

CONTRACTING IN JAPAN

Economic arrangements, Ramseyer writes, are structured and implemented with the intent and hope that they will be carried out with “care, intelligence, discretion, and effort.” Yet entrepreneurs work with partial information about the products, and people, they are dealing with. *Contracting in Japan* illustrates this by examining five sets of negotiations and unusual contractual arrangements among businessmen and women, in Japan. In it, Ramseyer explores how sake brewers were able to obtain and market the necessary, but difficult-to-grow, sake rice that captured the local terroir; how Buddhist temples tried to compensate for rapidly falling donations by negotiating unusual funerary contracts; and how pre-war local elites used leasing instead of loans to fund local agriculture. Ramseyer examines these entrepreneurs, discovering how they structured contracts, made credible commitments, obtained valuable information, and protected themselves from adverse consequences to create, maintain, strengthen, and leverage the social networks in which they operated.

J. Mark Ramseyer spent most of his childhood in provincial towns and cities in southern Japan, attending Japanese schools for K-6. He returned to the US for college. Before attending law school, he studied Japanese history in graduate school. Ramseyer graduated from Harvard Law School in 1982. He clerked for the Hon. Stephen Breyer (then on the First Circuit), worked for two years at Sidley & Austin (in corporate tax), and studied as a Fulbright student at the University of Tokyo. After teaching at UCLA and the University of Chicago, he came to Harvard in 1998. He has also taught or co-taught courses at several Japanese universities (in Japanese). For his contribution to mutual understanding between Japan and the US, Ramseyer was awarded the Order of the Rising Sun, Gold Rays and Neck Ribbon, by the Japanese government in 2018.

CAMBRIDGE STUDIES IN ECONOMICS, CHOICE, AND SOCIETY

Founding Editors

Timur Kuran, *Duke University*
 Peter J. Boettke, *George Mason University*

This interdisciplinary series promotes original theoretical and empirical research as well as integrative syntheses involving links between individual choice, institutions, and social outcomes. Contributions are welcome from across the social sciences, particularly in the areas where economic analysis is joined with other disciplines such as comparative political economy, new institutional economics, and behavioral economics.

Books in the Series

- PAUL DRAGOS ALIGICA, *Public Entrepreneurship, Citizenship, and Self-Governance*
 TERRY L. ANDERSON and GARY D. LIBECAP, *Environmental Markets: A Property Rights Approach*
 SHELBY GROSSMAN, *The Politics of Order in Informal Markets: How the State Shapes Private Governance*
 MORRIS B. HOFFMAN, *The Punisher's Brain: The Evolution of Judge and Jury*
 RANDALL G. HOLCOMBE, *Political Capitalism: How Political Influence is Made and Maintained*
 ROGER KOPPL, *Expert Failure*
 PETER T. LEESON, *Anarchy Unbound: Why Self-Governance Works Better Than You Think*
 MICHAEL C. MUNGER, *Tomorrow 3.0: Transaction Costs and the Sharing Economy*
 JENNIFER BRICK MURTAZASHVILI and ILIA MURTAZASHVILI, *Land, the State, and War Property Institutions and Political Order in Afghanistan*
 ALEX NOWRASTEH and BENJAMIN POWELL, *Wretched Refuse?: The Political Economy of Immigration and Institutions*
 BENJAMIN POWELL, *Out of Poverty: Sweatshops in the Global Economy*
 JEAN-PHILIPPE PLATTEAU, *Islam Instrumentalized: Religion and Politics in Historical Perspective*
 JARED RUBIN, *Rulers, Religion, and Riches: Why the West Got Rich and the Middle East Did Not*
 VERNON L. SMITH and BART J. WILSON, *Humanomics: Moral Sentiments and the Wealth of Nations for the Twenty-First Century*
 CASS R. SUNSTEIN, *The Ethics of Influence: Government in the Age of Behavioral Science*

ANDREAS THIEL, WILLIAM A. BLOMQUIST and DUSTIN E. GARRICK,
Governing Complexity: Analyzing and Applying Polycentricity

CAROLYN M. WARNER, RAMAZAN KILINÇ, CHRISTOPHER W. HALE and
ADAM B. COHEN, *Generating Generosity in Catholicism and Islam: Beliefs,
Institutions, and Public Goods Provision*

TAIZU ZHANG, *The Laws and Economics of Confucianism: Kinship and
Property in Preindustrial China and England*

TAISU ZHANG, *The Ideological Foundations of Qing Taxation: Belief Systems,
Politics, and Institutions*

Cambridge University Press & Assessment
978-1-009-21572-5 — Contracting in Japan
J. Mark Ramseyer
Frontmatter
[More Information](#)

Contracting in Japan

*The Bargains People Make When Information is Costly,
Commitment is Hard, Friendships Are Unstable,
and Suing is Not Worth It*

J. MARK RAMSEYER

Harvard Law School



CAMBRIDGE
UNIVERSITY PRESS

Cambridge University Press & Assessment
 978-1-009-21572-5 — Contracting in Japan
 J. Mark Ramseyer
 Frontmatter
[More Information](#)



Shaftesbury Road, Cambridge CB2 8EA, United Kingdom
 One Liberty Plaza, 20th Floor, New York, NY 10006, USA
 477 Williamstown Road, Port Melbourne, VIC 3207, Australia
 314–321, 3rd Floor, Plot 3, Splendor Forum, Jasola District Centre,
 New Delhi – 110025, India
 103 Penang Road, #05–06/07, Visioncrest Commercial, Singapore 238467

Cambridge University Press is part of Cambridge University Press & Assessment,
 a department of the University of Cambridge.

We share the University's mission to contribute to society through the pursuit of
 education, learning and research at the highest international levels of excellence.

www.cambridge.org
 Information on this title: www.cambridge.org/9781009215725

DOI: 10.1017/9781009215763

© J. Mark Ramseyer 2023

This publication is in copyright. Subject to statutory exception and to the provisions
 of relevant collective licensing agreements, no reproduction of any part may take
 place without the written permission of Cambridge University Press & Assessment.

First published 2023

A catalogue record for this publication is available from the British Library.

Library of Congress Cataloging-in-Publication Data

Names: Ramseyer, J. Mark, 1954– author.

Title: Contracting in Japan : the bargains people make when information is
 costly, commitment is hard, friendships are unstable, and suing is not
 worth it / J. Mark Ramseyer, Harvard Law School, Massachusetts.

Description: Cambridge, United Kingdom ; New York, NY, USA : Cambridge
 University Press, 2023. | Series: Cambridge studies in economics,
 choice, and society | Includes bibliographical references and index.

Identifiers: LCCN 2022055204 (print) | LCCN 2022055205 (ebook) |
 ISBN 9781009215725 (hardback) | ISBN 9781009215763 (ebook)

Subjects: LCSH: Contracting out – Japan.

Classification: LCC HD3860.J3 R367 2023 (print) | LCC HD3860.J3 (ebook) |
 DDC 658.4/0580952–dc23/eng/20230224

LC record available at <https://lccn.loc.gov/2022055204>

LC ebook record available at <https://lccn.loc.gov/2022055205>

ISBN 978-1-009-21572-5 Hardback

ISBN 978-1-009-21571-8 Paperback

Cambridge University Press & Assessment has no responsibility for the persistence
 or accuracy of URLs for external or third-party internet websites referred to in this
 publication and does not guarantee that any content on such websites is, or will
 remain, accurate or appropriate.

*For H and K:
May all your adventures be as rich as the
voyages of the Calamity Cookie*

Contents

<i>Acknowledgments</i>	<i>page x</i>
1 Introduction	1
2 Contracting for Terroir in Sake	25
3 Contracting for Quality in Fish	63
4 Contracting for Geothermal in Hot Springs	91
5 Contracting for Credit in Agriculture	116
6 Contracting for Mercy in Buddhism	162
7 Conclusions	187
<i>Bibliography</i>	191
<i>Index</i>	216

Acknowledgments

Earlier versions of several of the chapters have been published separately: J. Mark Ramseyer, Contracting for Terroir in Sake, 46 *Law & Social Inquiry* 666 (2021); J. Mark Ramseyer, The Fable of Land Reform: Leases and Credit Markets in Occupied Japan, 24 *Journal of Economics & Management Strategy* 934 (2015); J. Mark Ramseyer, Social Capital and the Formal Legal System: Evidence from Prefecture-Level Data in Japan, 7 *Journal of Legal Analysis* 421 (2015); Review of K. Suenaga, The Story of Japan's Ohmi Merchants, in the *Japan Forward*, Nov. 12, 2020; J. Mark Ramseyer, Water Law in Imperial Japan: Public Goods, Private Claims, and Legal Convergence, 18 *The Journal of Legal Studies* 51 (1989). I am grateful to the journals for allowing me to use them in this book.

I gratefully acknowledge the generous financial support of the Harvard Law School.

I received helpful comments and suggestions from Yasuhiro Arai, Arivek Avedian, Stephen Bainbridge, Lisa Bernstein, Sadie Blanchard, Jack Donahue, Alexander Evans, Penelope Francks, Yoshitaka Fukui, Tom Ginsburg, Mary Ann Glendon, John Haley, Todd Henderson, William Hubbard, Masaki Iwasaki, Temple Jorden, Heiko Karle, Mitsuhiro Kimura, Paul Lagunes, Salil Mehra, Curtis Milhaupt, Yoshiro Miwa, Jason Morgan, Carl Mosk, Minoru Nakazato, H. Ramseyer, K. Ramseyer, Eric Rasmusen, Frances Rosenbluth, Zen'ichi Shishido, David Skeel, Richard Smethurst, Henry Smith, Frank Upham, David Weinstein, and participants in workshops at the Bank of Japan, Columbia University, ETH Zurich, Harvard University, Hitotsubashi University, the Japanese Law & Economics Association, Kobe University, Kochi University, the Korean Law & Economics Association, Nishimura & Asahi, Northwestern University,

Acknowledgments

xi

Notre Dame University, Seoul National University, Tel Aviv University,
the University of Chicago, the University of Pennsylvania, the University
of Tokyo, and Yale University.

Lake Nojiri, Nagano (if only, if only)
Summer 2022

Cambridge University Press & Assessment
978-1-009-21572-5 — Contracting in Japan
J. Mark Ramseyer
Frontmatter
[More Information](#)
