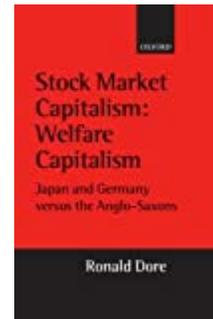




Ronald Dore. *Stock Market Capitalism: Welfare Capitalism: Japan and Germany versus the Anglo-Saxons.* New York and Oxford: Oxford University Press, 2000. xii + 239 pp. \$19.95 (paper), ISBN 978-0-19-924062-3.



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Capital!

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This book provides a good guide of change in economic behaviors of countries. Although it challenges the less financially astute reader, it makes more sense upon each reading. It is well-documented. The author explicitly shows a warmth for people's daily lives as the basis of economic systems.

Stock Market Capitalism: Welfare Capitalism by Ronald Dore is about "living people whose families and schools and tobacco advertisements and sitcoms and politicians' speeches and work friendships have made them into individuals who, in spite of their infinite variety can-most of them at least-be discerned to belong to the genus Americana, the genus Japonica, the genus Anglicana or Germanica" (p. viii).

Dore says that he set out originally to consider the future of capitalism. But by the time he finished writing, an alternative form of capitalism had already arrived. And so his inquiry progressed to "whether or not there will continue to be an alternative form of capitalism" (p. xi).

Part 1, "The Original Japanese Model," starts with a

chart of simple dichotomies between the Anglo-Saxon firm and its Japanese counterpart. In a long list, Dore compares the two models across various categories: mergers and acquisitions, personal objectives of managers, indices used to measure managerial performance, disciplinary constraints on managers, social perception of the firm, behavior in a recession, responses to secular decline of industry sectors, wages and salaries, the nature of the employment contract, reward dispersion, role of workers' unions, effort-inducing incentives, the nature of authority relations, and pension funds.

Part II is titled "Change and Controversy in Japan." Dore writes about the extent of change. For example: "But the charge that Japan has an 'insider system' over which shareholders exercise little monitoring control remains true" (p. 79). This broad statement is followed by many supporting details.

Japanese and German terms appear sometimes side by side, as in an explanation of a nineteenth century commercial code about auditors. "(*Kansayakkai* is the standard translation for the modern German *Aufsichtsrat*)" (p. 101).

The book includes economic predictions. “Firms’ increased involvement with the foreign financial community will undoubtedly be one further route by which the shift to Anglo-Saxon notions of economic rationality comes to permeate Japanese management” (p. 126).

The author writes with an authority that puts the culture in context with a single sentence. “The egalitarian characteristics of the Japanese system—the compressed reward differentials, the strong redistributive element in the welfare system and the health service, the emphasis on universal schooling—have all rested, not only on the benevolent sentiments of the elite, but also on the power to make trouble possessed by unions and opposition parties” (p. 129).

Dore often numbers the points of his discussion. For example, “On the third of the four features which mark Japanese economic structure and behaviour off from the classical Anglo-Saxon model—a greater tilt towards cooperation in the competition/cooperation balance among market competitors” (p. 143).

Dore discusses Japanese industry associations including petrol retail, domestic airlines, beer, and fire and accident insurance.

Part III is “German Parallels.” Dore describes Japan’s similarity to Germany. “Japan’s post-Confucian neighbors apart, Germany is the country which most obviously resembles Japan both in being at the beginning of the

financialization/liberalization process and starting, like Japan, with more deeply institutionalized, uncertainty-eliminating structures and a much more ‘productivist’ culture than either Britain or the United States” (p. 171). He supports his statements by quoting public opinion polls and new articles from the main German business press.

Part IV is the “Conclusion,” which addresses the effect of the convergence of the economic models on countries’ identities. “Germany will clearly lose much of its separate identity as it is absorbed in, or absorbs, Europe. Japan will still for a long while to come be a much more autonomous entity” (p. 239).

Of the book’s organization, the author cautions that although the largest section is about Japan, the story is about “modern capitalism” (p. 2).

Dore characterizes some of his research as “a trawl through the references to the 1997 law introducing stock options in the *Nikkei Shimbun*” (p. 68).

Dore expresses his opinions in appropriate ways. In the “notes” section, Dore refers to a “MITI-convened group, though the report bears no trace of the fact.” (p. 243). A book about Japanese banking is “permeated by the ‘corruptions of insiderness’ assumption” (p. 243).

A thoughtfully detailed book, it’s worth the time to read and re-read.

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