influence electoral cohesiveness in cross-cutting directions. Our framework does not predict, and our data are inconclusive about, whether electoral cohesiveness will be stronger in presidential/SNTV-SMD systems or in parliamentary/SNTV-MMD systems. We leave systematic investigation of this question for future research.

3

Party provision for personal politics: dividing the vote in Japan

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1. INTRODUCTION

Japanese politics is widely perceived to be exceptional. On the one hand, its government structure is British parliamentary: Voters cast ballots for individual candidates who bear party labels; winning candidates are then collectively responsible for directing and managing the activities of the bureaucrats who execute policy. There is no popularly elected executive to whom legislators can allocate either authority or blame for policy outcomes. On the other hand, Japanese government processes seem more American than British. Japanese elections are expensive and candidate-centered, much like U.S. congressional races. Japan's ruling Liberal Democratic Party, moreover, is seen as having a decentralized power structure. The party manages policy in large part through an extensive system of committees, each of which carries responsibility for overseeing its own set of cabinet ministries and bureaucratic agencies, much as the U.S. Congress relies on its own standing committees to oversee the executive branch.

Moreover, despite its parliamentary structure, Japanese politics seems highly particularistic and personalized. The LDP's Policy Affairs Research Council's system of standing committees spreads policy-making authority broadly among party backbenchers, reinforcing American-style individual responsibility for policy outcomes rather than the British model of collective responsibility centered on the prime minister and cabinet. The effects of this individualized policy-making process are seen in how the LDP distributes budgetary resources. The Japanese budget emphasizes spending on highly targetable benefits and programs, such as public works and small-business subsidies. The proportion of all general account spending going to public construction projects (roads, harbors, dams, housing, and so forth), energy production, and the like, is typically around 30 percent in Japan, compared to 15–20 percent of the supply estimates in

Britain, or 21 percent. Additionally, Japan typically subsidizes loans for projects and small businesses (outside of the regular budget) to the equivalent of about 40 percent of the total general account budget through the Fiscal Investment and Loan Program (FILP). Britain and Canada have no equivalent loan-subsidy programs.

Particularistic tendencies permeate the whole range of Japanese policies. Tax and regulatory policy decisions steer benefits to certain constituents (Rosenbluth 1989; Sakakibara 1991). The government also guarantees unsecured loans made by local credit associations to small manufacturers (Friedman 1988). Through these and other means, the government creates and protects markets for a panoply of interests (Lincoln 1990; Okimoto 1989; Ramseyer 1983). Thus, a cursory glance at Japanese policy outcomes reveals that the ruling party relies heavily on particularistic policies.

In this chapter, we provide a simple explanation for why British-style parliamentary structures in Japan yield U.S.-style electoral behavior and policy outcomes. Our explanation is institutional and is premised on the structure of incentives arising from Japan's electoral laws. Japan's electoral system, we argue, forces any majority-seeking party to apportion votes for the party in most districts among multiple candidates. In order to divide the votes of party loyalists efficiently, parties must devise an incentive-compatible scheme for grouping party voters with party candidates – a way for candidates to enhance their individual reputations without detracting from the party's overall appeal to voters.

We argue that the LDP's strategy to solve these collective dilemmas has been to distribute to its incumbent candidates effective property rights over aspects of policy making (through cabinet posts and the Policy Affairs Research Council [PARC] committee assignments), thus giving each candidate the opportunity to build his own reputation with voters on policy making. Thus, the party can limit competition between its candidates on policy grounds and at the same time provide voters with incentives to vote for particular party candidates. The LDP has made this strategy effective by devoting a large share of the budget (and off-budget spending, such as FILP) to policies that are amenable to narrow targeting and for which individual LDP members can plausibly claim credit.

The remainder of the chapter elaborates these ideas. In Section 2 we describe in greater detail the single nontransferable vote (SNTV) electoral system used in Japan and the incentives that system creates for candidates and voters. We then introduce the concepts of collective reputation, personal reputation, and personal vote coalitions and show why the LDP has an interest in subsidizing and managing its candidates' personal vote coalition–building activities. In Section 3, we present an explanation for how the party could contribute to these coalitions, and we present some

evidence on budgetary policy that supports our interpretation of party involvement in reelection activities. Section 4 describes the structure of the LDP and presents evidence that shows that the party has taken care to differentiate its incumbents in each district on policy grounds. Section 5 concludes.

2. SNTV AND CANDIDATES' INCENTIVES

In experimenting with different electoral rules, the Meiji oligarchs who dominated Japanese politics at the turn of the century chose new, democratic political structures with an eye toward keeping the party movement in check. They sought to divide the political landscape into a number of parties with medium-sized districts rather than single-member or large districts, and to dampen the degree to which the new parties would be unified on questions of policy and strategy. They did this by imposing the limited vote, SNTV electoral system rather than party-list proportional representation or the single transferable vote (Fukui 1988; Soma 1986).

Recent scholarship on the effects of electoral laws on political outcomes confirms the strategic wisdom of the oligarchs' choices (Lijphart, Pintor, and Sone 1987; Taagepera and Shugart 1989). These authors argue that SNTV is particularly good at allowing for representation of minority parties, largely because major parties tend to be too conservative in nominating candidates and not very good at dividing their votes.

Japan had a brief stint with a single-member district system between 1919 and 1925, when Prime Minister Hara apparently convinced oligarch Aritomo Yamagata that single-member districts would be an effective way to minimize Communist/Socialist representation in the Diet. It seems the only prospect that haunted Yamagata more than party democracy was socialism, though he was determined to avert either. But Prime Minister Hara's Seiyukai won an absolute majority in 1920, which changed Yamagata's mind about the wisdom of single-member districts. The medium-sized districts and SNTV introduced in 1925 are the basis for the current electoral system (Soma 1986; Fukui 1988).

After World War II, U.S. occupation officials rejected Japan's prewar electoral structure on the dubious grounds that the electoral rule may have contributed to the rise of militarism. The occupation introduced a large-district, proportional representation electoral system in 1946 as a way to draw in new political forces, but after the 1946 election gave the Diet a strong Socialist contingent (93 out of 464 seats), MacArthur relented to Liberal Party leader Shigeru Yoshida's request to return to the prewar electoral system. The Liberal and Democratic parties, which together commanded a Diet majority, revised the election law to reinstate the 1925

multimember district system. Despite this revision, neither of the conservative parties did as well at the polls in 1947 as was expected, and the Socialists actually took the lead with 143 seats over 131 for the Liberals and 124 for the Democrats.[1] The conservative parties, however, rebounded by the next election (Fukunaga 1986: 445–446).

Yoshida's choice of the SNTV electoral rule was not obvious, since it poses clear problems for a party trying to gain or maintain a majority of legislative seats. Because each district elects two or more legislators, a party must run more than one candidate in each district to attempt to win a majority.[2] This creates two important problems: Party leaders cannot easily control loyal voters' choices among party candidates, and the party cannot control candidates' individual campaign efforts.

In casting their ballots, voters make decisions based on their preferences for individual candidates as well as party reputations and policy platforms. If voters were to cast their ballots purely on partisan grounds – as if they cared only for their party and were indifferent to distinctions between its candidates – then any particular party's voters would face a problem of pure coordination, with the concomitant possibility of an inefficient outcome.

A party's voters all want the same thing – to maximize the number of successful candidates from their party. But in the absence of some mechanism for allocating their votes, they risk spreading their combined votes too thinly among too many candidates and winning fewer seats than their share of the total vote would merit. Alternatively, they might concentrate their votes too tightly, thus electing a small number of candidates even though their combined votes could have elected more candidates had they been better allocated. In practice, the problem is worse still. Each candidate has personal characteristics that make him or her attractive to voters. In the case of a particularly charismatic candidate, these personal characteristics can draw too many voters, so that the charismatic candidate wins a glorious victory with surplus votes, to the detriment of the party.

On its face, the vote-division problem may seem a simple one to solve. Why could not each party instruct its loyal voters how to vote more efficiently? In other words, why couldn't the parties instruct their voters for whom they should vote, devising a means – by telephone number or address, for example – to divide votes among the party's candidates?

[1] Newspapers predicted that the Liberals would capture a plurality with 160 to 170 seats, that the Democrats would run a close second with 150 seats, and that the Socialists would come in third with 125 seats. Part of the conservative parties' problem seems to have been the purge of local conservative politicians who formed the core of their personal support systems.

[2] At present, the 512 members of the Lower House are elected from 130 districts. Thus, to garner a simple majority of 257 seats, a party would have to win an average of just under two seats per district.

Political parties in prewar Japan's SNTV system were reportedly somewhat successful in dividing the votes among candidates within each district through outright vote buying, brokered by local notables.[3]

If it were technically feasible for voters to carry out the voting instructions handed down by the party, the plan would work only if voters cared more about the party's electoral fortunes than they favored any particular candidate. The personal vote would have to be very weak (Cain, Ferejohn, and Fiorina 1987). However, the secret ballot makes it exceedingly difficult for any party to enforce such informal contracts or even to identify with certainty its core constituents, to whom instructions would be given (Cox 1987).[4] Voters' incentives would not be aligned with those of the party; rather, voters would have an incentive to deviate from instructions. Even if we assume that the personal vote is weak in Japanese elections, and that voters have preferences only over public goods, a party would be unable to assure itself of a majority (indeed, a party would be unable to assure itself of a likelihood much beyond zero of winning a majority) on its ideological appeal alone. While ideological information might be sufficient for a voter to hold preferences for one party, it is clearly insufficient for choosing individual candidates within that party.

Moreover, from the standpoint of the candidates, members of the same party must end up competing with each other for the same votes. By contrast, the single transferable vote (STV) rule, which transfers votes to the party's next candidate as soon as the first choice wins the minimum number of votes for a seat, gives candidates of the same party little incentive to compete against each other. Another name for the SNTV system might be the "first M past the post" system, where M is the number of members to be elected from the district (the "district magnitude"). Every candidate is in competition with every other candidate to get past the post (the threshold for election) regardless of party label.

Intraparty competition could cause the party to lose seats. Consider the example of a three-member district in which two candidates run from

[3] The closest thing to a centralized electoral machine in postwar Japan was the Komeito's electoral organization, used to divide its voters among its candidates in the nationwide district in Upper House elections. (Note that the Komeito and other small parties do not need an electoral machine for the Lower House elections since they typically do not have enough voters to elect more than one representative in most districts, and so can run on the basis of a party label.) The Komeito's primary base of electoral support is the fervent Soka gakkai sect of Nichiren Buddhism, which is extremely well organized into local blocs, allowing the party to allocate votes geographically to maximize its electoral clout. The LDP finally changed the rules in 1981 to a party-list system when its own Upper House electoral performance began slipping. This nullified the Komeito's organizational advantage and mitigated the LDP's problem in dividing the vote in the nationwide district, which is too large for personal support networks to operate effectively.

[4] See Cox (1987) for a discussion of the changes in British party organization resulting from the introduction of the secret ballot in the nineteenth century.

each of two parties, Party A and Party B. Party A's first candidate is popular in the district and is able to garner 66 percent of the votes cast in the election. Both of Party B's candidates are able to capture only 12 percent of the votes, while Party A's second candidate is assured of only 10 percent of the vote. In this case Party A, though winning 76 percent of the votes, captures only one of three seats. If Party A could find a way to divide votes more equitably between its two candidates, it could win two seats easily. Indeed, if the party were exceptionally good at dividing votes it could field another candidate and win all three seats.[5] Both the Liberal and Democratic parties, in the interim between World War II and their 1955 merger, apparently recognized the importance of efficient vote division. Both made ample use of the personal vote as a way of dividing votes among their own party's candidates in any given district, with some success (Soma 1986).[6]

By contrast, in a closed party-list system, where only the party leadership determines the ordering of party candidates on the ballot, candidates can and will rely exclusively on the party label. Emphasizing individual character or personal abilities should have only a marginal effect on the candidate's electoral chances, and is more costly for both the candidate and the party than relying on the party's collective reputation.[7] But Cain, Ferejohn, and Fiorina (1987) point out that the dynamics are different in a plurality system, in which, absent party control of access to the ballot, the electoral "market" is contestable.[8] That is, just about anyone can run for office and get on the ballot by satisfying some nominal requirements, such as paying a small fee or having a certain number of eligible voters sign a

[5] In this counterfactual example we have assumed that the number of candidates does not affect voter turnout. There is evidence, however, that new LDP candidates sometimes mobilize voters who otherwise would have stayed at home (Matsubara and Kabashima 1984).

[6] In a more recent example, the Socialist party today has resorted to distinctions in personal style. When it runs two candidates in a district, one is typically a labor union candidate while the second is often a woman with an environmentalist or feminist platform. Though doubtless better than no vote division at all, this strategy based on personal style has been relatively ineffective.

[7] This depends to some extent on how the ordering of the list is decided. For Japan's Upper House list, LDP leaders rank candidates by their past vote-getting record and future vote-getting promise. Candidates have a strong incentive to bring in registered party supporters, often paying dues on their behalf, to demonstrate their popular appeal.

[8] A perfectly contestable market has perfectly free entry and exit. Thus, the market for bearing the party label is contestable to the degree that entry and exit into competition for use of that label in the general election are free. U.S. House primaries are a good example. Nevertheless, the party as a collectivity clearly decides who, within the House, does and does not get the *ex post* benefits of the party label. Parties can sanction members, for example, by refusing to give them committee assignments. A majority party can effectively deny particularistic benefits to any member's district, and can prevent any member's sponsored legislation from being considered on the floor of the House, thus denying that member of most of his opportunities for Mayhewian credit claiming.

petition. Individual candidates will have a strong incentive to supplement the party label with a personal vote that can serve as a barrier to entry in the face of would-be challengers. Further, the market for the party label itself may be contestable: Others can seek to capture the party label in primary elections or through some other form of party endorsements. Thus, even within a single party, potential candidates have an incentive to build personal vote coalitions.

It follows that majority-seeking parties in an SNTV system cannot rely on either their voters or their candidates to divide the vote efficiently. Any system developed to divide a party's vote must be incentive compatible, both for the voters and for the party's candidates. The alternative, in a country where votes count and parties compete, is to lose the voters' support and the candidates' allegiance. If the system were structured so that party and individual incentives were in conflict, the party would have to invest heavily in a centralized authority structure (party leaders) and a set of tools and sanctions at those leaders' disposal to discourage shirking and slippage (Cox and McCubbins 1993; Kiewiet and McCubbins 1991). Such systems are of course possible, but they are susceptible to what has been called Madison's dilemma: the problem of striking a balance between delegating too little or too much authority to a central agent.

More important, such centralized, "party-controlled" vote divisions are incompatible with the incentives facing individual candidates in district elections. In what we have described as the "first *M* past the post" system, candidates have an incentive to pursue votes on their own. Since the vote, once cast, is fixed on a specific candidate and cannot be transferred, each candidate has an incentive to give voters reasons to vote for him rather than some other candidate of the same party. Once having obtained office, an incumbent member is in an advantaged position to use the resources of his office to further secure his position.[9]

Instead of fighting the incentives within SNTV for the personal vote, a majority-seeking party would be better off controlling the creation and maintenance of members' personal vote coalitions so as to make the vote division induced by personal vote incentives more efficient. Such a strat-

[9] Thus, the literature on the incumbency advantage in the U.S. Congress, for example, emphasizes the resources at a member's disposal, such as the franking privilege, paid staff, and position as a monopoly supplier of bureaucratic "fix-it" services to the member's district (Fiorina 1977). The fact of being an incumbent also may mean easier access to "free" media, such as being interviewed on television, and it sends a signal to potential campaign contributors that this candidate is a proven vote winner, and thus might be a good investment. Japan's Public Offices Election Law is also biased in favor of incumbents. Prohibitions on door-to-door canvassing, a short election period (forty days in the case of the Lower House), and strict limits on the means and amount of advertising make it extremely difficult for challengers to make a strong impression during the campaign period (Baerwald 1986; Curtis 1988; Hrebenar 1986; Jichi sho senkyobu [ed.] 1991; Tajima 1991).

egy increases the probability that the party may win a majority of seats. Everyone in the party, leaders and backbenchers alike, is better off if the party efficiently uses the total number of votes cast for its candidates to elect the maximum number of legislators, up to the point where the probability of attaining a simple majority of seats is maximized. In this sense, it is a second-best solution, but the best outcome that can be achieved given the circumstances.

Of course, voting and elections are not purely personalistic. To attract voters, parties will create and defend collective reputations about their positions over public goods. These collective reputations, or party labels, serve as information shortcuts for voters sifting through vast amounts of information in making their choices at the polls (Cox and McCubbins 1993; Downs 1957; Popkin 1991). Because the perceived ability to deliver public or private goods rides on reputation, and this reputation is costly to build on one's own, candidates for office have a strong incentive to tap into one of these party labels. Indeed, without attachment to a party, candidates cannot credibly claim to be able to offer anything beyond a very narrow range of private goods, since the probability of any single member being decisive in any legislative vote is effectively zero when all winning coalitions of members are equally likely (see, e.g., Schwartz 1986).

The outcome of this second-best solution – to manage the resources available to candidates for building personal vote coalitions – is a stable division of the electorate. As enforcement is lacking, this division can be established without explicit coordination on the part of voters.[10] Candidates in district systems will identify voters likely to vote for them on the basis of their personal vote, and will cultivate them. In order to do so, a candidate will adopt a "home style" – a public persona to which he/she thinks voters will respond (Fenno 1978). Voters, for their part, will identify with certain candidates. If voters have preferences for particularistic goods provided by the government, and elections are district-based, voters will be inclined to vote for the individual legislators who could plausibly claim credit for the goods they care about most (Fenno 1978; Fiorina 1977; Mayhew 1974). The equilibrium will be that candidates cater to their voting coalition in the district, and that voters will remain loyal to these candidates (Cox and McCubbins 1986). The goal for the party, then, is to help its members build personal vote coalitions that also support the collective reputation of the party.

[10] This does not imply that all voters identify with any particular candidate. However, the strength of the personal vote in Japan's Lower House is evidenced by the consistently stronger returns of LDP in the Lower than in the Upper House, where the party label is more important.

3. BUILDING PERSONAL VOTE COALITIONS

How do candidates go about establishing a personal vote? The first means is to court voters with personalized attention. Japanese politicians attempt to draw constituents into personal support organizations (*koenkai*).[11] Politicians coddle citizens with small favors in exchange for votes. Journalistic reporting as well as scholarly analyses of Japanese elections invariably focus on individual candidates' support networks and the enormous sums of money needed to build and maintain them. LDP politicians are famous for showing up at weddings and funerals, helping voters with job placement, and sending bottles of sake for neighborhood festivals (Hirose 1989). Each LDP candidate is said to have spent the equivalent of $3 million to $12 million for the February 1990 Lower House election.[12] While there is a spurt of spending on general advertising during the formal campaign period in the weeks leading up to the election, the bulk of expenditures goes to year-round activities of each candidate's fifty to eighty personal support organizations. These activities typically include candidate-subsidized new year's parties and group trips to hot springs, as well as policy discussion circles and "study tours" of the Diet for constituents.

From the standpoint of the LDP, the problem with personalized attention is that it offers little advantage to the governing party, since any party can undertake these activities.[13] All Japanese politicians can and do build personal support networks and go out of their way to appear more personable, accessible, and attentive than the competition.

Facilitation services are a second means of creating personal vote coalitions. This method, more than personalized attention, has special advantages for the governing party. The governing party can be expected to use its institutional position to determine when and if bureaucratic decision-making processes are to be changed or specific decisions overturned. We therefore expect that, in equilibrium, bureaucrats will be more responsive

[11] For more on how these *koenkai* are organized and operate, see Baerwald (1986); Curtis (1971; 1987); Hrebenar (1986); Kamishima (1985); and Stockwin (1987).

[12] *Economist*, February 3, 1990. This is roughly between $50 and $120 per constituent. In comparison, recent research on U.S. House elections has found that incumbents spend less than $1 per constituent (Gary Jacobson, personal communication).

[13] The majority party, of course, has something of an advantage in raising money for these little favors because it can sell regulation to big contributors. But other parties have other advantages. The Japan Communist Party (JCP) runs a popular and highly profitable publishing business, in most years making the JCP the "wealthiest" party according to publicly revealed campaign finance data. See, for example, Hrebenar (1986). The Komeito, while less flush with funds, has an army of volunteers from the Soka gakkai sect. The Japan Socialist Party and Democratic Socialist Party also each have a loyal core of union supporters who volunteer at election time. The LDP is said to be the only party without free help during the campaign season.

to the complaints and inquiries of ruling party members than of opposition party members. As Fiorina (1977) argues about the American case, bureaucracies can be designed to create opportunities for legislators to intervene personally on the behalf of individuals or groups of constituents, thus allowing legislators a never-ending stream of personalized, credit-claiming activities that can help build personal vote coalitions.

LDP members also use government resources to cultivate supporters. Members of PARC committees make a great show of pushing for their constituents' interests in intraparty discussions, and claim credit for policy decisions that benefit their constituents. Agricultural policy making provides an example. During the annual negotiations when the government decides how much it will pay farmers for rice, members of the PARC's agricultural division are vocal backers of a high price on behalf of their agricultural constituents. Even in recent years, as the party leadership has imposed a lower price than the agricultural division has recommended, the division members still claim credit for pushing as hard as possible in the face of the leadership's countervailing considerations, and for achieving some concessions (Fukui 1987).

The party in control of the government has, of course, a distinct advantage in creating personal vote coalitions for its candidates because it monopolizes policy and budgetary favors. As long as the majority party can pass its legislation through the Parliament and can direct bureaucrats effectively, it can enact (or have bureaucrats implement) particularistic policies that facilitate the creation and maintenance of personal vote coalitions.

If the majority party pursues a strategy of building personal vote coalitions for its members, it follows, all else constant, that the more such coalitions the party has to maintain (the more members the party has to provide for), the greater will be expenditures out of the part of the budget used for vote coalitions, which we usually label as particularistic spending. The main counter argument is that spending on particularistic programs increases when the party is doing badly – when it has to protect (see, e.g., Calder 1988b). Districts are said to be flooded with particularistic expenditures in such situations, in order to buy votes for the LDP. This is basically a Japanese version of the thesis forwarded in the U.S. context by Tufte (1975). We can, of course, test the implications of our model of how Japanese elections are organized by examining expenditures on particularistic programs.

If we are right that the electoral connection in Japan leads to incentives to create personal vote coalitions, which in turn lead to incentives to use particularistic resources to create and maintain those coalitions, then we should be able to test whether or not expenditures on particularistic programs increase as the size of the LDP coalition within the Diet increases.

Our hypothesis is simple: the larger the LDP coalition within the Diet, the more it needs to spend, all else constant, in order to maintain the personal vote coalitions of its members, and to help divide the district vote. The null hypothesis against which we test our alternative is that changes in the size of the LDP coalition in the Diet have no effect on spending in these programs. Another alternative hypothesis, which we also test, is that decreases in the size of the LDP coalition lead to increases in spending.

We test our hypothesis by looking at budgetary data for forty-nine general account items and seven special accounts for all years between 1952 and 1989. We selected our set of Japanese budget items from the larger data set used by McCubbins and Noble (Chapter 5 of this book), and is summarized in the Appendix. McCubbins and Noble selected data to cover the two major flows of funds in the general budget: expenditures in the general account, which is funded by tax and bond revenues, and subsidies to the various special accounts from the general account. We restrict our data set to items that McCubbins and Noble defined as either semipublic or particularistic.[14]

We test our hypothesis by pooling the expenditure data for all the agencies listed in the Appendix for fiscal years 1952–89 into a single regression. This allows us to test our hypothesis with a single regression coefficient. Our dependent variable in this regression is the percentage change in spending for an agency from one year to the next.[15] The independent variables are listed in Table 3.1. There are four types of variables that we include in our regression. First is the percentage of seats held by the LDP in the House of Representatives (lagged, so that the size of the LDP coalition corresponds to the time at which decisions for the fiscal year under study were made). The coefficient on this variable tests our main hypothesis. Second, we also included dummy variables to represent election years for both the lower chamber and the upper chamber of the Diet. We included these because McCubbins and Noble report that there is good reason to believe that spending increases on many items in election years, including the items in our analysis. Third, we included dummy variables that represent the ministry in which the program resides. This is to capture different spending trends for different broad categories of policy. In the end only those dummy variables that were significant were

[14] The authors categorized all budget items as "public," "particularistic," or "semipublic" from the description of the items in government manuals and by examining the legislative charters of the various agencies. Of course, a taxonomy as simple as the one they use draws too fine a line, as nearly every government program contains some aspects of both publicness and particularism. Nonetheless, the labels do provide a rough indication of the general tenor of a particular program. See the appendix to McCubbins and Noble (Chapter 4, this volume) for details.

[15] The actual dependent variable is the partial log of the budget item, where the partial log for a budget item Y_t is $\log(Y_t/Y_{t-1})$.

Table 3.1 *Japanese budget regression*[a]

Independent variable	Estimated coefficient	Standard error	t-statistic
Constant	-0.63695	0.12224	-5.21082
Percentage change in budget remainder	1.24191	0.23015	5.39599
Percent LDP	1.04807	0.23272	4.50362
Lower House election	2.77452e-02	1.98918e-02	1.39480
Upper House election	1.94724e-02	2.27005e-02	0.85780
Ministry of Education	6.96370e-02	2.48803e-02	2.79888
Ministry of Posts & Telecom	-5.60421e-02	1.76490e-02	-3.17536

Note: Number of observations = 1,593
R-squared = 5.69691e-02

[a]Dependent variable: Partial Log of Real Budget for item i in year t.

included in the table.[16] Last, we included a variable to account for overall trends in expenditures,[17] which is the percentage change in the remainder of the general account budget (subtracting from total expenditures the spending for the program in question, for each program in each year). This last variable is itself a choice made by the LDP, as is our dependent variable – spending for the programs in our sample. Thus this last variable is an endogenous variable; we use two-stage least squares to estimate the coefficient for this variable.[18]

Cross section/time series analyses, particularly with nonlinear dependent and independent variables, generally suffer from a number of potential econometric problems; there are many reasons why the errors generated from such a test might not be normal. We tested for and, where possible, corrected a number of these problems such as heteroskedasticity,

[16] We performed the standard F-test for the joint exclusion of all other ministry dummies; i.e., we tested the hypothesis that all other ministry dummies had a coefficient of zero. We reject at conventional levels of significance that the loss of fit due to the restriction is significant.

[17] This choice of specification was based on a simple two-component budget model that is explained fully in McCubbins and Noble (Chapter 5, this volume). Briefly, in a model that explains changes in spending for a particular item, there are two items in the budget: spending for the item being examined, and all other spending. Their approach is similar to a two-good model of an economy, where the point is to examine how changes in the demand or supply of one good affects the price or quantity supplied of the other good.

[18] Standard OLS results do not hold when any one of the independent variables is correlated with the error term, as is the case here. To solve this problem we estimate the endogenous independent variable – total spending for all other items in the budget – by a set of variables that are uncorrelated with the error term. We then use the estimated independent variable in the original regression. By construction, this estimated independent variable is uncorrelated with the error term and standard results apply.

autocorrelation, and general misspecification.[19] In general, our diagnostics lead us to have a reasonable amount of faith in the estimated parameters presented in Table 3.1.

Our regression analysis shows that spending on particularistic programs does indeed increase with the number of LDP members in the Diet. The coefficient on the percentage of the Diet held by the LDP – Percent LDP in Table 3.1 – is significant at well beyond the 95 percent confidence level in a one-tailed test. This allows us to reject the null hypothesis of no effect (a zero coefficient) and the second alternative hypothesis of a negative effect (a negative coefficient). This coefficient implies that a 1 percent increase in the size of the LDP's Diet coalition leads to slightly more than a 1 percent increase in spending for all particularistic programs. This is consistent with our hypothesis that the LDP uses spending on particularistic programs to enable their candidates to develop personal vote coalitions that ultimately reduces intraparty competition and leads to an efficient division of the vote.[20]

The development of a personal vote reduces but admittedly does not eliminate intraparty competition. By controlling the resources available to develop a personal vote, the party manages the size of the personal vote coalition for each of its members in an effort to allow all party members equal access to the party's collective resources. The size of the personal vote coalition for each member may be quite different, but as long as a majority of members in most districts are able to be reelected, differences in the sizes of coalitions are unimportant to the party.[21]

[19] For example, we conducted a number of specification tests. Several of these tests examine the distribution of the residuals generated by the estimation in order to look for evidence of specific kinds of misspecification, the presence of which might lead to incorrect inferences from the parameters estimated for the explanatory variables. We first checked for serial correlation in the errors via a Lagrange multiplier test and were able to reject the presence of first-order autocorrelation at conventional levels of significance. Given that we have annual data, we did not test for higher orders of autocorrelation. We tested for the presence of contemporaneous correlation in errors, common in panel data, by looking for fixed-time effects that would alter all observations in that year. We could not reject the joint test for exclusion of the fixed-time effects at conventional levels – i.e., the explanatory variables that we included in our model seem to pick up substantially all of the fixed-time effects, leaving too little of this kind of correlation in the errors for us to need to further correct our model. We also checked for heteroskedasticity via the Breush–Pagan test (1979). Again we reject the presence of heteroskedasticity at conventional levels, which is to be expected since we are working with partial logs, which minimize the effects of varying size of agency budgets. However, since the power of the Breush–Pagan test is sensitive to the choice of possible explanatory variables affecting the variances, we calculated all standard errors using the White heteroskedasticity-consistent method (1980).

[20] The coefficients on the other variables seem sensible, though we did not find, as McCubbins and Noble did in their study, that the LDP increased spending in election years.

[21] Indeed, a party does not even care if it wins a plurality of votes in each district; it cares only about winning a majority of seats overall. Candidates of the Japan Socialist Party (JSP), for example, were the highest vote getters in 74 out of 130 districts in the February 1990 election, but in the vast majority of these districts the party fielded only one candidate.

What does all this imply? By providing a wide range of services to a large part of the population and weakening the salience of ideological issues, LDP representatives collectively make it harder for politicians of opposition parties to compete. This electoral strategy leaves few niches of support groups unattended and vulnerable to appeals from other parties. It has been extremely difficult for opposition parties to make inroads beyond their traditional support bases, which are organized labor for the Japan Socialist Party and Democratic Socialist Party, the Soka gakkai for the Komeito, and left-wing intellectuals and various fringe voters for the Japan Communist Party. If it is true, as we argue, that the LDP's range of services to local constituents makes it difficult for opposition parties to find new services to provide or to counter with ideological appeals, it follows that robust LDP intraparty competition reduces the risks to the LDP of interparty competition.

As long as rank-and-file party members can discipline their leaders,[22] and as long as party leaders seek to win a majority of seats for their party, the rank-and-file members can get the party to establish policies and institutions to facilitate the development of particularistic policies. The party leadership attempts to hold the line on spending because both government budget funds and campaign contributions are costly to raise. But the leadership must permit at least enough expenditures to ensure a Diet majority and hence their jobs as leaders. The result of rank-and-file pressure is that the vote division in the districts results largely from candidates' abilities to provide particularistic policies.

4. THE PARTY PROVISION OF THE PERSONAL VOTE

Given the importance of facilitation services and pork provision, rank-and-file members need an efficient means to influence bureaucratic and party policy making. Committees of one sort or another are common arenas through which politicians in representative governments oversee and direct policy making. In most parliamentary systems this committee structure is contained in one large committee – the cabinet. However, forums such as caucuses, cabinets, and leadership or ministerially led committees would fail to give the rank and file of the party the ability to

Many LDP candidates won far fewer votes than the Socialist candidate, but the LDP won a majority of seats in most of these districts. In six urban districts, the top Socialist victor won more than twice as many votes than the lowest-placed winner in the district, indicating that the JSP could have increased its seats by six had it been able to divide the vote among two candidates.

[22] The recent demise of British party leaders Margaret Thatcher and Neil Kinnock demonstrates that the rank and file hold the ultimate sanction over party leaders, even in supposedly top-heavy British politics.

derive credit from constituency services. In most parliamentary systems such credit claiming seems unnecessary for electoral success, but in Japan, we argue, credit-claiming activities for rank-and-file party members are very much necessary.[23] The leadership serves as a check on the activities of these committees, but policy initiation, oversight, and facilitation services rest with the backbenchers in the committees.

In Japan, as we have argued, the multimember district, SNTV electoral system creates a need for personal support coalitions. The PARC provides such a system. Article 40, paragraph 2 of the LDP constitution requires all bills and policy plans to be examined and approved by the party's Policy Affairs Research Council (*seimu chosakai*) before submission to the cabinet and the Diet.

The PARC consists of a chairman, five vice chairmen, a deliberation council or executive committee (which includes the chairman, vice chairmen, and fifteen other members chosen by their faction leaders), and seventeen committees that correspond to the ministries in the bureaucracy. The chairmanship of the PARC is considered to be one of the four top leadership positions in the party.[24]

LDP Diet members generally belong to four PARC committees, two of which correspond with the representative's membership in a Diet committee (Sao and Matsuzaki 1986).[25] The largest and most popular committees are agriculture, commerce, construction, and posts and telecommunications (Inoguchi and Iwai 1987; *Jiyu Minshuto Seimu Chosakai Meibo* [LDP PARC membership roster] various years). These are also commonly held to be the most particularistic (Fukui 1987; Nihon Keizai Shimbunsha [ed.] 1983). Membership in these committees is limited, by convention rather than written rule, to politicians with at least one completed term in office (personal communication with LDP Diet members).

PARC committees typically meet once or twice a week when the Diet is in session. They hold hearings on legislation, calling in members of the

[23] Again, we argue that the cause of the difference is to be found in the electoral system. All other parliamentary democracies use proportional representation, STV, or single-member-district plurality systems, in which a vote for a candidate is a vote for a party, rendering same-party competition unnecessary and therefore unlikely.

[24] The others are the party president (who, since the party's inception in 1955, has always been selected to be prime minister as well), the secretary general, and chairman of the party's executive council (a group of senior politicians from each of the LDP's five largest factions). Each of these top four positions and the executive committees under them is divided among the factions in rough proportion to the factions' numbers in the Diet (Sato and Matsuzaki 1986).

[25] Since faction leaders are said to make appointments to the Diet committees, they appear to control two of the four committee appointments. Although membership in the remaining two committees is in principle self-selective, faction leaders appoint committee chairmen and vice chairmen and thus exert influence on committee members who aspire to leadership positions. Because no data exists on member requests, it is impossible to determine the extent to which any of these assignments are self-selective.

private sector to express their points of view before redrafting the bill. Budget legislation, for example, is not submitted to the Diet until the relevant PARC committees approve the allocations that concern them. But most regulation in Japan is implemented through administrative guidance, only vaguely spelled out in legislation. The primary avenue of PARC influence on policy making is therefore directly through the ministries they oversee. They invite bureaucrats to give account of existing regulatory practices and suggest to the bureaucrats how to adjust regulation to better suit the interests of their constituents.[26]

Finally, LDP backbenchers are popularly dubbed part of a particular "policy tribe" or *zoku* when they have served three or four terms in a PARC committee. The press describes *zoku* as informal groups of committee members who are being groomed for party leadership positions and therefore carry some weight within the PARC's decision-making process. Recent scholarly writing on the LDP, however, has emphasized the degree to which senior party members tend to rotate among cabinet posts, PARC committee chairmanships, and Diet committee chairmanships (Park 1986; Inoguchi and Iwai 1987). From this perspective, *zoku* is largely a descriptive term: It refers to the pool of party leaders within an issue area. *Zoku* overlap a good deal with PARC memberships; but the PARC, because of its institutional formality, is a more useful indicator of product-differentiation strategies.

On some issues such as agricultural price supports, all members from farm districts are likely to take the same position. However, they will differentiate themselves on other issues, and will seek different PARC assignments in order to appeal to distinct groups of voters. Differentiation in PARC affiliations allows LDP members from the same district to build different personal vote coalitions. If members from a single district mirrored each other's PARC assignments, the committee system would not provide a solution to the twin collective-action problems faced by voters and LDP incumbents. Hence, we should observe that PARC committee assignment patterns show evidence that systematic care is taken to separate the committee assignments of LDP members from the same district.

Evidence for such differentiation is readily apparent on inspection of PARC committee assignments. We examined PARC committee assign-

[26] It is important to note that just because the party constitution requires PARC committee consideration of legislation before it hits the floor does not mean that these committees are autonomous gatekeepers. The party could always change the rules, and can certainly amend the committee's recommendation. As just discussed, party leadership also engages in screening and selection of committee members. (For a theoretical and empirical discussion of this debate in the American politics literature see Kiewiet and McCubbins 1991 and Cox and McCubbins 1993.) We are not making an argument about decentralized decision making in terms of an abdication of authority by the majority party to its committees. Rather, this is an argument about credit claiming and electoral strategies.

ments for the 1990 Diet session. Under the null hypothesis that committee assignments are made randomly for party members from a single district, it can be shown that the probability of observing no overlap at all in a district's LDP committee assignments falls rapidly as either the district magnitude grows or the number of assignments per member grows, all else constant. For example, assume that members can be assigned to any of seventeen different PARC committees,[27] that district magnitude is two, and that each member gets four assignments. The probability that these two members have no overlap in assignments, assuming a random assignment process, is approximately 30 percent. Increasing the number of assignments to five per member drops the chances of no overlap to 12.8 percent. Further, a simple examination of the combinatorics involved in these calculations shows that much of the weight of the probability distribution function generated by the solution to the problem is tightly clustered around the distribution's central tendency. In other words, with random assignments, we would expect most middle-sized districts to exhibit quite a few overlaps in the assignments for LDP members from a particular district, with very few districts showing either no overlap at all or complete overlap of assignments.

Our test, therefore, is to calculate the probability that a given district will have no overlap under our null model of random assignments, and to compare that probability to the observed proportion of districts that had no overlap. Even with seventeen committees from which to choose, the odds of observing one or fewer instances of assignment overlap drop quickly to near zero with the number of district LDP seats greater than three and average assignments per member also greater than three.

We examined a sample of twenty-six districts, drawn at random, to see how often LDP members from the same district had no overlap in committee assignments.[28] Thirteen of those districts had no overlap at all, while five districts had exactly one overlap between a pair of LDP members. Thus, for eighteen of twenty-six cases, we observed something – no overlap or only one overlap – that we would rarely expect to see if assignments were in fact random. This finding alone allows us to reject the null hy-

[27] We are looking at PARC *bukai*, which we translate here as "committees." In addition to the seventeen *bukai*, the PARC also contains forty-six *chosakai* (research committees), and forty-three *tokubetsu iinkai* (special committees).

[28] Of the thirty districts originally chosen for the sample, four (Toyama 2, Fukuoka 1, Oita 2, and Ishikawa 1) were dropped because they did not offer any basis for comparison. This means that they contained either a current cabinet minister, a holder of one of the top four party positions, and/or a parliamentary vice-minister, none of whom receive PARC committee assignments, leaving one or zero PARC committee members in the district. The twenty-six remaining districts were: Hokkaido 5, Kanagawa 3, Aichi 5, Yamaguchi 2, Miyagi 2, Shiga, Nara, Okayama 1, Osaka 6, Nagano 1, Saitama 4, Gunma 1, Wakayama 2, Kochi, Okinawa, Tokyo 10, Chiba 3, Ibaraki 2, Hokkaido 2, Kanagawa 5, Nagasaki 1, Shizuoka 1, Mie 1, Fukui, Niigata 3, and Tokyo 4.

pothesis that assignments are random. Of the twelve districts in our sample that had more than two LDP members, three had no membership overlap and four had overlap between only a single pair. These observations strongly suggest that there is some nonrandom process at work to prevent LDP members in a district from having overlapping committee assignments.

5. CONCLUSION

Japanese parties, if they are to win a majority in the Diet, must on average win more than two seats per electoral district. Because each voter can vote for only one candidate, candidates from the same party compete with each other in each district. The problem for the parties is to find a mechanism for efficiently dividing its supporters' votes. The vote division cannot be left to party voters, who would face a seemingly insurmountable coordination problem subject to all of the classic dilemmas of collective actions (Olson 1965). Neither can the candidates commit to a vote division scheme absent any external enforcement since, as in any prisoner's dilemma, each candidate has a dominant strategy to cheat. If the vote is to be divided efficiently, then, it behooves candidates – who, like all players in a prisoner's dilemma, prefer mutual cooperation if only it can be maintained – to delegate the task of dividing the vote to party leadership.

The leadership has a range of options. It could impose some arbitrary rule (like the phone number example mentioned) that would run the risk of being incentive incompatible for voters and, consequently, ineffective. And any attempt to differentiate candidates using ideological or public-goods criteria would, of course, undermine the party label, presumably the thing that defines the group of "party voters" whose votes are to be divided. The LDP's solution to the problem has been to institutionalize particularistic politics. This keeps the party label intact while simultaneously allowing candidates to differentiate themselves through credit-claiming. By maintaining control over the resources available to individual backbenchers cum candidates, the leadership can encourage candidates to indulge their desire to increase their personal vote coalitions and at the same time ensure that same-party candidates are not stealing votes from each other.

APPENDIX

Methods

McCubbins and Noble (Chapter 5 of this book) defined the following items as particularistic in their data set of expenditures and revenues from fiscal years 1952 (the last budget compiled under the occupation) to 1989:

EXPENDITURE ITEMS

GENERAL ACCOUNT

Prime minister's office
- Science and Technology Agency
  1. Promotion of research into peaceful uses for nuclear power
  2. Science and Technology Agency research laboratory
  3. Science and Technology promotion
- Hokkaido Development Agency
  4. Hokkaido road construction
  5. Hokkaido fishing port facilities
  6. Hokkaido housing construction industry

Ministry of Finance
- Ministry of Finance (internal)
  7. Supplement to People's Finance Corporation

Ministry of Education
- Ministry of Education (internal)
  8. National Treasury subsidies for educational expenses for the handicapped
  9. Supplements to private schools

Ministry of Health and Welfare
  10. Maintenance of environmental health and sanitation facilities
  11. Support for the disabled
  12. Welfare for the elderly
  13. Support for women
  14. Support for children

Ministry of Agriculture, Forestry, and Fisheries
  15. Fishing harbor facilities
  16. Strategic restructuring of agriculture
  17. Agricultural pensions
  18. Silk cultivation and horticulture promotion
  19. Diffusion of agriculture improvement
  20. Strengthening of wet rice agriculture
  21. Sugar price stabilization
  22. Strategic planning of food product distribution

Ministry of International Trade and Industry
- Ministry of International Trade and Industry (internal)
  23. Economic cooperation
  24. Promotion of industrial relocation
  25. Promotion of the computer industry
  26. Industrial plumbing facilities
- Agency of Industrial Science and Technology
  27. Promotion of mining and manufacturing technology

28. Large-scale industrial research and development
29. Agency of Industrial Science and Technology experimental research laboratory

Agency of Natural Resources and Energy
30. Measures for underground resources

Small and Medium Enterprise Agency
31. Measures for small and medium enterprises

Ministry of Transportation

Ministry of Transportation (internal)
32. Subsidies to account of Japan National Railway
33. Subsidies to Japan National Railway Construction Corp.
34. Subsidies for railroad track maintenance
35. Coastline enterprises
36. Subsidies for maritime transportation
37. Stabilization of shipbuilding industry

Ministry of Posts and Telecommunications
38. Integrated Telecommunications Research Lab
39. Local Telecommunications Administration Bureau

Ministry of Labor
40. Career change planning
41. Labor Protection Office
42. Employment Security Office

Ministry of Construction

Ministry of Construction (internal)
43. Strategic planning regarding crumbling of steep inclines and related expenses
44. Coastline enterprises
45. Housing construction
46. City planning
47. Work related to stream and river disasters
48. Restoration of streams and rivers after disasters

Ministry of Home Affairs

Ministry of Home Affairs (internal)
49. Adjustment grants to cities, towns, and villages that are the sites of [defense] facilities

SPECIAL ACCOUNTS

1. Foodstuff control
2. Measures for the improvement of farm management
3. Harbor improvement
4. Airport improvement
5. Road improvement

6. Flood control
7. National pensions

Sources

"General accounts data were taken from official Ippan Kaikei as submitted to the Diet by the Ministry of Finance on behalf of the cabinet . . . these documents are the only place listing all expenditures at the item (*ko*) level (the more commonly known 'important item' [*shuyo keihi*] listed in the *Kuni no Yosan* and elsewhere are too highly aggregated and subject to periodic redefinition). All figures are on an initial budget (*tosho*) basis, that is, before any revisions by the Diet, and before any supplemental budgets. The lack of Diet revisions is not a serious problem, since revisions have been rare in the postwar period, occurring in 1948 (before the period considered here), 1953–55, and in two years since the formation of the LDP (1972 and 1977). Moreover, even in those years revisions covered only a tiny fraction of the budget. Supplementary budgets are also relatively unimportant (in the 1960s the net addition to main budget expenditures was about 4.2 percent, in the 1980s only 3.1 percent), and omitting them greatly simplifies data collection, since in many years there have been two or even three supplemental budgets. Since the composition of items sometimes changes over time, we added and subtracted sub-items as necessary to ensure consistency over time. Generally speaking, we took the item as constituted in recent years and corrected as necessary as we went back through the data. A complete list of descriptions of the item (and other more detailed information) is available on request from the authors.

"Special accounts data came from the semiofficial and widely available *Kuni no Yosan;* in this case there are no problems of excessive aggregation and inconsistent definition. These are also on an "initial budget" basis. For the fourteen special accounts in our sample we measured only subsidies from the general account, since the overall budgets of the accounts include operating and other incomes not derived from national budgets. The *Kuni no Yosan* does not provide a summary figure for subsidies, so we derived them by summing the subsidies to each of the subaccounts (*kanjo*). The transactions between general accounts and special accounts are sometimes complex; in order to avoid any possible double-counting, we never use the two types of accounts in the same equation.

"Economic and demographic data were drawn from the five-volume *Nihon Choki Tokei Soran/Historical Statistics of Japan* and the annual *Nihon Tokei Nenkan/Japan Statistical Yearbook,* both bilingual" (quoted from the appendix to McCubbins and Noble, Chapter 5 herein).