The politicization of central banking continues unabated. The resurrection of Shinzo Abe and Japan's Liberal Democratic Party – pillars of the political system that has left the Japanese economy mired in two lost decades and counting – is just the latest case in point.

Japan's recent election hinged critically on Abe's views of the Bank of Japan's monetary policy stance. He argued that a timid BOJ should learn from its more aggressive counterparts, the US Federal Reserve and the European Central Bank. Just as the Fed and the ECB have apparently saved the day through their unconventional and aggressive quantitative easing (QE), goes the argument, Abe believes it is now time for the BOJ to do the same.

It certainly looks as if he will get his way. With BOJ Governor Masaaki Shirakawa's term ending in April, Abe will be able to select a successor – and two deputy governors as well – to do his bidding.

But will it work? While experimental monetary policy is now widely accepted as standard operating procedure in today's post-crisis era, its efficacy is dubious. Nearly four years after the world hit bottom in the aftermath of the global financial crisis, QE's impact has been strikingly asymmetric. While massive liquidity injections were effective in unfreezing credit markets and arrested the worst of the crisis – witness the role of the Fed's first round of QE in 2009-2010 – subsequent efforts have not sparked anything close to a normal cyclical recovery.

The reason is not hard to fathom. Hobbled by severe damage to private and public-sector balance sheets, and with policy interest rates at or near zero, post-bubble economies have been mired in a classic "liquidity trap." They are more focused on paying down massive debt overhangs built up before the crisis than on assuming new debt and boosting aggregate demand.

The sad case of the American consumer is a classic example of how this plays out. In the years leading up to the crisis, two bubbles – property and credit – fueled a record-high personal-consumption binge. When the bubbles burst, households understandably became fixated on balance-sheet repair – namely, paying down debt and rebuilding personal savings, rather than resuming excessive spending habits.

Indeed, notwithstanding an unprecedented post-crisis tripling of Fed assets to roughly $3 trillion – probably on their way to $4 trillion over the next year – US consumers have pulled back as never before. In the 19 quarters since the start of 2008, annualized growth of inflation-adjusted consumer spending has averaged just 0.7 percent – almost three percentage points below the 3.6 percent trend increases recorded in the 11 years ending in 2006.

Nor does the ECB have reason to be gratified with its strain of quantitative easing. Despite a doubling of its balance sheet, to a little more than €3 trillion ($4 trillion), Europe has slipped back into recession for the second time in four years.

Not only is QE's ability to jumpstart crisis-torn, balance-sheet-constrained economies limited; it also runs the important risk of blurring the distinction between monetary and fiscal policy. Central banks that buy sovereign debt issued by fiscal authorities offset market-imposed discipline on borrowing costs, effectively subsidizing public-sector profligacy.

Unfortunately, it appears that Japan has forgotten many of its own lessons – especially the BOJ's disappointing experience with zero interest rates and QE in the early 2000's. But it has also lost sight of the 1990's – the first of its so-called lost decades – when the authorities did all they could to prolong the life of insolvent banks and many nonfinancial corporations. Zombie-like companies were kept on artificial life-support in the false hope that time alone would revive them. It was not until late in the decade, when the banking sector was reorganized and corporate restructuring was encouraged, that Japan made progress on the long, arduous road of balance-sheet repair and structural transformation.

US authorities have succumbed to the same Japanese-like temptations. From quantitative easing to record-high federal budget deficits to unprecedented bailouts, they have done everything in their power to mask the pain of balance-sheet repair and structural adjustment. As a result, America has created its own generation of zombies – in this case, zombie consumers.

Like Japan, America's post-bubble healing has been limited – even in the face of the Fed's outsize liquidity injections. Household debt stood at 112 percent of income in the third quarter of 2012 – down from record highs in 2006, but still nearly 40 percentage points above the 75 percent norm of the last three decades of the twentieth century. Similarly, the personal-saving rate, at just 3.5 percent in the four months ending in November 2012, was less than half the 7.9

percent average of 1970-99.

The same is true of Europe. The ECB's über-aggressive actions have achieved little in the way of bringing about long-awaited structural transformation in the region. Crisis-torn peripheral European economies still suffer from unsustainable debt loads and serious productivity and competitiveness problems. And a fragmented European banking system remains one of the weakest links in the regional daisy chain.

Is this the "cure" that Abe really wants for Japan? The last thing that the Japanese economy needs at this point is backsliding on structural reforms. Yet, by forcing the BOJ to follow in the misdirected footsteps of the Fed and the ECB, that is precisely the risk that Abe and Japan are facing.

Massive liquidity injections carried out by the world's major central banks – the Fed, the ECB, and the BOJ – are neither achieving traction in their respective real economies, nor facilitating balance-sheet repair and structural change. That leaves a huge sum of excess liquidity sloshing around in global asset markets. Where it goes, the next crisis is inevitably doomed to follow.