’ dual-pricing schemes. The groups argued that manufacturers published official prices far above the actual prices charged by most retailers, and that manufacturers and retailers used this system to get less savvy customers to pay the higher prices. The boycott resulted in a sharp decline in sales, and MITI eventually convinced the manufacturers to lower their prices.²³ In the early 1970s, consumer groups also helped to push through new restrictions on pesticides and industrial waste.²⁴ They mounted a successful campaign to ban AF2, a germicide that had been shown to have carcinogenic properties in lab tests. They organized boycotts of stores selling food products containing AF2, leading many processors to stop using the substance and the MHW to ban it outright in 1974.²⁵ Although consumer groups were generally less successful in court, they used law suits to publicize their concerns and thereby alter corporate behavior.

In the mid 1970s, consumer groups joined with trade unions, opposition politicians, legal scholars and the Fair Trade Commission in a movement to strengthen antitrust law.

They sought in particular to crack down on the cartel behavior of oil companies and other corporations that had raised prices dramatically after the Oil Shock in 1973. They ultimately prevailed over considerable opposition from MITI and the business community in 1977, as the Diet approved revisions in antitrust law which increased fines for antitrust violations, set surcharges for unfair profiteering by cartels, tightened corporate shareholding limits, and required divestment by companies with very high market shares.²⁶ In the early 1990s, consumer groups turned their attention to advocating a product liability law. Although lawyers and academics initiated the debate, consumer groups were instrumental in pushing the proposal through to passage in 1994 — despite considerable resistance from industry, especially electronics and pharmaceutical manufacturers. The Consumers Federation of Japan (*zenkoku shohisha dantai renrakukai* or “Shodanren”), a liaison organization for thirteen of the biggest consumer groups, organized a special national liaison committee to mobilize public support and coordinate appeals to government ministries and political parties.²⁷ Having successfully campaigned for the product liability law, consumer groups have now set top priority on pushing through a U.S.-style information disclosure law. If passed and fully implemented, the bill could give consumer groups more leverage over government bureaucrats by opening access to critical government files.

Even beyond direct lobbying efforts, consumers have strongly influenced policy as voters. Both bureaucrats and politicians have feared the wrath of the public in response to specific incidents. They have regulated with a heavy hand in part to avoid such incidents, and they have responded by tightening regulations even further when problems have emerged. As Charles Goodhart argues, governments tend to over-regulate because they are more concerned with potential public outrage over specific incidents than with costs to industry.²⁸ “We have to be very careful to prevent incidents,” explains one Ministry of Finance (MOF) official, “because the newspapers really go after you when you slip up.”²⁹ With respect to LDP politicians, Margaret A. McKean argues that public-interest groups such as consumers “get more consideration in policy-making than they themselves demand. A few crises showing the LDP that these groups can get mad enough to mobilize and to hurt the LDP at the polls has taught the LDP to think about these groups’ reactions in advance.”³⁰ In the case of pollution regulation, the government was slow to react to public concerns in the 1950s and 1960s, but moved boldly with major legislation and much tougher regulation in the early 1970s.³¹ And in the 1980s, the government strengthened the regulation of consumer finance corporations (known as *sarakin*), less in response to direct lobbying than from fear that public outrage over the various *sarakin*-related scandals and social problems could swell.

Confused?

At a superficial level, theories of collective action fit the Japanese case well, for they offer a plausible explanation for producer bias. But if we dig deeper, we find that Japanese consumers have not simply failed to organize effectively to promote their interests (as defined by standard economic theory) — but have actively lobbied *against* these interests: crusading, for example, against trade liberalization and economic deregulation. Thus the failure is not one of collective action but of will: Japanese consumers simply do not seem to want what is good for them.

This brings us to the biggest puzzle of all: Why have Japanese consumer groups so consistently acted against their own economic interests? Although interest groups in other countries may have deviated from the rational pursuit of their own self-interest, Japanese consumers represent an extreme case. We may be able to understand why consumers in other countries have failed to mobilize in favor of trade liberalization or economic (price and entry) deregulation, but how can we explain why Japanese consumers have so fervently lobbied against these measures?

As noted above, deposit interest rate regulation comprised one of the most fundamental mechanisms by which the postwar economic system transferred wealth from consumers to industry. Yet Japanese consumer groups have been distinctly uninterested in changing this situation. In a 1979 Shufuren survey, a substantial majority within a random sample of married women reported that they would prefer banks to maintain the same interest rates, and virtually none said that they would prefer competition in interest rates.³² When the Ministry of Finance was trying to promote deposit interest rate liberalization in the mid 1980s, one bureaucrat desperately tried to find a consumer representative to testify before the relevant policy council. After many calls to representatives who flatly turned him down, he finally found one individual who was more sympathetic to his cause. “Personally I would like to see more liberalization,” the consumer representative confessed, “but my organization has come out against it — they want more regulation, not less.”³³

On trade liberalization, consumer groups have been much more vocal. When the Japanese government announced its “Action Program” to open its market in 1985, the major consumer groups united in opposition, arguing that the program would sacrifice consumer protection to appease the United States. They have fought most vigorously against agricultural liberalization, citing three primary concerns: liberalization would undermine food self-sufficiency, increase the risk of contamination or disease, and threaten the livelihood of farmers.³⁴ Nisshoren has been particularly strident on this issue: “We have the capacity to supply our own food, so we should do so,” insists Secretary General

Hiroko Mizuhara. "Import liberalization destroys Japanese production."³⁵ In recent years, Nisshoren has gone even further, pushing for Diet member-sponsored legislation to mandate policies promoting agricultural self-sufficiency.³⁶ The Japanese consumers' stance contrasts markedly with that of similar groups in other countries. At the 1984 conference of the International Organization of Consumer Unions (IOCU), for example, Japanese groups stood alone in refusing to support a proposition in favor of sweeping agricultural liberalization. Meanwhile, European consumer groups have strongly criticized European Community (EC) protectionism in the form of the Common Agricultural Policy (CAP).³⁷

It is tempting to draw a line between consumer activists, who might bear unusual preferences, and consumers at large, who surely must not share these views.³⁸ In fact, however, public opinion polls throughout the 1980s and 1990s have shown strong public support for agricultural protection. In a 1988 *Yomiuri Shimbun* survey, for example, 57.1 percent of respondents supported protection, whereas only 36.8 percent opposed. And 59.4 percent opposed liberalization, whereas 32.4 percent favored it.³⁹ Likewise, Prime Minister's Office surveys in 1978, 1981, 1987, 1993, and 1997 all showed strong support for food self-sufficiency even if this means higher prices. In the 1997 survey, for example, 83.4 percent of respondents supported food self-sufficiency, with 45.9 percent saying that "as much of the food supply as possible should be produced in this country, while reducing production costs, even though domestically produced food is more expensive than foreign products;" and 37.5 percent replying that "at least staple foods, such as rice, should be produced domestically, while reducing production costs, even though they are more expensive than foreign products."⁴⁰

Consumer groups have also reinforced trade protection by demanding tough regulatory standards that effectively discriminate against imports. David Vogel demonstrates that although consumer groups have pushed for tough standards for both domestic and foreign products, they have been particularly zealous in blocking imported products. For example, they have focused on keeping out the synthetic food additives used by foreign producers more than the equally dangerous natural additives favored by domestic producers.⁴¹ And among pesticides, they have campaigned most vehemently against post-harvest pesticides, which are used in the United States but not in Japan.⁴²

Since the 1980s, economists, business executives, and political leaders have campaigned for deregulation, stressing that it could bring huge benefits for consumers. Yet the consumer groups themselves have been less than enthusiastic.⁴³ They strongly opposed the privatization and deregulation in telecommunications and rail transport and other central pillars of the administrative reform program in the 1980s, and they have resisted many

elements of the deregulation drive in the 1990s.⁴⁴ One bank research institute strongly criticizes them for this attitude, arguing that consumer groups bear an emotional antagonism toward deregulation proponents, overestimate the degree to which regulation can prevent harm, and undervalue the benefits of greater choice.⁴⁵ Of course, one would expect consumer groups to oppose the abolition of regulations designed to ensure the safety and quality of products. But Japanese consumers have also refused to support, and in some cases have directly opposed, the removal or relaxation of economic (price and entry) regulations — precisely the kind of deregulation that should benefit consumers the most. “We do not think you should simply say ‘Competition Banzai!’,” explains Yoshiyasu Ohta, Secretary General of Shodanren. “We see dangers in deregulation.”⁴⁶ Consumer groups have even resisted retail deregulation, which should directly benefit consumers by bringing down retail margins. They argue that price is not everything, and that deregulation would not only hurt small retailers but could wipe out entire neighborhood shopping districts.⁴⁷ Once again, the wider public shares the consumer groups ambivalence toward deregulation. When told that the U.S. government claims that retail deregulation would help consumers, for example, 40.9 percent disagreed and only 35.5 percent agreed.⁴⁸ In the United States, in contrast, consumer groups such as Nader’s Raiders were instrumental in launching the deregulation movement in the 1970s.⁴⁹ And in Britain, consumer groups have strongly supported pro-competitive regulatory reform.⁵⁰

Particularly surprising, especially from an American perspective, is the consumer groups’ strong opposition to marketing promotions such as gifts and coupons. These groups lobbied hard to restrict these promotions in the 1970s, and they have strongly fought off appeals to remove the restrictions in the 1990s. The U.S. government has requested the removal of these restrictions, but consumer groups see this as U.S. interference in Japan’s internal affairs which would only give unfair advantages to those large firms that can afford promotions. “We want companies to compete on the basis of products and not presents,” explains one Shufuren leader. “Only big companies can afford this, so it breeds monopoly, not fair competition.”⁵¹ George Fields, an expert on marketing in Japan, disputes this logic: in fact, smaller companies are more likely to use promotions, and restricting them only disempowers consumers. After all, he stresses, consumers themselves are the final arbiters of a promotion’s efficacy.⁵²

Or Perfectly Rational?

So why have Japanese consumer groups so blatantly disregarded, and sometimes actively sabotaged, their own self-interest? Perhaps they do not understand what is good for them. Or perhaps they simply have distinct preferences. Japanese consumers discount

price as a factor in making decisions, both as economic agents and as political actors. In the marketplace, Japanese consumers are unusually prone to defying standard supply and demand curves by demanding greater quantities of a given good, such as a particular brand of liquor or perfume, at a higher price than they would at a lower price.⁵³ Likewise, in politics, they discount price relative to other concerns, such as environmental protection, social stability, or fairness in competition. When asked what issues they were concerned with, only 9.2 percent of consumer groups mentioned “price issues.” They cited seven issues more frequently: the environment (78.4 percent), food (70.4), aging (41.6), consumer education (30.4), business activity (19.4), product safety (14.6), and health (9.3); and only three categories less frequently: corporate practices and contracts (3.8) labeling and advertising (2.3), and housing and land (1.3).⁵⁴

Not surprisingly, Japanese consumers’ distinctive preferences are rooted in their history. With the overwhelming drive to catch up with the West, Japanese consumers willingly subordinated their short-term interest in lower prices and greater choice to national goals of economic growth and military strength.⁵⁵ Throughout the period of war mobilization, World War II, and recovery, the government actively sought to shape consumer preferences that would support these goals, organizing massive campaigns to increase savings (hence to *suppress* consumption) and to buy only domestic products. And the consumer groups themselves actively collaborated in this effort.⁵⁶ Interestingly, South Korean consumer groups have also participated in campaigns to increase savings and buy domestic, and have opposed import liberalization and economic deregulation.⁵⁷ To this day, Japanese are far less likely than Americans to distinguish their identity as consumers from their identity as producers. Many of the consumer groups themselves have embraced the notion of *seikatsusha*, literally “lifestyle person,” which fuses the notion of consumer with that of worker and citizen.⁵⁸

Through participation in national campaigns and other activities, moreover, consumer groups have built up allegiances with other groups, including farm groups, trade unions, opposition parties, and environmental groups.⁵⁹ Many of the local chapters of consumer organizations work directly with farm groups, especially the farmers’ cooperatives, and thus feel bound by mutual ties of obligation. In fact, more than 10 percent of consumer groups are actually producer groups at the same time (Table 2). Other groups work closely with the traditional opposition parties. The Japan Women’s Conference (*nihon fujin kaigi*), for example, is allied with the Social Democratic Party of Japan, and the New Japan Women’s Association (*shin nihon fujin no kai*) with the Japan Communist Party. These groups have been especially reluctant to embrace measures such as trade liberalization and deregulation which might threaten labor unions, the core constituents of

these parties. The Japan Consumer Cooperatives Union (*nihon seikatsu kyodo kumiai rengokai* or “Nisseikyo”), by far the largest consumer organization with 16 million members, is both a consumer group and a major retailer in its own right. Nisseikyo generally has not opposed trade liberalization — although it has not supported it either — and it does sell imported fruits and vegetables despite objections from other consumer groups. Yet when it came to liberalizing the rice market, Nisseikyo stood with the other groups, unified in opposition.⁶⁰

[Table 2 about here]

Ultimately, the consumer groups’ allegiance with environmentalists, retailers, farmers, workers, and women is not simply a matter of reciprocal alliances but also one of identity.⁶¹ They see “weak” groups such as retailers or farmers as their allies, and “strong” groups such as big businesses and foreign governments as their adversaries. In fact, they often use the very language of weak vs. strong to justify their policy positions. They contend, for example, that trade liberalization and deregulation merely serve to promote the interests of the strong at the expense of the weak. And if that is the case, then they would prefer to side with the weak.⁶² This attitude helps to explain their distinctive perspective on competition issues: they support antitrust regulations that rein in large corporations, yet oppose trade liberalization or deregulation that would target smaller enterprises, such as farms or retail stores. In essence, consumer groups have often favored their own ideological commitments and obligational ties to other groups over their self-interest narrowly defined. As Amartya Sen puts it, commitment drives an all-important wedge between personal choice (preference) and personal welfare (interest).⁶³

To understand why Japanese consumer groups did not reverse the producer bias in postwar economic policy, therefore, we must recognize a central irony of the postwar system: that consumer groups advocated policies that were largely consistent with this bias.⁶⁴ They supported industrial investment by campaigning to increase savings; they complemented industrial policy by pushing for higher product quality standards; they reinforced trade protection by urging consumers to buy Japanese and by demanding health and safety regulations that discriminated against foreign suppliers; and they gave government ministries a pretext to limit competition and bolster corporate profits by advocating a heavy hand of regulation overall.

Japanese consumer groups and consumers are only irrational if we adopt a “thick” definition of rationality that assumes that actors will maximize their economic self-interest narrowly defined. But perhaps we should not project our own notion of rationality on Japanese consumers, but take their own rationality more seriously. For the consumer activists themselves, of course, their policy positions make perfectly good sense. They value

safety and quality first and foremost, and are perfectly willing to accept higher prices or lower deposit interest rates in return. They support food self-sufficiency, arguing that foreign suppliers are less reliable and foreign products are less safe than domestic ones. And they argue that one must evaluate import liberalization or deregulation not only in terms of short-term efficiency gains, but also in terms of less tangible costs such as social instability or long-term environmental degradation. Ultimately, some consumer advocates contend that they view their own self-interest in terms of the broader national interest. “Of course each consumer wants cheaper beef,” suggests Shinji Hashimoto of Shodanren, “but imports that may harm the entire economy do not really represent consumer interests.”⁶⁵

In the long-term view, Japanese consumers have fared extremely well in the postwar era. That is, the sacrifices they have made in terms of low returns on savings deposits and high prices have fueled the success of Japanese industry, and consumers have ultimately been repaid for these sacrifices through higher incomes as workers and thus more money to spend. In fact, real per capita consumption grew almost 6 times from 1945 through 1990.⁶⁶ Anyone waiting to get into a Louis Vuitton boutique in Hong Kong or pushing through the crowd at Tiffany’s in San Francisco would have trouble feeling too sorry for oppressed Japanese consumers. In political terms, consumers supported the LDP regime in part because they shared in the benefits of economic growth. Even so, this does not explain why Japanese consumers were willing to accept short-term sacrifices in exchange for long-term gains whereas their counterparts in other countries were not.

The Surrogate Consumer Advocates

If Japanese consumers do not seem to know what is good for them, other groups have gradually emerged to take their place — to articulate what consumers *should* want. Traditionally, government bureaucrats have been the most influential consumer advocates of all, frequently justifying policies in terms of consumer welfare. Yet in practice they have combined a genuine concern for consumer welfare with a preoccupation with protecting producers under their jurisdiction and a passion for preserving their own power and prestige. For example, Ministry of Posts of Telecommunications (MPT) officials justify their heavy hand of regulation by arguing that if a telephone company were to reduce its quality of service or to go bankrupt, then consumers would pay the price. In the United States or Britain, however, regulators are more likely to emphasize that liberalization, rather than more regulation, would benefit consumers.⁶⁷

Politicians have also championed the consumer cause, with varying motives. Some LDP leaders have genuinely sought to reach out to urban voters by catering more to consumers. Others have appealed to the consumer interest as a way of justifying trade

concessions to the United States. Prime Minister Noboru Takeshita, for example, declared that Japan must open its market to agricultural imports in order to better serve consumers — an ironic argument given consumer groups’ long-standing opposition to liberalization.⁶⁸ In 1992, Prime Minister Kiichi Miyazawa unveiled a five-year plan to fundamentally reorient policy in favor of consumers and transform Japan into a “Lifestyle Superpower.” He pledged to provide more information for consumers, increase food safety, enhance environmental protection, reform the product liability system, and reduce the gap between domestic and foreign prices.⁶⁹

Then in 1993, the LDP lost power for the first time in 38 years, as major factions within the party defected and joined an unwieldy alliance of seven parties under Prime Minister Morihiro Hosokawa. Hosokawa proclaimed that he would break from the past by serving consumer and not producer interests, boldly moving toward liberalization and deregulation. But Hosokawa was stymied both by lack of determination and political instability. He left office in April 1994 amidst a minor scandal, and a new LDP-led coalition took over in June. Despite the new rhetoric of consumer sovereignty, the Hosokawa administration, the LDP-led coalition from 1994 through 1996, and the LDP administration since October 1996 have all failed to fundamentally reverse the producer orientation of economic policy.

Japanese economic journalists and economists — especially U.S.-trained economists — have become the latest consumer advocates, rallying to promote the true consumer interest as defined in economic theory. They have fervently advocated deregulation, arguing that it could bring tremendous benefits for consumers. They have jumped on the bandwagon of recent attacks on Japanese bureaucrats to suggest that bureaucrats no longer serve the national interest, but the vested interests of industry instead.⁷⁰ Meanwhile, a small group of lawyers has become increasingly aggressive in representing consumers and taxpayers in antitrust cases.⁷¹

Likewise, discount retailers have portrayed themselves as consumer crusaders, outsmarting bureaucrats and short-circuiting cozy deals between producers and distributors to provide goods at lower costs. Isao Nakauchi, chairman of Daei, Japan’s largest supermarket chain, has emerged as the most influential among this group, working both through the Federation of Employers’ Organizations (*keizai dantai rengokai* or “Keidanren”) and as a public figure in his own right. He has pledged that Daei will slash retail prices in half by 2010. On a smaller scale, Toshio Miyaji, president of electronics retailer Jonan Denki, has positioned himself as the most prominent of a growing corps of folk heroes for bargain-hunters. He has brazenly defied bureaucratic obstacles in taking discount goods directly to market at exceptionally low prices.⁷²

And of course U.S. firms and the U.S. government have tried to position themselves as allies of oppressed Japanese consumers, but have met with little success. During the Structural Impediments Initiative of the late 1980s, the U.S. government did make some headway in arguing that its proposals might serve the best interests of the Japanese public.⁷³ But more often Japanese consumer groups have seen U.S. pressure as a problem, not a solution.

Meanwhile, professional consumer advisors have formed trade associations promoting a view of the consumer interest much more acceptable to the ministries. In fact, one MITI official openly expressed his hope that these groups would take over for the more traditional consumer representatives in ministerial policy councils. “These new groups are made up of professionals,” he explains, “whereas the old groups are less knowledgeable and more idealistic.”⁷⁴ The consumer advisors are better informed than traditional consumer activists, but they are also linked to government and industry so that they lack independence and grass-roots enthusiasm. In fact, one could argue that they are not consumer advocates at all, but representatives of government agencies and corporations who work with consumers for a living.

Signs of change?

In recent years, consumer groups have begun to develop new attitudes, albeit very slowly. Most groups remain opposed to further agricultural liberalization, but they have shifted from staunch opposition to deregulation to a more nuanced stance: they welcome the elimination or relaxation of those regulations simply designed to protect industry, yet remain concerned that deregulation should not unduly disrupt social stability. By participating in the deregulation process as members of policy councils, Shufuren leaders have begun to take on a new appreciation for the complexities of regulatory reform, and have developed much more sophisticated policy positions. Executive Committee member Nagayo Kato, for example, played an integral part in the Ministry of Posts and Telecommunications policy council that recommended breaking up NTT. She even wrote an internal council memo outlining the potential benefits to consumers. “Opponents of breakup accused me of being coopted by the ministry,” she reports, “but I studied these issues and came up with what I thought would best serve consumers.”⁷⁵ Although consumer groups have softened their resistance to deregulation, however, they are far from becoming a driving force in support of it.

Meanwhile, consumers at large have substantially altered their behavior in the marketplace. Japanese consumers have proven to be much more “rational” as economic actors than they are as political actors. With the prolonged recession and the strong yen,

Japanese consumers have become more price sensitive, fueling a boom in discount retailing and a real decline in retail prices.⁷⁶ Although they did not support deposit interest liberalization or import liberalization, consumers have taken advantage of these changes in their savings and purchasing behavior. Over time, consumers' changing economic behavior appears to be affecting their political role, if ever so slightly, as they have become less staunchly opposed to import liberalization and deregulation. As early as 1992, for example, a survey found that 58.6 of respondents felt that financial liberalization would benefit consumers, whereas only 7.0 percent thought it would hurt them.⁷⁷ And in 1995, Shufuren reported that 44.7 percent of housewives felt that deregulation would benefit consumers, whereas only 8.9 thought it would not and 44.8 percent could not say either way. Even so, many still reported serious concerns: 59.0 percent stated that deregulation would increase their worries about the safety of food and other products; 37.2 percent feared that inefficient smaller companies would be hurt and large efficient companies would gain more price control; and 22.8 percent felt that imports would increase and domestic industry would suffer.⁷⁸

Lessons for the Political Analyst

Japanese consumers' actual policy preferences may deviate from their economic interests narrowly defined, but so what? As theorists from Milton Friedman to Kenneth Waltz have stressed, assumptions in and of themselves are not right or wrong, but rather useful or not useful.⁷⁹ We should test theories not by challenging the accuracy of assumptions but by determining whether these assumptions — correct or not — lead us toward valid conclusions or useful generalizations. In practice, however, false assumptions tend to produce faulty political analysis. By deriving consumer interests deductively, analysts gain a powerful tool in making normative assessments of policy. That is, they can use economic theory to determine whether policies serve the consumer interest, as defined by the theory, and even to estimate the potential costs or benefits. But they get into trouble when they allow these assessments to affect their description of political relationships and their explanation of political outcomes.⁸⁰

In fact, the seemingly innocuous assumption that consumer groups act in their own interest, as defined by standard economic theory, has led journalists, policy-makers, and scholars to fundamentally misinterpret Japanese politics. For example, Western reporters have labeled Japanese consumer groups as “passive” or “docile” precisely because they define passivity in terms of substance rather than level of activity or influence. They brand Japanese consumers as passive because the consumers do not push for trade liberalization,

deregulation, or other outcomes which *the reporters* assume Japanese consumers must want.⁸¹

Likewise, in policy circles, U.S. trade negotiators have been baffled for years by what they view as the docility of Japanese consumers, for they have assumed that if these groups had any power then they would ally with the United States to open Japanese markets. When President Bill Clinton visited Tokyo on the eve of the historic July 1993 Lower House election, he proclaimed that he would welcome a new leadership in Japan, one that would give more voice to consumer advocates. This could turn into “a big plus for us,” he declared.⁸² And U.S. government officials continue to hope that political realignment will ignite a consumer movement trumpeting the cause of the Japanese consumer — as *the U.S. negotiators* define it. A *New Republic* editorial even argued that the U.S. government should not press Japan too hard on trade issues because this might alienate “our natural allies, Japanese consumers.”⁸³ With allies like this, one might quip, the U.S. government does not need any enemies.

In the academic realm, analysts have moved all too easily from the observation that consumers have failed to promote the consumer interest *as the analysts define it* to the conclusion that consumers are politically impotent. Daniel Okimoto, for example, notes that policies such as agricultural protection and retail regulation have favored producer over consumer interests, and then explains these policies with reference to the consumer groups’ lack of clout.⁸⁴ Okimoto and others are correct in asserting that Japanese consumers do not occupy a privileged position within the Japanese political system, but their preconceptions about consumer preferences lead them to ignore important consumer victories (strong food safety regulation); to mischaracterize consumer group success (agricultural protection) as failure, and failure (agricultural liberalization) as success; and to miss the critical way in which consumers have sustained “pro-producer” policies in postwar Japan.

Frances McCall Rosenbluth takes assumptions about consumer preferences further, devising an elaborate model to explain why Japanese financial policy tends to favor producers over consumers.⁸⁵ In reality, however, Japanese consumers did not want deposit interest rate deregulation, so their failure to push it through in the 1980s was not a problem of collective action but of different priorities.⁸⁶ We do not need a complex political model to explain why producer interests prevailed over policy changes which economists may recommend, but which consumers did not desire and consumer groups did not advocate. In a more recent work, Rosenbluth attributes Japanese protectionism to an electoral system that favored producer groups over consumers. But given that the consumers themselves supported protection, we need not invoke the electoral system to explain a policy advocated by both producers *and* consumers. She goes on to argue that the LDP has tried to appeal to

consumers by moving toward agricultural liberalization, retail deregulation and interest rate liberalization since the 1980s. But given that the consumers themselves were strongly opposed to agricultural liberalization, ambivalent toward retail deregulation, and decidedly uninterested in deposit interest rate deregulation, the LDP Diet members cannot possibly have advocated these policies to satisfy consumers.⁸⁷

So should political scientists abandon all models that define group interests in strictly economic terms? I am not suggesting this. As noted at the outset, these models can be parsimonious and powerful. And in any case, defining interests in terms of economic theory can be a useful first step in political analysis.⁸⁸ But to establish a causal link from group interests to policy outcomes, we need to determine that groups actually bore the assumed preferences, that they acted upon these preferences, and that their actions influenced outcomes. And this requires *empirical* verification. For those who find themselves mysteriously attracted to those works in comparative politics which define group interests in terms of narrow economic self-interest, I simply conclude with a modest warning: “Let the consumer beware.”

¹ For present purposes, I define “interests” as objective values (expected preferences) and “preferences” as subjective values (actual preferences). Thus analysts would derive interests from theory or measure them by some objective criteria, whereas they would determine preferences from survey data, case studies, and/ or some other form of empirical research.

² See, for example, Robert H. Bates, “Area Studies and the Discipline: A Useful Controversy?,” and Chalmers Johnson, “Preconception vs. Observation, or the Contributions of Rational Choice Theory and Area Studies to Contemporary Political Science,” *PS: Political Science and Politics*, 30 (June 1997), 166-74.

³ Theories of rationality come in two variants: those that espouse a “thick” view of rationality in which the theory defines the substance of rationality (such as the maximization of votes, power, or economic welfare), and those with a “thin” view of rationality in which the theory merely stipulates that actors behave according to certain basic requirements of rationality such as internal consistency, logical reasoning, and a correspondence between means and ends. See Donald P. Green and Ian Shapiro, *Pathologies of Rational Choice Theory: A Critique of Applications in Political Science* (New Haven: Yale University Press, 1994), pp. 17-19.

⁴ Examples range from George Stigler on how producer interests “capture” regulators in the United States; to Robert H. Bates on how urban elites bias economic policy in Africa; to Jeffrey Frieden and Ronald Rogowski on how internationalization redefines economic interests. See Stigler, “The Theory of Economic Regulation,” *Bell Journal of Economics and Management Science*, 2 (Spring 1971), 3-21; Bates, *Markets and States in Tropical Africa: The Political Basis of Agricultural Policies* (Berkeley: University of California Press, 1981); and Frieden and Rogowski, “The Impact of the International Economy on National Policies: An Analytical Overview,” in Robert O. Keohane and Helen V. Milner, eds., *Internationalization and Domestic Politics* (Cambridge: Cambridge University Press, 1996), pp. 25-47.

⁵ Daniel Little, for example, argues that analysts are justified in assuming that *all* people are interested in their material welfare: “Rational-Choice Models and Asian Studies,” *Journal of Asian Studies*, 50 (February 1991), pp. 41-42.

⁶ Atul Kohli criticizes economic assumptions about “interests” in work on two other areas of the world, Africa and India: “The Political Economy of Development Strategies: Comparative Perspectives on the Role of the State,” *Comparative Politics*, 19 (January 1987), 233-46.

⁷ Richard Samuels, “Consuming for Production: Japanese National Security, Nuclear Fuel Procurement,

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- and the Domestic Economy,” *International Organization* 43 (Autumn 1989), 625-46; Takatoshi Ito, *Shohisha jushi no keizaigaku* [Economics With an Emphasis on Consumers] (Tokyo: Nihon Keizai, 1992).
- ⁸ Kent E. Calder analyzes protection in agriculture and retail, Brian Woodall looks at price-fixing in construction, and Mark Tilton examines cartels in basic materials industries: Calder, *Crisis and Compensation: Public Policy and Political Stability in Japan* (Princeton: Princeton University Press, 1988); Tilton, *Restrained Trade: Cartels in Japan’s Basic Materials Industries* (Ithaca: Cornell University Press, 1996); Woodall, *Japan Under Construction: Corruption, Politics, and Public Works* (Berkeley: University of California Press, 1996).
- ⁹ According to a 1995 survey, overall prices in Tokyo were 1.59 times higher than in New York, 1.52 times higher than in London, and 1.34 times higher than in Paris. Tokyo prices were especially high in food products (1.77 times higher than New York), clothing and footwear (1.93), energy and water (2.17), and rent (2.06). See Economic Planning Agency, *Seikeihi chosa ni yoru kobairyoku heika oyobi naigai kakakusa no gaikyo* [Purchasing Power Parity and the Domestic-Overseas Price Gap as Seen in Living Expenditure Surveys], 1996.
- ¹⁰ Chalmers Johnson, *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925-1975* (Stanford: Stanford University Press, 1982).
- ¹¹ Many others have qualified the bureaucratic autonomy thesis, or rejected it outright: Seizaburo Sato and Tetsuhisa Matsuzaki, *Jiminto seiken* [The LDP Regime] (Tokyo: Chuo Koronsha, 1986); J. Mark Ramseyer and Frances McCall Rosenbluth, *Japan’s Political Marketplace* (Cambridge: Harvard University Press, 1993).
- ¹² See Susan J. Pharr, *Political Women in Japan: The Search for a Place in Political Life* (Berkeley: University of California Press, 1981); and Sumiko Iwao, *The Japanese Woman: Traditional Image and Changing Reality* (Cambridge: Harvard University Press, 1993), pp. 214-64.
- ¹³ Mancur Olson, *The Logic of Collective Action* (Cambridge: Harvard University Press, 1965).
- ¹⁴ Stigler; for a brief review of this literature, see Steven K. Vogel, *Freer Markets, More Rules: Regulatory Reform in Advanced Industrial Countries* (Ithaca: Cornell University Press, 1996), pp. 13-16.
- ¹⁵ Michio Muramatsu, Mitsutoshi Ito, and Yutaka Tsujinaka, *Sengo nihon no atsuryoku dantai* (Tokyo: Toyo Keizai, 1986), especially pp. 265-71; Patricia Maclachlan, *Turned Away at the Gate: The Politics of Postwar Japanese Consumerism*, manuscript (1997).
- ¹⁶ Maclachlan, pp. 18-19. Also see Paul Pierson: “When Effect Becomes Cause: Policy Feedback and Political Change,” *World Politics*, 45 (July 1993), 594-628.
- ¹⁷ On the history of the postwar consumer movement, see Shohisha Dantai Rengokai, *Shodanren sanjunen no ayumi* [A Thirty-Year History of Shodanren] (Tokyo: Zenkoku Shohisha Dantai Renrakukai, 1987); the five part series in *Kokumin Seikatsu Kenkyu* (September 1994 through March 1996); and Maclachlan. For a bibliographic review, see Hiroshi Hanzawa, “Sengo shohisha undo kanren bunken kaidai” [An Annotated Bibliography of the Postwar Consumer Movement] *Kokumin Seikatsu Kenkyu*, 33 (June 1993), 49-60.
- ¹⁸ *Kokumin Seikatsu Kenkyu*, 34 (September 1994), 51-53; *Kokumin Seikatsu Kenkyu*, 34 (December 1994), 34; and *Kokumin Seikatsu Kenkyu*, 35 (September 1995), 30-37.
- ¹⁹ See Frank Schwartz, *Advice and Consent: The Politics of Consultation in Japan* (New York: Cambridge University Press, 1998).
- ²⁰ *Kokumin Seikatsu Kenkyu*, 35 (September 1995), 38-42.
- ²¹ Maclachlan.
- ²² *Ibid.*, pp. 43-46. On strategies of protest, see Susan J. Pharr, *Losing Face: Status Politics in Japan* (Berkeley: University of California Press, 1990), especially pp. 109-44.
- ²³ *Kokumin Seikatsu Kenkyu*, 35 (September 1995), 24-27.
- ²⁴ Akira Shoda and Fusako Kanamori, *Shohisha mondai o manabu* [Learning About Consumer Issues] (Tokyo: Yuhikaku, 1994), pp. 83-100.
- ²⁵ Maclachlan, pp. 181-82.
- ²⁶ *Kokumin Seikatsu Kenkyu*, 35 (December 1995), 38-47; Maclachlan, pp. 137-68.
- ²⁷ Interviews 1994-96; Maclachlan, pp. 202-96.
- ²⁸ Goodhart thus turns the theory of regulation on its head: “What is the Purpose of Regulating Financial Services?,” manuscript (1987).
- ²⁹ Interview, October 1994.
- ³⁰ McKean, “State Strength and the Public Interest,” in Gary D. Allinson and Yasunori Sone, eds., *Political Dynamics in Contemporary Japan* (Ithaca: Cornell University Press, 1993), p. 97.
- ³¹ Margaret A. McKean, *Environmental Protest and Citizen Politics in Japan* (Berkeley: University of California Press, 1981).

- ³² Interview with Hatsuko Yoshioka, deputy secretary general, Shufuren (August 6, 1991). Kent Calder notes that in 1974-75 some consumer groups protested the failure of financial institutions to adjust deposit interest rates upward to compensate for high inflation — but they still did not advocate liberalization. See *Strategic Capitalism: Private Business and Public Purpose in Japanese Industrial Finance* (Princeton: Princeton University Press, 1993), pp. 233-34.
- ³³ Interview with MoF official (February 1991).
- ³⁴ Shohisha Dantai Rengokai, pp. 132-35; *Kokumin Seikatsu Kenkyu*, 35 (March 1996), 55-56.
- ³⁵ Interview with Hiroko Mizuhara, secretary general, Nisshoren (October 3, 1994). Also see Naokazu Takeuchi, *Nihon no shohisha wa naze okoranai ka* [Why Don't Japanese Consumers Get Mad?] (Tokyo: Sanichi Shobo, 1990); and *Kanryo teikoku o utsu* [Attacking the Bureaucratic Empire] (Tokyo: Sanichi Shobo, 1997).
- ³⁶ *AERA* (October 10, 1994), pp. 23-24.
- ³⁷ *Tokyo Business Today* (March 1990), pp. 40-43.
- ³⁸ Most consumers familiar with the consumer groups' positions state that the groups do represent their interests. In one survey, for example, 38.1 percent said the consumer groups represent their interests; 5.9 percent said the groups do not represent their interests; 10.0 percent said they could not say either way, and 39.3 said they were not sufficiently familiar with the consumer groups' positions. See Institute of Policy Management, Keio University; National Institute for Consumer Education, Eastern Michigan University; and American Express International, *Shohisha kokusai kaigi* [International Consumer Conference] (Tokyo: Institute of Policy Management et al., 1992), p. 183.
- ³⁹ *Yomiuri Shimbun* (November 21, 1988). Similar surveys appeared in the *Yomiuri* on July 6, 1981; July 5, 1982; April 4, 1983; July 5, 1983; June 16, 1986 (eve.); February 9, 1987 (eve.); June 8, 1987 (eve.); June 6, 1988 (eve.); and November 28, 1989.
- ⁴⁰ *Nikkei Weekly* (March 31, 1997), p. 7; and Prime Minister's Office, *Nihonjin no shokuseikatsu to shokuryo mondai* [Japanese Eating Habits and Food Supply Issues] (Tokyo: PMO, 1988). Thus, as Robert Bullock argues persuasively, one cannot attribute the partial liberalization of the rice market in December 1993 to consumer pressures — because consumers did not support it: "Rice Liberalization in Japan," manuscript (July 1995).
- ⁴¹ David Vogel, "Consumer Protection and Protectionism in Japan," *Journal of Japanese Studies*, 18 (Winter 1992), 119-54.
- ⁴² *Ibid.*, 130-37, and *Kokumin Seikatsu Kenkyu*, 35 (March 1996), 52-53.
- ⁴³ See Gyosei Kaikaku Inkai, *Hikari kagayaku kuni o mezashite* [Toward a Bright and Shining Nation] (Tokyo: Gyosei Kanri Kenkyu Sentaa, 1996), pp. 300-64; and Hiroshi Doihara, "Kisei kanwa no shinten to shohisha no taio" [The Progress of Deregulation and Consumers' Response], *Kokumin Seikatsu* 37 (June 1997), 1-16.
- ⁴⁴ Patricia Maclachlan, "Consumer Groups and Regulatory Reform in the United States, Britain, and Japan," paper for the Annual Meeting of the American Political Science Association, August 1995, pp. 27-28.
- ⁴⁵ Fuji Research Institute, "Kisei kanwa ni taisuru shohisha dantai no taio" [Consumer Groups' Response to Deregulation] (July 1995).
- ⁴⁶ Interview (September 17, 1994).
- ⁴⁷ See Takeuchi, *Nihon no shohisha*, especially pp. 210-13.
- ⁴⁸ *Yomiuri Shimbun* (May 4, 1990).
- ⁴⁹ Martha Derthick and Paul J. Quirk, *The Politics of Deregulation* (Washington D.C.: Brookings Institution, 1985), especially pp. 40-45.
- ⁵⁰ *Economist* (May 21, 1994), 63-65; and Maclachlan, pp. 35-37.
- ⁵¹ Yoshioka interview.
- ⁵² George Fields, *Gucci on the Ginza: Japan's New Consumer Generation* (New York: Kodansha International, 1989), pp. 56-59.
- ⁵³ Eikan Kyu, *Okore shohisha* [Consumers, Get Mad!] (Tokyo: PHP, 1991), pp. 169-70; Sotohiro Kojima, *Kakaku no shinri* [The Psychology of Price] (Tokyo: Daiyamondo, 1986), pp. 194-219.
- ⁵⁴ EPA, *Shohisha dantai kihon chosa kekka* [Basic Survey of Consumer Groups] (Tokyo: EPA, 1997).
- ⁵⁵ In a fascinating study of nuclear energy policy ("Consuming for Production"), Samuels argues that national security concerns plus market ideology explain industrial consumers' tolerance of high energy prices.
- ⁵⁶ Sheldon Garon, *Molding Japanese Minds: The State in Everyday Life* (Princeton: Princeton University Press, 1997), especially Chaps. 4 and 6.

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- ⁵⁷ *Far Eastern Economic Review* (September 8, 1988), pp. 96-97, *Economist* (September 21, 1996), p. 39.
- ⁵⁸ Maclachlan, pp. 64-67.
- ⁵⁹ According to an EPA survey, 34.3 percent of consumer groups have regular meetings with other civic groups to exchange views, 32.7 percent work on joint projects, and 20.2 percent make joint appeals to the government or corporations: EPA, "Heisei hachi-nendo shohisha dantai kihon chosa no kekka" [1996 Basic Survey of Consumer Groups], 1996.
- ⁶⁰ In recent years, consumer cooperatives known as Lifestyle Clubs (*seikatsu kurabu*) have begun to run candidates for local office, promoting political participation with an emphasis on local issues. See Joyce Gelb and Margarita Estevez-Abe, "Political Women in Japan: A Case Study of the Seikatsusha Network Movement," paper for the Annual Meeting of the American Political Science Association (August 1996); and Iwao, pp. 242-64.
- ⁶¹ Kristen R. Monroe, Michael C. Barton and Ute Klingemann argue that identity can explain altruism where rationality cannot: "Altruism and the Theory of Rational Action: An Analysis of Rescuers of Jews in Nazi Europe," in Monroe, ed. *The Economic Approach to Politics: A Critical Reassessment of the Theory of Rational Action* (New York: HarperCollins, 1991), pp. 317-52.
- ⁶² Interviews 1994-95.
- ⁶³ Amartya K. Sen, "Rational Fools: A Critique of the Behavioral Foundations of Economic Theory," in Jane J. Mansbridge, ed., *Beyond Self-Interest* (Chicago: University of Chicago Press, 1990), pp. 25-43.
- ⁶⁴ D. Vogel, pp. 146-51.
- ⁶⁵ *Japan Economic Journal* (February 6, 1988).
- ⁶⁶ Juro Hashimoto, *Sengo no nihon keizai* [The Postwar Japanese Economy] (Tokyo: Iwanami Shinsho, 1995), pp. 43-44.
- ⁶⁷ S. Vogel.
- ⁶⁸ *Japan Economic Journal* (February 6, 1988).
- ⁶⁹ Economic Planning Agency, *Kokumin seikatsu hakusho* [People's Lifestyle White Paper] (Tokyo: Okurasho Insatsukyoku, 1993), pp. 312-13.
- ⁷⁰ Ito; Kyu; Yukio Noguchi, *Nihon keizai kaikaku no kozu* [A Plan for the Reform of the Japanese Economy] (Tokyo: Toyo Keizai, 1993); Iwao Nakatani and Hiroko Ota, *Keizai kaikaku no bijon* [A Vision of Economic Reform] (Tokyo: Toyo Keizai, 1994).
- ⁷¹ Tony Freyer, "Antimonopoly Law and Deregulation in Japan During the 1990s: Meaningful Measures of Change?," manuscript (1996), pp. 22-25.
- ⁷² *Los Angeles Times* (July 12, 1994), p. D6.
- ⁷³ Leonard J. Schoppa, *Bargaining with Japan: What American Pressure Can and Cannot Do* (New York: Columbia University Press, 1997).
- ⁷⁴ Interview (April 1996). The two primary organizations are the EPA-affiliated National Advisors' Association (*zenkoku sodannin kyokai*) and the MITI-affiliated Consumer Advisor and Consultant Association (*shohi seikatsu adobaizaa konsarutanto kyokai*).
- ⁷⁵ Interview (April 22, 1996).
- ⁷⁶ See Mark Schreiber, "Imports Start to Shake Japan's Consumer Markets," *Japan Quarterly* (January-March 1995), 33-43. Wholesale prices fell for five straight years, 1991 through 1995, while retail prices have barely risen in the 1990s, falling 0.1 percent in 1995, for example, and rising 0.1 percent in 1996: Bank of Japan, *Keizai tokei nenpo* [Economic Statistics Annual] (1997), p. 18.
- ⁷⁷ Institute of Policy Management, p. 195.
- ⁷⁸ Shufu Rengokai, *Shufu no ishiki chosa — kisei kanwa ni tsuite* [Housewives' Survey on Deregulation] (Tokyo: Shufu Rengokai, 1995), p. 12.
- ⁷⁹ Milton Friedman, "The Methodology of Positive Economics," in Friedman, ed., *Essays in Positive Economics* (Chicago: University of Chicago Press, 1953); Kenneth Waltz, *Theory of International Politics* (New York: Random House, 1979), pp. 5-6. In contrast, Tsebelis (pp. 31-33) argues that theorists must be concerned with the realism of their assumptions.
- ⁸⁰ On the practical application of rational choice theory, see Monroe, ed.; Green and Shapiro; Tsebelis; Little; and Mansbridge, ed. On rational choice theory applied to Japan, see Chalmers Johnson and E. B. Keehn, "A Disaster in the Making: Rational Choice and Asian Studies," *The National Interest* 36 (Summer 1994); Joseph P. Gownder and Robert Pekkanen, "The End of Political Science? Rational Choice Analyses in Studies of Japanese Politics" (Review Essay), *Journal of Japanese Studies* 22:2 (1996); and the special issue of *Leviathan*, 19 (Fall 1996).
- ⁸¹ For example: Carol Lutfy, "The Docile Charm of the Japanese Consumer," *Far Eastern Economic Review* (November 3, 1988), pp. 79-81; or Barbara Buell, "Japan's Silent Majority Starts to Mumble,"

Business Week (April 23, 1990), pp. 52-54. To be fair, some journalists have produced more accurate analyses: John Marcom, Jr., "Why Japanese Consumers Don't Resist Import Rules That Force Up Food Prices," *Wall Street Journal* (May 4, 1982), p. 38; Susan Chira, "Diffuse Goals Set by Naders of Japan," *New York Times* (July 14, 1986), p. D10.

⁸² *The New York Times* (July 5, 1993), 1.

⁸³ *The New Republic* (April 18, 1994), pp. 9-10.

⁸⁴ Okimoto, p. 36. Also see Hugh Patrick, "The Economic Dimensions of the U.S.-Japan Alliance: An Overview," in Daniel Okimoto, ed., *Japan's Economy: Coping with Change in the International Environment* (Boulder: Westview, 1982), pp. 168-69 and fn 34, p. 194.

⁸⁵ Frances McCall Rosenbluth, *Financial Politics in Contemporary Japan* (Ithaca: Cornell University Press, 1989).

⁸⁶ Motoshi Suzuki argues that much rational choice work on Japan, including that of Ramseyer and Rosenbluth, defines individual preferences too much in terms of narrow material interest: "Goriteki sentaku shinseidoron ni yoru nihon seiji kenkyu no hihan-teki kosatsu" [A Critical Review of Rational Choice New Institutional Research on Japanese Politics], *Leviathan*, 19 (Fall 1996), pp. 86-104.

⁸⁷ Rosenbluth, "Internationalization and Electoral Politics in Japan," in Keohane and Milner, pp. 137-56. Similarly, Ramseyer and Rosenbluth (pp. 55-57) suggest that LDP leaders tried to appeal to urban consumers in 1990 by allowing banks to issue credit cards (as opposed to debit cards or charge cards). Yet they provide no evidence that consumers desired this change, that consumers conveyed this preference, or that consumers had any impact on the decision whatsoever. In fact, consumers were highly ambivalent about the introduction of credit cards, and expressed no preference on this regulatory change: see survey data in Shufu Rengokai, "*Shufu no ishiki chosa*" *hokokusho — shohisha shinyo ni tsuite* [Housewives' Survey on Consumer Credit] (Tokyo: Shufu Rengokai, 1983); and Institute of Policy Management et al., *Shohisha kokusai kaigi*.

⁸⁸ For example, Frieden and Rogowski offer a useful first step in understanding how internationalization affects domestic politics by specifying how economic theory would lead us to believe it might redefine interests, and then complement this with an analysis of institutions.