This book explains how postwar Japan managed to achieve a highly egalitarian form of capitalism despite meager social spending. Margarita Estévez-Abe develops an institutional, rational-choice model to solve this puzzle. She shows how Japan’s electoral system generated incentives that led political actors to protect, if only for their own self-interested reasons, various groups that lost out in market competition. She explains how Japan’s postwar welfare state relied on various alternatives to orthodox social spending programs.

The initial postwar success of Japan’s political economy has given way to periods of crisis and reform. This book follows this story to the present day. Estévez-Abe shows how the current electoral system renders obsolete the old form of social protection. She argues that Japan’s institutions now resemble those of Britain, and she predicts that Japan’s welfare system will also come to resemble Britain’s system. Japan thus faces a future in which its society is more market oriented and more economically stratified.

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Welfare and Capitalism in Postwar Japan

MARGARITA ESTÉVEZ-ABE

Harvard University
For my parents,
Yasuko Abe and Angel Estévez Domínguez
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