
The Primacy of Politics in Economic Policy

Samuel Kernell

COMPARATIVE ANALYSES of American and Japanese politics typically stress each country's distinctiveness so much that they end up describing each one as a special or deviant case. Observers portray policymaking in Japan as regulated by cultural prescriptions and dominated by some unelected elite. In a recent popular introduction to Japan's politics, Karel van Wolferen intones, "The Japanese are rarely allowed to forget the existence of socio-political arrangements that are infinitely stronger than any kind of might the individual could ever bring to bear on them." Instead, a "System" run by and for economic elites rules Japan. Dismissing the relevance of conventional political analysis, he adds that the average citizen has "only a dim notion that ideally one should have recourse to democratic processes."¹

Public policy in the United States, by contrast, is depicted as little more than the by-product of a pluralist free-for-all in which no one's policy preferences are maximized. In his best-selling critique of American economic policy, Lester C. Thurow identifies the chief culprit as America's political parties:

Our problems arise because, in a very real sense, we do not have political parties. A political party is a group that can force its elected members to vote for that party's solutions to society's problems. . . . We have a system where each elected official is his own party and is free to establish his own party platform. . . . This means a splintering

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1. Karel van Wolferen, *The Enigma of Japanese Power: People and Politics in a Stateless Nation* (Knopf, 1989), pp. 43-44.

of power that makes it impossible to hold anyone responsible for failure.²

With the first author describing a system so orderly as to be undemocratic and the second one so disorderly as to be incoherent, these typical descriptions set policymaking in Japan and the United States poles apart. As a result, the absorbing peculiarities of each country's politics frustrate comparative analysis.

Before considering how the preceding essays break with conventional wisdom, I should note that many of the familiar observations about these two countries' politics reappear in this volume. Japan's powerful bureaucracy, headed by the Ministry of International Trade and Industry (MITI) coordinating industrial and trade policy and the Ministry of Finance (MOF) overseeing the full spectrum of government finance and expenditures, appears no less authoritative than it is typically represented to be. Similarly, many of the peculiar features of American national politics—a fragmented bureaucracy, a decentralized legislature, and a weak party system—are once again said to account for American economic policy.

These essays also accept much of the conventional comparisons of public policy. Japan's economic policies exhibit greater coherence and capacity for long-term planning. Even if its role is largely that of a broker, MITI has greater influence over private investment and trade policies than does the assortment of U.S. institutions that occupy this policy domain. The thousand or so cartels and the many government-sponsored research and development consortia do add up to an industrial policy. The closest the United States comes to such an enterprise, Roger Noll maintains, is in the procurement policies of the Pentagon.

Although the authors acknowledge that these overall differences exist, the message of their essays is that the differences are not so pronounced as generally represented. The forces of particularism appear as powerful in Japan as they do in the United States. Eisuke Sakakibara dismisses the notion of rational, synoptic planning at the outset. While conceding MITI its due, he argues that its influence has been overstated and that its domain is unrepresentative of economic policymaking in Japan. The Japanese miracle has occurred in the sectors of the economy where the government has remained relatively uninvolved.

2. Lester C. Thurow, *The Zero-Sum Society: Distribution and the Possibilities for Economic Change* (Basic Books, 1980), p. 212.

Basically, Japan's economic policies, like those in other countries, function to redress grievances of economically suffering constituencies. Frequently, such policies redistribute income from wealthy to poor regions. Hence Sakakibara describes the mostly rural public works programs as one of the central and most expensive policy concerns of the national government. Such policies may also subsidize inefficient sectors of the economy. Haruo Shimada points out that many Japanese politicians and bureaucrats, like those in most modern industrial democracies, are singularly absorbed in protecting agriculture.

These essays retain the image of policymaking in America as a whirligig of politics, but they also identify underlying sources of coordination and a measure of policy coherence. The twentieth century presidency has been sufficiently strengthened beyond its original constitutional mandate, John Chubb and Paul Peterson argue, to provide a potent active sponsor for nationally oriented policies. Even Congress, that sea of particularism, contains important elements of policy coordination. Where most observers see the budget deficit as evidence of a process spinning out of control, Mathew McCubbins sees recent budgetary politics as a logical product of divided party control of Congress and the presidency. By showing that even this seemingly intractable area of policy displays a measure of coordination, at least within party teams, McCubbins suggests that policymaking contains more investment in providing collective goods than is generally supposed.

Nowhere in these essays does the resemblance between Japanese and American policymaking show up more prominently than in the case studies of tax reform. In both instances, tax reform originated as a comprehensive policy to repair inequities and inefficiencies that had cropped up in the tax code over the years. Not surprisingly, given their national policy focus, both reforms received their strongest early push from the executive. The seed of tax reform in the United States was sown in the Treasury Department when Secretary Donald Regan interested President Ronald Reagan in the notion of a flat tax rate in 1984. In Japan, the Ministry of Finance was always interested in finding new sources of revenue, but only when the deficits began mounting did reform become politically compelling. After earlier false starts, the idea of a sales tax was rejuvenated by Prime Minister Yasuhiro Nakasone's Administrative Reform Council. Once introduced in each country's legislature, each reform proposal encountered stiff resistance from constituencies advantaged by current policies.

At this juncture, the legislative histories of the two cases diverge sharply. Tax reform in the United States quickly gained momentum and, despite dire predictions, sailed through Congress with its major provisions intact. Allen Schick describes the many shoals of economic interests on which tax reform could have foundered, but concludes that it succeeded largely because each political party's leadership realized the political gains to be had by the other if it failed to embrace the program enthusiastically. In Japan, as Michio Muramatsu and Masaru Mabuchi report, tax reform similarly embarked on its legislative odyssey with a strong push from the national executive, but soon stalled when it entered the legislature. After consuming several sessions of the Diet and contributing to the downfall of several Liberal Democratic party (LDP) prime ministers, a new tax law finally emerged, but it was so emasculated that even its early boosters hesitated to call it a reform. The politics of tax reform in Japan arguably resembles the image of America's discordant politics more closely than it does the calm progression toward consensus commonly ascribed to Japanese politics.

The Sources of Particularistic Economic Policy

These essays depict economic policy in both countries as generally responsive to organized constituencies, especially those who have suffered in the marketplace. Consequently, policy tends to be remedial. Rather than implementing some comprehensive strategy of growth, it offers protective cover to ailing and favored sectors of the economy through trade protection, sympathetic commercial regulation, and direct subsidy. And an economic constituency's association with the political parties offers at least as good a prediction of policy focus as any prescriptive economic theory.

This is not surprising news for anyone who has even a cursory familiarity with American politics. It is precisely the problem Lester Thurow complains of regarding U.S. economic policy. The Constitution's Framers succeeded, after all, in constructing a governmental system that assures easy access to society's competing "factions." The dispersion of authority among national institutions is reinforced by a federal structure that assigns important responsibilities and authority to the states. The biases of the governmental system are reinforced by

political parties composed of locally oriented officeholders. While not altogether bereft of coordination and the potential for coherence, policymaking remains highly fragmented and responsive to local constituencies.

That organized constituencies would be so successful in shaping economic policy in Japan is less apparent. It flies in the face of the innumerable popular reports of comprehensive rational economic planning by an elite, most frequently found in the bureaucracy, that distances itself from the political fray and is thereby free to formulate policies that advance economic growth.³ Others, such as van Wolferen, discern a cozy alliance of these bureaucrats with senior LDP leaders and big business representatives who promote their own, self-serving view of the public good. However much these interpretations differ over who constitutes the inner club, they agree in describing a top-down policymaking structure that offers few points of access to the parochial concerns of local interests.

Yet the essays in this volume describe a government of *zoku*, a policymaking process particularistic to its core. Organized and local interests are comfortably ensconced in the Diet. "Were it not for the particular patterns of LDP clientele support," concludes John Creighton Campbell in his authoritative analysis of Japanese budgeting, "the budget shares to rice price supports, to war widows' benefits, to certain kinds of public works . . . to doctors' fees, to the maintenance of many rural railroad lines, would doubtlessly be substantially lower."⁴ Higher-level tiers of governmental and party organization—including the substantive ministries and the Policy Affairs Research Council—serve not as refuges for a ruling elite but as arenas where claims for relief are aggregated into public policy.

How could budgets and taxes, the central features of a nation's economic policy, be riddled with particularism while the more celebrated aspects of economic policy remain insulated from politics? How could Japan's fabled economic technocrats remain undistracted in their pursuit of economic growth? One answer proposes that the economic policy process in Japan is bifurcated. Politicians are given loose rein to play politics by larding public works budgets and subsidizing inefficient

3. Chalmers Johnson, *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925-1975* (Stanford University Press, 1982).

4. *Contemporary Japanese Budget Politics* (University of California Press, 1977), pp. 137-43.

industries in return for staying clear of the policies directed by MITI and the MOF that produce the national wealth to pay the bills.⁵

An alternative possibility is that policymaking is consistent across these realms. The policies that have been credited with Japan's extraordinary growth are just another face of the politics of particularism. After all, the economic growth proceeds through the coffers of the industries that stand to benefit most from collusive solutions to market dilemmas. With a conservative regime in place, it behooves different industries to have the bureaucracy broker and legitimize cartel agreements and police would-be free riders to share the costs of technological development and adhere to their allocated share of the market. The political forces and the governmental system that led to the emergence of economic protectionism for an inefficient agricultural sector may be fundamentally the same as those that yielded an aggressive, technologically sophisticated, export-driven consumer industry.

The special regard paid organized constituencies sets Japan and the United States apart from the industrial democracies that approximate responsible party government. And it provides the essential commonality for a comparative assessment of these two countries' economic policies. For each country's politics, particularistic economic policy raises questions: What are the institutional arrangements that foster this pervasive responsiveness to organized constituencies? Are there occasionally sufficient incentives and opportunities for politicians to withstand these pressures and to stake their political fortunes on some broader conception of the public interest?

The answers to these questions are to be found in the ways each country's political institutions reflect and in turn channel the behavior of ambitious politicians. Among the consequential variables are the array of interests in society and their competition for influence over policy, the ways politicians pursue their self-interest as they serve their constituents, and the institutional rules and procedures that transform the diverse preferences of politicians and their constituencies into collective decisions.

For American politics, with its large population of loosely tethered politicians, there would be no dispute with this emphasis on these actors as the central figures whose behavior needs to be accounted for. But for

5. Chalmers Johnson, "The Japanese Political Economy: A Crisis in Theory," *Ethics and International Affairs*, vol. 2 (1988), pp. 86-87.

Japan, where elected officeholders have typically assumed a more subordinate posture in relation to economic notables and above all, to powerful bureaucrats, such an emphasis may appear misplaced. A culture of deference and consensus has led many students of Japanese politics to eschew the kind of institutional analysis entertained here. The responsiveness of national economic policy to the preferences of local and well-organized constituencies suggests, nonetheless, that the politicians who can be expected to give local concerns their most sympathetic hearing—namely Diet members—must indeed have considerable say over policy.

I examine the competition between public goods and particularism in two main arenas: the political party, in both the electorate and the national legislature; and the national executive, which at the top encompasses either the prime minister or the president, and lower down the bureaucracy. The first discussion mostly concerns the distinction between "weak" and "strong" political parties, defined according to the extent to which they formulate national policy and sanction members' conformity to the collectivity's decisions. I argue that the particularism that is deeply entrenched in both countries' party systems is closely reflected in their national legislatures. The evidence is the similarly great devotion to constituent service shown by members of both the Diet and Congress.

By contrast, executive institutions are generally understood to be more insulated from parochial forces and therefore more likely to entertain a broader conception of the public interest. The institutional source of this insulation differs across parliamentary and presidential systems. Nonetheless, the prime minister and the president perform basically the same duty in representing their political party before a national electorate. The governing party's association with national policies is most likely to be founded on the actions and rhetoric of the national political executive. The bureaucracy's insulation from particularistic influences is rooted in its professional, nonelective status as well as its statutory mandate to promote general principles and apply universal criteria in its implementation of policy.

The Party System: The Roots of Particularism

At first glance, political parties in the United States and Japan appear about as different from one another as possible. How could one expect

to find here a basis for similar economic policies? The distinguishing feature of America's party system is its firmly entrenched, highly competitive, two major parties. Throughout the country, Democrats and Republicans vie for partisan office at every level of government. Both have their successes, which create divided party control of government in both Washington and the state capitals. In Japan, five or six parties routinely win seats in the national legislature, but one, the Liberal Democratic party, dominates all the others. It has effectively controlled a majority of seats in the Diet's House of Representatives, and thus the cabinet and prime minister, every year since 1955, a modern record for uninterrupted control of government among postwar industrial democracies.

With the consolidation of the "progressive" and "conservative" parties in the mid-1950s, Japan's politics appeared headed toward two-party competition. However desirable this may have appeared to scholarly observers who embrace a Westminster model of parliamentary government, it lasted but a single election. In 1958, the Socialists were unable to muster much more than a third of the popular vote in the national elections. Soundly defeated and with little prospective profit from maintaining a facade of unity, the progressive factions splintered into separate parties over the next decade. The LDP's victory, conversely, justified the conservatives' consolidation strategy. Controlling the levers of policy, and gaining access to the largess of those who do business with the government, this new party was able to cement its confederal structure.

Whatever the dimension—whether in the number of parties, their competitiveness, or the ways elections are conducted—the Japanese and American party systems belong on different ends of the continuum. Yet it is here in the respective party systems one should expect to find the source of particularistic economic policy. From quite different paths, political rationality has led both countries' politicians to embrace broadly similar conceptions of representation. To understand how each reached this common ground, one needs a theory that encompasses politics in both countries.

A Rationale for Party Action

Politicians succeed at the ballot box to the degree they can deliver desired benefits to their constituency and gain credit for doing so. The first implies performance, whether in creating national policy or in

providing local services, while the second implies communication to a mass electorate. Alone, the incumbent officeholder possesses too few resources to achieve sufficient levels of either to assure reelection. And the solitary challenger who can offer only promises is even more disadvantaged. Both require cooperation among similarly situated politicians. To solve this classic problem of collective action, politicians invented political parties.

Political parties address the former problem by creating a broad alliance of politicians whose authority spans the governmental system, and, in doing so, they contribute to solving the communication problem by giving policy content to the party label. Participation in a party team has its costs, however. The creation of a party program requires politicians at times to adopt policy positions that differ from the median preferences of their districts—a locally unpopular national policy or added taxes to pay for programs benefiting another constituency.

This trade-off of benefits and costs of party action implies a strategic relation of the politician to the political party. The politician engages in a continuing reassessment of whether to remain loyal or to try to do better by taking an independent course. Individual politicians will decide the matter differently according to the requirements of their constituency and their personal situation. For some, whose median voter is well aligned with party policy, the advantages of party action so outweigh independence that they will never seriously contemplate an alternative course. Others will find that the discrepancy between their party's and constituency's preferences pushes them to apostasy on most important issues. For this reason, many southern Democrats in Congress and urban Liberal Democrats in the Diet predictably stake out more independent postures on certain national issues.

Even when politicians agree that their individual success is closely tied to their party's fortunes, the party still may not be able to satisfy the collective needs of its members. This is because each politician will, if given the opportunity, attempt to reap the benefits of the party's collective effort while exempting his or her local constituency from the costs or sacrifice the policy requires. Consensus for the party's national economic program may therefore prove insufficient to achieve voluntary party loyalty. To solve this dilemma, party members entrust their leaders with the authority to enforce adherence to the party's collective position. Uncooperative members might be punished by having their favorite projects vetoed or by being denied staff and favorable committee assignments and, in extreme cases, even by being banned from the party

ballot. Such sanctions allow party leaders to translate enthusiasm for a national policy into party action.

Politicians cede authority to their leaders in direct relation to what they perceive as the costs and benefits of a strong party. In a system where constituencies are highly diverse and conformity to a party program imposes unacceptable costs for too many of its members, the party's control will be limited in scope. Similarly, in a system where, by virtue of their office and the availability of outside resources, politicians can independently satisfy their constituency, members will have less need for party action than they would were their election wholly dependent on their party's provision of public goods. Thus the electorally optimal mix of local services and national policies will define the relations between leaders and followers. Where selective benefits to constituencies weigh heavily in elections and can be provided through simple mechanisms of reciprocity within or outside party channels, there is little need for strong party leadership.

From the reports provided in these essays, both American and Japanese politicians appear to have invested their careers in local service. If so, there will be evidence of this in both party structures and economic policy. This is not to suggest the party's provision of collective goods is inconsequential. National policies do matter and political parties are the chief mechanism by which they are achieved. It is simply the case that, in these two democracies, representation prescribes that politicians remain keenly attentive to the local median voter, reducing the extent to which political parties can afford to bid for votes with promises of collective goods. Understanding why requires a careful examination of each country's system of representation.

The Party in the Electorate

Electorate laws determining how votes are cast and representation is awarded play a generally underappreciated role in shaping the party system. Few principles in political science are backed by as much solid evidence as the one which holds that the greater the number of seats up for election in a given electoral district, the greater will be the number of political parties competing for those seats.⁶ America's single-member

6. The definitive statements on this issue, which oddly omit reference to Japan's electoral system, are Douglas W. Rae, *The Political Consequences of Electoral Laws* (Yale University Press, 1967); and Rein Taagepera and Matthew Soberg Shugart, *Seats and Votes: The Effects and Determinants of Electoral Systems* (Yale University Press, 1989).

plurality districts have yielded two-party competition, while Japan's multimember districts have opened up elections and seats to a number of minor parties. Although these electoral arrangements define the general contour of the party system, other, partly derivative, rules governing how candidates are nominated for office also determine the role political parties will play both in elections and in the government.

THE ELECTORAL SYSTEM. Virtually all U.S. elections occur within single-member plurality districts. The reason this electoral system should lead to two-party competition is straightforward. With only a single seat available and a runoff election obviated by the plurality rule, the likelihood of a third party entering the race and winning the election is remote. Recognizing the prospect of wasting their vote, even citizens sympathetic with the platform of a third party will be disinclined to support it. Instead, the second most preferred candidate will be selected. The "wasted vote" dilemma prevents all but a few potential third party movements from ever bothering to field candidates.⁷

While the single-member plurality district accounts for the dominance of two-candidate races, it does not explain why the same two parties show up everywhere. A likely reason is the necessity of creating national alliances to compete in presidential elections. The few parties that have endured have done so by creating an attractive national ticket. Conversely, the quick demise of the Whig party on the eve of the Civil War appears to have been triggered by its failure to find a national standard-bearer mutually acceptable to its northern and southern factions. And the truncated third party movements that briefly enjoyed local and state hegemony never were able to withstand raids from one or both of the national parties.⁸

The need of America's parties to be both national in scope and yet able to appeal to numerous, highly diverse, local pluralities dampens their enthusiasm for ideological appeals. Instead, success comes from being associated with nationally attractive policies—economic growth and a clean environment are two favorites—while accommodating the diversity of political views to be found across the many local constituencies. In the American setting, the single-member plurality

7. Occasionally, a single party will become so dominant that even the second party, with only a remote chance of achieving a plurality, will be reduced to token opposition or even disappear altogether. Politicians still compete for office, but—as in the solid Democratic South during the first half of this century—they do so within the confines of the dominant party.

8. Richard M. Valelly, *Radicalism in the States: The Minnesota Farmer Labor Party and the American Political Economy* (University of Chicago Press, 1989).

system promotes localism, even in giving each politician an opportunity to tailor the party's national appeal to the local constituency.

The classic proportional representation systems found throughout Western Europe are about as different as imaginable from the single-member plurality system in their effects on the number and orientation of the political parties. They tend to maximize the number of parties contesting elections. Moreover, voters cast ballots for party lists of candidates, with the seats in the legislature awarded to the parties in proportion to their overall vote. Under this system, citizens can support a minor party without fear of wasting their votes as long as it can win the minimum number of votes necessary to gain a seat. Rather than having to appeal to the median voter, a party can afford to target its appeal to a narrower range of preferences and still expect to gain representation.

The inherent biases of proportional representation are relevant here because Japan's electoral procedures represent a hybrid of plurality vote and proportional representation; consequently, so does its party system. Its chief resemblance to proportional representation is found in the multimember districts. Nearly all of the prefectures contain from three to five seats for the lower house of the Diet. Rather than endorsing a party list, however, the voter casts a single ballot for one of the competing candidates. As in plurality systems, the top vote getters win the seats, irrespective of the political parties' shares of the overall popular vote. Also similar is the likelihood of wasted votes. LDP supporters may not know which of several LDP candidates most needs their votes. "Progressive" voters confront a similar puzzle in trying to decide which opposition candidate stands the best chance of winning. Uncertainty by voters in deciding whom to support and by political parties in calculating how many candidates to field contributes to various possible election results, one being a winning candidate who is less preferred by the voters than is one of the losers.

While the effects of this unique, hybrid electoral system have not been fully explored, the evidence suggests that the design of Japan's party system closely reflects its inherent biases. The multimember district encourages minor parties to compete by lowering the vote threshold necessary to win representation. In a four-member prefecture, for example, a party need capture only 20 percent of the vote to be guaranteed a seat. Without having to approach a plurality, minor parties are not severely penalized for failing to appeal to the median voter.

Many, perhaps most, of the Japan Socialist party's Diet members are safely ensconced in office while remaining uncorrupted from having to work the political center. A serious attempt at becoming the majority party would require additional candidacies for Diet seats, thereby jeopardizing the safe seats of the opposition incumbents with the same vote dilution plaguing their LDP counterparts. "How lucky the LDP was to have the opposition it had," observes one close student of Japanese elections, adding, "It is not often that one finds a country in which the opposition parties . . . are so determined to remain deeply wedded to their traditional ideologies and basic support groups, to resist change."⁹ The opposition's determination reflects no more than the iron logic of electoral rationality, and the LDP's luck rests more directly on the peculiar electoral system that keeps the opposition in place. The 1990 general election produced the best opportunity progressive parties have enjoyed since the early 1970s to make serious inroads into the LDP majority. What did they do? The Japan Socialist party (JSP) contested fewer seats than its leadership had advertised it would before the campaign. The united progressive front fielded so few candidates, in fact, that even had they all won, the alliance would still have fallen short of a majority in the Diet's House of Representatives. In the end, the opposition settled for modest gains.¹⁰

For the majority LDP, these features of the electoral system depreciate the value of the party's label by requiring its candidates to compete with one another. Over 90 percent of LDP candidates share the ballot with a fellow party candidate in general elections. Each seeks an advantage by differentiating his or her appeal in a variety of ways: offering local services, disassociating one's campaign from the party's unpopular policies, and denigrating fellow party members. This setting stimulates the emergence of candidate-centered, locally oriented cam-

9. Gerald L. Curtis, *Japan's Political Party System: Its Dynamics and Prospects* (Tokyo: Japan Foundation, 1983), p. 4.

10. The plurality features of this mixed system appear to favor the majority LDP. With relatively few seats in each district, an efficient distribution of the LDP vote across candidacies, combined with a fragmentation of opposition support, will sometimes allow the party to win a disproportionate share of seats. Even after correcting for the favorable malapportionment, the LDP gained 55.5 percent of the Diet seats in the 1980 general election with 47.8 percent of the popular vote. Arend Lijphart, Rafael Lopez Pintor, and Yasunori Sone, "The Limited Vote and the Single Nontransferable Vote: Lessons from the Japanese and Spanish Examples," in Bernard Grofman and Arend Lijphart, eds., *Electoral Laws and Their Political Consequences* (New York: Agathon Press, 1986), pp. 154-59.

paings.¹¹ The party's record and promises tend to get lost in the resulting fray between candidates from the same party.

Politicians in these situations still need the kinds of services political parties provide—namely, the prospect of performance and the ability to communicate with a large constituency. But how can one LDP candidate working alone succeed at either or manage to gain a competitive edge over rivals? Consider what they need to offer local voters: "Should they want a new airport, they are assured that he has the best entrée . . . to the Transport Ministry and the Finance Ministry; if wider roads are needed, or a new bridge, then he has more friends at the Ministry of Construction than any other candidates. . . . The LDP politician compares his access to bureaucrats with that of his fellow LDP members."¹² In other settings, these are the kinds of benefits competing political parties offer. With the party neutralized, and yet unable to provide these services alone, individual LDP politicians associate themselves with one of the half dozen or so factions (*habatsu*) that have dominated the party since its inception.

Each faction is organized around a senior leader who brokers the flow of resources to his members' constituencies in return for support in some future bid for prime minister. Factions are so prominent a part of the political landscape that newspapers and political almanacs commonly label LDP politicians by their factional associations. Successful politicians' strength in their constituencies rests on the comparative advantage of their faction's claim to control the policies of the ministries that administer locally important programs. The centrality of intraparty competition to LDP politics can be seen in its "blood feuds."

Under the present middle-sized election district system, several candidates from the same party must stand and fight in the same election district. Both the candidates and their campaign workers

11. When asked the main reason for their vote, the percentage of respondents identifying party decreased across prefectures as the number of candidates from the party increased—from half of the responses with one party candidate to less than 10 percent when the party listed five candidates. Conversely, the percentage of respondents giving the candidate as the main reason for their vote increased from 36 to 89 percent. Thomas R. Rochon, "Electoral Systems and the Basis of the Vote: the Case of Japan," in John Creighton Campbell, ed., *Parties, Candidates, and Voters in Japan: Six Quantitative Studies* (University of Michigan, Center for Japanese Studies, 1981), p. 8.

12. Van Wolferen, *Enigma of Japanese Power*, p. 57.

keep their hands off the domains of the opposition parties . . . but aim at the domains of the candidates of the same party. These . . . so-called election blood feuds . . . can be observed in each district throughout the nation. Because of them, the election battles are becoming fiercer, are requiring increasing amounts of money, are giving rise to the development of factions within the parties, and are preventing party unity.¹³

"We are always too busy fighting among ourselves. Look at the men from the same electoral districts. They're terrible," complained one veteran Diet member. "They can't even talk pleasantly to each other in the Diet. That's because there is usually a serious war between them. . . . Everybody has had this terrible experience."¹⁴ The results of the 1990 elections for the lower house portend continued incivilities. Of the thirty-nine defeated Diet members, twenty-three were replaced by an LDP politician from another faction. The highly factionalized LDP reflects the logic of an electoral system that forces candidates from the same party to differentiate their appeals.

The electoral systems of Japan and the United States create less hospitable settings for national campaigns waged on the party's national platform than those systems that place little premium on the quality of individual candidacies. In the United States, the critical importance of local pluralities discourages the major parties from formulating highly programmatic positions on national issues. For a candidate to rely exclusively on party policies would be risky. If the policies are popular, this strategy would attract a general election opponent who would adopt similar positions on national issues and then bid for votes with promises of local goods and services. In Japan, party-based campaigns make even less sense for LDP candidates, since their nearest rivals share the label. Bids for support must necessarily be founded upon a personal or factional appeal. As different as these countries' electoral and resulting party systems are, they similarly reward a politician's parochialism while depreciating the electoral value of the party's national program.

13. Tsuchiya Shozo, "Senkyo Seido no Kaisei Mondai ni Tsuite" (Concerning the reform problem of the electoral system), *Shinseiki*, no. 190 (August 1, 1966), p. 10, quoted in Nathaniel B. Thayer, *How the Conservatives Rule Japan* (Princeton University Press, 1969), pp. 118–19.

14. Senkyo Seido Shingikai, *Dai-niji Senkyo Seido Shingikai Giji Sokkiroku* (Transcript of proceedings of the Second Election System Deliberation Commission), 1963, pp. 230–31, quoted in Thayer, *How the Conservatives Rule Japan*, p. 119.

THE NOMINATION AND CAMPAIGN. The formal rules and established practices by which candidates are recruited and campaign for office necessarily conform to the basic requirements of the electoral system. Not surprisingly, then, in both Japan and the United States they reinforce candidate-centered elections.

The nominating primary is an American invention adopted at the turn of the century to thwart the influence of local political machines on elections. It removed control over party nominations from local party organizations and lodged it instead with the voters in a primary election. From state to state, present-day primary laws vary in the extent to which they permit political parties to participate in the selection process. Some states, for example, permit party conventions to endorse candidates, while others strictly ban any party participation in the nomination phase of the election. Many states restrict primary voting to citizens registered as party members, while others open the election to all voters. Everywhere, an aspiring candidate can qualify to run in the primary by filing a short petition of registered voters with election officials. Whatever its particular provisions, the direct primary reform has thoroughly achieved its goal of emasculating political parties. If political parties are the losers, the winners are incumbent officeholders. Since 1980 only about 5 percent of House incumbents who have sought renomination have lost.

Recent reforms in the ways elections are financed and conducted have further served to increase the independence of politicians from their political parties. Campaign finance reform in the 1970s was designed to open up fundraising to public scrutiny and to clarify the procedures and legal limits of contributions from businesses, unions, and other groups. The reforms clarified these matters so well that many organizations that had previously shied away from contributing to candidates for fear of breaking ambiguous state and federal laws could now safely join in. From 1976 until 1988, the number of political action committees grew from 992 to 4,268. Their donations to congressional candidates increased over this period from \$22.6 million to \$151.3 million. Over 80 percent of these funds go to incumbents.¹⁵

Another equally dramatic trend liberating representatives from their

15. Harold W. Stanley and Richard G. Niemi, *Vital Statistics on American Politics*, 2d ed. (Washington: CQ Press, 1990), pp. 160, 163. Meanwhile, the political parties are severely restricted in the financial support they can provide to any candidate for the general election races. While increases in allowable party donations are limited to inflation, the available PAC money and campaign expenditures have grown at a far greater rate. As a consequence, the share of an adequately financed campaign underwritten by the political party has dwindled in each election.

dependence on party-based resources is expansion of office staffs. Between 1957 and 1987, the number of employees on House members' office payrolls increased from 2,441 to 7,584.¹⁶ Those more concerned about the next election have tended to concentrate this growth in servicing increased casework from their district offices. No matter where they are located, virtually all staff members play an active role in what has typically become a permanent reelection campaign. In addition, a more generous travel allowance, a more liberal use of franking privileges for constituency mailings, and other perquisites of office have made the modern member of Congress as self-sufficient as any politician could reasonably hope.

When it comes to conducting elections, Japan's political parties appear to be in the driver's seat, especially when compared with America's parties. A central party apparatus within the LDP, headed by the party's president (who by virtue of this office is also the prime minister) and including the secretary-general and members of the Election Policy Committee, endorses candidates and endows campaigns. But, at least with respect to the majority LDP, appearances are deceiving. These prerogatives are more form than fact and do not purchase the party much leverage with its politicians.

There is clear evidence in the election returns that the prime minister's personal participation in the party's central funding of campaigns gives his faction an advantage in the election, but for the most part the party leadership's discretion is tightly circumscribed by both factional competition and the fact that meaningful endorsements are made in the prefectures rather than in Tokyo. Party endorsements are directed less toward resolving "blood feuds" and more toward keeping the ballot from becoming congested with too many Liberal Democratic candidates, which could badly split the vote and cause a *tomodaore*, or "going down together."¹⁷

For races where the party endorsement mechanism matters most—that is, where a marginal shift in the party vote will win or lose a seat—factions in place will be the most diligent in defending their turf, while

16. Norman J. Ornstein, Thomas E. Mann, and Michael J. Malbin, *Vital Statistics on Congress, 1989–1990* (Washington: Congressional Quarterly, 1990), p. 132.

17. The ideological and organizational barriers to the coordination of candidacies across several opposition parties allow the conjecture that opposition candidacies will be less efficiently distributed for maximizing votes than will those of the LDP, which has the easier task of coordinating nonideological factions. This probably gives the LDP greater leeway in tolerating factional competition than if it were contending with a single dominant opposition party.

those on the outside will vigorously press their claims in party councils for an opportunity to run a candidate. Because the LDP does not issue its endorsements until near the election, it is feasible for candidates to run as factionally sponsored independents. They start out knowing that the more impressive their early campaign, the better their chance of winning the party's blessing. The traditional modus operandi for resolving endorsement disputes involves factional negotiation. In recent years, competition for endorsement has become so fierce at times that automatic criteria have been adopted to allow party committees to escape having to make controversial decisions that would be difficult to enforce. The chief criterion appears to be seniority, a favorite of incumbents everywhere. But there are no guarantees that party councils will resolve conflicts. Candidates denied the party's endorsement sometimes run anyway as independents with the faction's support. They show up at the Diet, rejoin the party, and pledge their fealty to the sponsoring faction.

Another reason the party's leverage over its members is hollow is that it has no greater control over financing. The factions and candidates generally raise as much campaign money as the central party organization. Thus the two most valuable commodities the LDP has to offer a candidate—endorsements and funds—are awarded in ways that defer to the independence of politicians rather than induce or reward their conformity to some national program.

Not surprisingly, the Hobbesian world of Japanese elections yields some of the lowest victory margins and reelection rates for national legislators anywhere. In the 1986 elections, 20 percent of the LDP candidates who won did so by a margin of less than 10,000 votes, compared with about 7 percent of U.S. congressional candidates that year in comparably sized constituencies. In the 1983 elections, the incumbent reelection rate was 66 percent, and in 1990 it rose to 84 percent.¹⁸ During these years, over 90 percent of the members of Congress were winning reelection.

The inherent complexities of Japan's electoral system require its politicians to cultivate the local constituency as if their careers depended upon it. In this regard, Japanese legislators surpass even their American counterparts, who are renowned for their dedication to district casework. Japan's Diet members are expected to represent constituents in tax

18. Kent E. Calder, *Crisis and Compensation: Public Policy and Political Stability* (Princeton University Press, 1988), pp. 66–70. The average total for a winning candidate for the Diet's House of Representatives was about 110,000 votes in 1983.

disputes with the government, assist them in securing pensions or loans for their small businesses, gain school admission for their children, and, after graduation, help them find employment. Beyond serving as an intermediary with the government, the Diet member is expected to be the community's most generous benefactor. The Diet member, or a senior aide, attends village festivals, weddings, and funerals. Beyond casework for individual constituents, the representative serves as the main agent in Tokyo for local governmental and private organizations.

Many of these duties resemble the district responsibilities of members of Congress. But because two or more incumbents are bidding for the same vote within the district, Japanese constituency service soars beyond the high standards of American politicians. Diet members sponsor social and recreational events—travel, golf tournaments, flower-arranging shows, and cooking schools. Those they do not originate, they are expected to underwrite with donations. These activities are organized under the auspices of their support groups (*koenkai*), huge social clubs with up to tens of thousands of members. Prime Minister Nakasone's *koenkai* was reputed to be capable of turning out 65,000 votes for him without campaigning.¹⁹ By one estimate, about a third of all LDP voters belong to one of these organizations.²⁰

All this requires an extensive network of offices and staff, and of course it costs a great deal of money. And, unlike members of Congress, Diet members are not entitled to government-paid staff. The need to maintain these *koenkai*, as a Diet member must, is the best explanation for the pervasive use of money for almost every transaction politicians make with organized constituencies and frequently even with one another in the Diet. That the careers of so many of Japan's prime ministers are marked by financial scandal reflects the effort required to rise in Japanese politics.²¹

Local support groups have their origins in the early postwar era, but for many years they were not the potent electoral weapons they are today. With a large campaign chest, a retired senior bureaucrat once could have reasonably expected to secure an LDP seat by buying into local political machines. The rise of these personal support organizations,

19. Thayer, *How the Conservatives Rule Japan*, pp. 92–98.

20. Gerald L. Curtis, *Election Campaigning, Japanese Style* (Columbia University Press, 1971), p. 136; and Calder, *Crisis and Compensation*, pp. 64–66.

21. More than one Diet member reported in interviews that one of the first decisions made in organizing a campaign was to agree on who among the campaign aides would be the "fall guy" if violations of campaign finance laws were uncovered.

however, has increased the ante so much that fewer senior bureaucrats, who might be expected to embrace a more national view of economic policy, are finding their way into the Diet. And increasingly those who do make the transfer are being lured away from a bureaucratic career by a headless *koenkai* searching for a new leader who has marketable prospects of bringing projects to the constituency.²² Vacant seats increasingly go to politicians who have had extensive experience running these support organizations as local prefecture politicians or as staff of the incumbent Diet member.²³ Moreover, the labor and capital invested in creating a strong federation of *koenkai* have introduced a new level of political inheritance to Japanese politics. In the 1990 elections, 40 percent of the LDP candidates were supported by a political organization created by their fathers.²⁴

The Party in the Legislature

The electoral and political circumstances that structure relations between representatives and their constituencies differ greatly between the United States and Japan, yet their effects are remarkably similar. The individual politician, and not the political party, assumes primary responsibility for satisfying the citizenry's demands and adapting the party's appeal to win constituents' support. Politics in both countries follows former House Speaker Tip O'Neill's favorite verity: "All politics is local."

Localism in politics translates into particularism in policies—policies that distribute benefits to specific constituencies. Facing elections as self-reliant entrepreneurs, politicians in both countries need to be able to claim credit for distributing goods and services to their districts. These benefits may flow from some larger, encompassing policy, perhaps even one truly directed toward some national purpose. Both countries' tax reforms had their inspirations in the requirements of the national

22. A typical instance of this practice occurred in the First Nagano District in 1983, when a *koenkai* forced the retirement of its aging Diet member and recruited a bureaucrat as its LDP standard-bearer. This and other examples were identified by Michio Muramatsu in personal communication.

23. Haruhiro Fukui, "The Liberal Democratic Party Revisited: Continuity and Change in the Party's Structure and Performance," *Journal of Japanese Studies*, vol. 10 (Summer 1984), pp. 393–95.

24. Karl Schoenberger, "Winds of Change Ruffling Japan's 'Windless' Election Campaign," *Los Angeles Times*, February 17, 1990, p. A12.

economy. Yet each contained dozens of provisions with specific benefits or considerations for particular constituencies.

The citizenry also wants its leaders to solve national problems, and the political parties are judged by their performance in this realm. Public opinion polls in both countries report great dissatisfaction with public policy generally and with the manner in which special interests frequently appear to prevail over the national welfare. To the extent the public holds its leaders accountable, its politicians are restrained from sacrificing economic policy at the trough of the pork barrel. Without the necessity of pursuing these collective goals, economic policy would become little more than the aggregation of many local interests.

Observers of Japanese politics, especially foreigners, are sometimes inclined to find more ideology and coherence in that country's policies than the case studies in the preceding essays suggest. The conservative thrust of Japan's economic policies has been characterized by such phrases as "parent-hearted [paternalistic] politics" and "corporatism without labor."²⁵ While these portrayals accurately characterize the policy bias of a nation where the conservative party has ruled for a generation, their implication that ideology is the motivational force of Japanese politics is misguided. The actions and policies of Japan's politicians who constitute the Liberal Democratic party, like those of their American counterparts, can be strictly accounted for by their desire to win elections, which in turn requires them to adapt to the disparate policy preferences of their constituencies. Nathaniel Thayer cautiously offers this oblique definition of the ideological disposition of the LDP: "The conservatives are not Marxists, but their ranks include just about every other shade in the political spectrum."²⁶ The powerful pull of localism, set against the need to provide collective goods, has yielded a class of highly pragmatic politicians in both countries.

Earlier I described party leadership as a function of the needs of its members. Politicians seeking a steady flow of distributive benefits and pragmatic approaches to national issues clearly require political parties to achieve their goals, but not the muscular kind that formulate national policy and proceed to implement it. In strong party systems, such as Great

25. Jun-ichi Kyogoku, *Nihonjin to Seiji* (The Japanese and politics) (Tokyo: Tokyo Daigaku Shuppan Kai, 1986); and T. J. Pempel and Keiichi Tsunekawa, "Corporatism without Labor? The Japanese Anomaly," in Philippe C. Schmitter and Gerhard Lehmbruch, eds., *Trends toward Corporatist Intermediation* (Sage, 1979), pp. 231–70.

26. *How the Conservatives Rule Japan*, p. xiii.

Britain's, the annual party conference is attended by representatives of core constituencies who have a large voice in the formulation of party policy. In addition to selecting leaders, these conferences create party platforms and oblige party members in government to support them. The electoral fortunes of individual members of Parliament are closely bound to the electorate's assessment of the party's success in fulfilling its national policy commitments.²⁷

Because electoral fortunes in Japan and the United States are more closely associated with the representation of local interests, their politicians have fashioned their parties to perform more as service organizations. They collect individual members' preferences and package them into policy. This responsiveness is best achieved by keeping control of the legislative party machinery within the legislature. Accordingly, national party conferences in both countries do little beyond nominating the party's candidate to head the government. The two major parties in America meet every four years in the summer before the presidential election to select a nominee. They also engage in an exercise of crafting a policy platform on which no candidate need stand.²⁸ Members of Congress do not control these conventions; in fact, in recent years most have not even attended. Since no one else controls them either, and they do little of consequence except ratify the results of the state-level presidential nominating caucuses and primaries, the national conventions do not intrude into the affairs of the party's legislative leaders.

Japan's Liberal Democratic party meets annually. Every second year it elects the party's senior officials, including the president, who becomes the prime minister. From all reports, there is no pretense of transacting real business at the off-year convention. Unlike American presidential conventions, these meetings are run by the party and factional leaders of the legislature. In this candidate-centered parliamentary system without federalism, it is understandable that "Diet members . . . dominate the party organization and policymaking."²⁹ Neither country's

27. The circumscribed capacity of the individual member of Parliament to serve the district with casework and locally targeted policies is described in Bruce E. Cain, John Ferejohn, and Morris Fiorina, *The Personal Vote: Constituency Service and Electoral Independence* (Harvard University Press, 1987).

28. The Democratic party flirted briefly during the 1970s with midterm conventions, but all that they did was deliberate national policy, which proved such a source of mischief for those politicians who had to represent the party before local constituencies that they were shortly abandoned.

29. Fukui, "The Liberal Democratic Party Revisited," p. 432.

legislative parties are controlled by politicians who take a national view of public policy and seek to exact ideological conformity from party members.

Just as the overall decentralization of the political parties within the districts and prefectures gives candidates full discretion to stake out locally attractive issue positions, so too the internal decentralization of the legislative party gives its individual members the flexibility to concentrate their attention on policies and legislative posts that best serve their constituencies. Within Congress, legislative assignments flow from the party caucus. Here leaders are elected, the appointments they make to committees and party offices ratified, and occasionally, positions on issues voted upon. The main resources available to party leaders to promote the party's program and to encourage loyalty are control over the institution's procedures and the filling of vacancies on the all-important standing committees.

The distribution of legislative offices shows both the limitation of party leadership in a decentralized setting and the subtlety of its employment. The House of Representatives and the Senate contain dozens of powerful offices among the standing and party committees and within the leadership organization. One of the principal benefits of party membership and loyalty is the opportunity to gain control over one of these policy levers. Party leaders play the role of broker—making initial appointments to these posts, enforcing institutional norms among members who have been delegated important party responsibilities for policy, and preparing the way for the recommendations of these committees to receive final consideration by the full legislature.

In a historic revolt against the Speaker of the House of Representatives in 1910, the members stripped away party leaders' authority to select committee chairmen and to reassign members to different committees. In place of leadership discretion, they installed an automatic rule of seniority, which remains the standard method of selecting chairs today. Once on a committee, a member cannot be removed without some serious violation of caucus or chamber rules, and, with few exceptions, the majority party member with the longest continuous service on a committee serves as its chair.³⁰

30. Since the 1970s, various institutional reforms have weakened the seniority rule. In 1971 House Democrats instituted secret ballot elections for committee chairmen. In 1975 House Democrats (a large proportion of whom were newly elected in the wake of Watergate) took advantage of the rule change and ousted three senior committee

Unable to reconstitute committees, party leaders rely heavily on their one unrestricted prerogative: the authority to fill vacancies. This provides a circuitous means for correcting committee proposals that diverge from the median preference of the party membership.³¹ If a committee begins to appear too liberal, a conservative member might be appointed to fill the next vacancy. This is not the kind of leadership empowered to issue authoritative pronouncements of party policy.³² Although it does not give the leadership sanctions against uncooperative members, this indirect method of enforcing party policy through committee appointments is nonetheless vital for allowing the party to strike a balance between giving members the latitude to be good local representatives while keeping the party directed toward producing electorally attractive national policies.

Many of the same features of a decentralized legislative party can be found within the Diet. In order to avoid damaging conflict and the opposition's obstructionist tactics (such as the famous dilatory "cow walks" on floor votes), the LDP surrendered much of its control over committee and floor proceedings in the lower house during the early 1970s, when it controlled a bare majority. The rules allocating committee seats require the LDP to relinquish control over some committees during periods when it holds a narrow majority within the chamber.

The LDP's limited control of Diet committees helps explain the emergence of a parallel party organization called the Policy Affairs Research Council (PARC) as the major legislative apparatus for allowing party members to influence policies important to their constituencies. Twenty years ago, few bureaucrats mentioned clearance with this organization as an important activity for ministry success; today, few ministers would dare broach a major initiative without having it fully vetted before this organization.³³ Commensurate with PARC's growing

chairmen. Although violations of the seniority rule have been infrequent since then, the revision reduced the autonomy of chairs and made them more responsive to the party.

31. Gary W. Cox and Mathew D. McCubbins, *Parties and Government in the House of Representatives* (University of California Press, forthcoming).

32. If these leaders take public positions at all, they are more likely to be in the form of a "trial balloon" they can easily disown if the proposal meets with disfavor.

33. This view that the PARC system has emerged as the functional equivalent of the American committee system is also argued by John Creighton Campbell, who writes, "The relationship between a ministry and its corresponding PARC division is not dissimilar to that between an American executive department or bureau and a Congressional legislative committee." *Contemporary Japanese Budget Politics*, p. 125. However, the institution's and party's division of labor are not the same. The Diet's

control over policy, the status of the PARC chairman has risen to perhaps second only to that of the prime minister. And seats on PARC's leadership committee, the Policy Deliberation Commission, have emerged as some of the most sought-after plums in factional negotiations.

The base of PARC is seventeen standing divisions (*bukai*), their jurisdictions coinciding with those of individual government ministries. These divisions amount to de facto committees of the Diet. One indicator of this is that the Liberal Democrats on a particular standing committee automatically serve on its counterpart division. Membership also includes LDP Diet members whose prefectures give them a special interest in a division's business and others whose past service in the cabinet or in some other party capacity makes them especially suited to monitor a ministry's affairs. Ministry officials do all they can to cultivate the goodwill of their division, for it contains the Diet members who must be accommodated.

This important organization will also be discussed below in examining legislative-bureaucratic relations. The important point here is that, in the Diet as in Congress, the governing party has created offices to give its members selective control over the policies most important for their reelection. Moreover, the proliferation of offices creates an important resource for leaders to cultivate cooperation.

There is little evidence, however, that the LDP's leaders have been any more successful than their congressional counterparts in exploiting their control over offices to enforce party discipline against the pull of local interests. The limitation of central party authority that has been achieved within Congress by formally curtailing leaders' prerogatives to select committee chairmen and reassign members is achieved within the LDP by the competition among factions. Factional leaders negotiate appointments to committees, PARC's divisions, the cabinet, and other leadership positions. Typically, ministerial posts are awarded in approximate proportion to the faction's size.³⁴ Offices that confer upon their occupants an opportunity to advance their faction's interests, such as the party presidency and cabinet ministries, are subject to frequent

committees are arenas where politicians from all parties interrogate government representatives about new programs for their districts, lodge constituency complaints with bureaucrats summoned before them, and joust with one another as they create a record for the next election.

34. Michael Leiserson, "Factions and Coalitions in One-Party Japan: An Interpretation Based on the Theory of Games," *American Political Science Review*, vol. 62 (September 1968), pp. 770-87.

rotation to prevent any one faction from long having the upper hand. The average tenure of a cabinet minister is about one year. Of the nine prime ministers since Eisaku Sato's departure in 1972, only Nakasone managed to stay in office for more than a single two-year term.

Because the welfare of each faction member is dependent upon the resourcefulness of the leader in negotiations and in raising campaign financing, factional leadership is personal and merit-based. And because this leadership position is a valued stepping-stone to the party presidency, succession conflicts are commonplace. Occasionally they cannot be resolved and a faction will split apart, a subset of its members forming a new one or individually melding into one of the other factions. In these informal groups, there must be a premium on loyalty, or the leader could be easily undercut by other factions' secret side payments to his faction's members.³⁵

The discipline and conformity factions instill are not wasted on making policy, for the faction is a primitive genus of political organization. Its function is the strict exchange of tangible benefits: the leaders supply the followers with financing and party offices, and followers supply leaders with a base for their political advancement. Devoid of ideology, the closest these organizations come to making policy is their efforts to "colonize" a ministry in order to gain a favorable flow of programs to their members.

Given the tendencies of American and Japanese politicians to concentrate on particularistic rather than national policy, how do members of these countries' legislatures ever bring themselves to enact national economic policies, especially when they impose costs on local constituencies? The tax reform cases do offer two instances of economic policy emerging as something more than the aggregation of special interests. Where are the selective incentives and institutional mechanisms for prompting these politicians to resolve these and other national economic issues?

Part of the answer, I have argued, lies in the prerogatives and responsibilities party members vest in their legislative leaders to arrive at and enforce collective decisions. When national policy imposes costs on a member's local constituency, leaders can offer the potential defector special consideration on future legislation or a coveted legislative assignment when a vacancy arises. They can also shield vulnerable

35. There are a number of instances in which a party presidency was won when a wealthier faction purchased a sufficient number of "secret ballots" from members of an adversary faction. See Thayer, *How the Conservatives Rule Japan*, pp. 163-64.

members from unpopular actions through specific procedural mechanisms such as closed votes, agenda control, and minimal majority votes to enact policy.³⁶ But, all said, the pull of localism limits the scope of legislative leadership, and frequently the resources available to these leaders will be insufficient to pass national policy.

The governing party extends into the executive, which is where politicians largely delegate responsibility for addressing national policies. In parliaments, such consignment is straightforward, since this, after all, is where the party leaders reside. The role of the American president in formulating his party's national policy is more complicated and less certain. The Constitution's Framers, bent on frustrating party action, created an office that is elected directly and separately from the legislature and endowed it with independent authority. Unlike parliamentary executives, presidents are not the creatures of their legislative party. But the office's insulation from parochial pressures and its national duties give these politicians impressive credentials for assuming responsibility for defining and achieving the party's national policy goals. In return, they require, and can claim, a measure of loyalty. With such reciprocity, presidential systems occasionally accomplish the levels of party action taken for granted in parliamentary governments.

Over the postwar era, many students of comparative politics have discerned a shift of power in industrial democracies from legislatures to executives. Nonpolitical reasons are commonly cited for this phenomenon: the emergence of the welfare state, the demands of a more interdependent international order, and the growing importance of specialized information.³⁷ While these may all be true, they do not diminish the political reason for reliance on executives: they provide the wherewithal for elevating national priorities over parochial interests.

The Rationale for Executive Leadership

The postwar rise of executive leadership has been a prominent theme in the literature of both Japanese and American politics. Japan's dramatic

36. A recent illustration of the role of political parties in providing a collective mechanism for its members can be found in the LDP rule that its Diet members could not report their vote on the controversial tax bill in 1989. By exempting them from the potential grief of confessing their vote before hostile constituents, this rule made it easier for members to support the legislation. This example was brought to my attention by Gregory Noble in personal communication.

37. Michel Crozier, Samuel P. Huntington, and Joji Watanuki, *The Crisis of Democracy: Report on the Governability of Democracies to the Trilateral Commission* (New York University Press, 1975).

economic growth since the war has been widely cited as an instance of political evolution toward executive policymaking. The nation has realized its full potential by virtue of the extraordinary talents and statecraft of an elite cadre of civil servants who staff MITI and the MOF. "Their primary concern was the advancement of the wealth and power of Japan as a nation rather than the promotion of an environment in which particular interests would flourish," writes Clyde V. Prestowitz. "The ministries could take this approach," he explains, "because they were run by autocrats whose writ was law."³⁸ This is the dominant view of Japanese economic policymaking. I shall return for a closer look below. The office of the prime minister also has its admirers who, although less fulsome in their praise, find its occupant occasionally entertaining a national vision of economic policy.³⁹

In the United States, the executive is largely synonymous with the presidency. Since President Theodore Roosevelt described the office as "the bully pulpit," the president has emerged as the nation's chief problem solver. The American bureaucracy, by comparison, occupies a less exalted position. The word *bureaucrat* is mostly synonymous with a career civil servant, someone less involved in making policy than in implementing it under the close supervision of the president, Congress, the courts, and even the interested public.

Despite the common claim in both countries of executive ascendancy, one must regard this assertion circumspectly, whether addressing the national political executive or the bureaucracy. The sheer size and activity of modern executive institutions give the appearance of control, but whether reality fully matches it is another matter. As one student of the American presidency has observed, "In form all Presidents are leaders nowadays. In fact this guarantees no more than that they will be clerks."⁴⁰ The same assertion can be made, although it rarely is, about the role of Japan's bureaucracy.

The rationale for a prominent bureaucracy in Japan and a strong political executive in the United States can be found in these countries' constitutions. In the parliamentary formula, the prime minister and the cabinet are agents of the legislature, and in practice they are recruited

38. Clyde V. Prestowitz, Jr., *Trading Places: How We Are Giving Our Future to Japan and How to Reclaim It* (Basic Books, 1989), pp. 227–28.

39. An example of this genre is Michio Muramatsu, "In Search of National Identity: The Politics and Policies of the Nakasone Administration," *Journal of Japanese Studies*, vol. 13 (Summer 1987), pp. 307–42.

40. Richard E. Neustadt, *Presidential Power and the Modern Presidents: The Politics of Leadership from Roosevelt to Reagan* (Free Press, 1990), p. 7.

from the legislature. These actors are delegated the responsibility for developing policy proposals that are in accord with the median preferences of those who selected them—the majority party or coalition within the legislature. The governing party is able to use its consolidated power to harness the bureaucracy's expertise to formulate and implement its policy preferences. The prime minister and cabinet's failure to follow the preferences of the legislative majority will cause the "government's" defeat, which might result in national elections or its immediate replacement by a new government team.⁴¹ Aside from his prerogative to dissolve the legislature and call elections, the prime minister does not enjoy independent constitutional authority. Because the legislature is controlled by the majority party, this provision generally constitutes no special asset for his leadership. It is used in consultation with other leaders to schedule elections at the most propitious moment for the party.⁴²

In presidential systems, the separation of powers between legislature and executive can be decisive in determining which party's policy preferences will prevail. Although the legislature retains the ultimate authority to enact public law, the American president is guaranteed a substantial independent role. This includes the power to appoint federal officers (with Senate confirmation), a large measure of control over the military and the nation's foreign affairs, and a veto over legislation passed by Congress. The last is especially important. By requiring two-thirds majorities in both chambers of Congress to override a presidential veto, the Constitution preserves a strong legislative role for the president in policymaking.

Perhaps more important than the separation of powers in reducing the prospect of unified government in presidential systems is the way elections are scheduled and constituencies stacked. Representation in

41. Many parliamentary systems are bicameral, as is the Diet with its House of Councillors and House of Representatives. The upper chamber does not participate in the selection of the government, and typically its authority is limited to oversight and the employment of dilatory tactics to oppose legislation a majority of its members find objectionable. The absence of a firm majority in the upper chamber is a distinct possibility, since election to that body follows a different electoral calendar.

42. Only if the legislature were composed of minor parties unable to form a majority coalition, thereby necessitating a "minority government," might this become an instrument of executive power. Such a situation did, in fact, arise in Japan during the 1920s. It was an era of numerous weak political parties and minority governments. A favorite ploy of prime ministers was to threaten to dissolve the legislature and call for elections if it did not accede to their legislative proposals. Prime ministers frequently delivered on their threats, and election-weary legislatures slowly began to acquiesce.

the House of Representatives divides the nation into 435 separate constituencies and in the Senate into 50; and the presidency keeps it whole. And with respect to the electoral calendar, the entire House faces the voters every two years, one-third of the Senate is elected every two years, and the presidency is on a four-year cycle. One implication of these differences, which perhaps most distinguish presidential from parliamentary systems, is that different parties may control the executive and legislative branches. Indeed, in recent years divided party control has become the norm. By the 1992 elections, Republicans will have controlled the presidency and Democrats one or both chambers of Congress for twenty-six of the preceding thirty-eight years.⁴³

Beyond divided party control, these constitutional prescriptions introduce another source of tension into institutional relations. Elected nationally, presidents are liberated from the narrow confines of local constituencies and instead rewarded for addressing public policy from a national perspective. Moreover, the electoral college gives voters in populous urban states a disproportionate influence in electing the president, while the Senate is inherently malapportioned in favor of voters from small rural states.⁴⁴ Some observers have described American politics as governed by a four-party system: Democrats and Republicans, subdivided into presidential and congressional wings. As one important result of this institutional competition for power, these actors are sometimes more concerned with insulating the bureaucracy from the influence of the other branch than with empowering it to achieve policy goals.

Presidents and Prime Ministers

Unlike legislators in these two countries, who are similar in their ties to local and organized constituencies, Japan's prime minister and the U.S. president have very different policy orientations. The former remains rooted in the obligations of particularism and derives his power

43. See Gary W. Cox and Samuel Kernell, eds., *The Causes and Consequences of Divided Government in the United States* (Westview Press, 1991).

44. Votes in the electoral college are apportioned to each state according to its number of senators and representatives, while each state receives two seats in the Senate, regardless of population. To put these structural biases in perspective, a senator from California represents over 25 million constituents while a senator from neighboring Nevada represents fewer than 1 million constituents. In presidential elections, the bias toward populous states is reflected in the fact that California has 8.74 percent of the votes in the electoral college while Nevada has only 0.74 percent (1984 census figures).

from success in this endeavor. The latter, conversely, is sufficiently liberated from his party to rest his political fortunes on national problem solving. Yet these same constitutional features weaken his ties to other politicians, particularly those in the legislature, whose cooperation he needs. The results typically are Japanese prime ministers short on vision and American presidents short on power. Leaders are the products of the systems that select them. These differences are most apparent in the ways prime ministers and presidents are recruited and in the resources they have for national leadership once they are in office.

RECRUITMENT. In the United States, reforms over the past two decades in the selection of delegates to presidential nominating conventions and in federal campaign financing have severed selection of the president from control by the political parties. Candidates for the nomination must create their own campaign organizations to compete in numerous state primaries and caucuses. After satisfying modest fundraising requirements, the candidates qualify for federal matching funds. The organizational and financial resources that party and constituent organizations once supplied candidates have been replaced by organizations of personal loyalists, television campaigns, and federal financing.

These and related reforms have inspired nationally unknown candidates to enter and stay in the race. Others who once could lay claim to the party's nomination—by virtue of their service to the party or proven leadership in Washington—now find their assets of far less value under the reformed selection system.

Consider the plight of congressional leaders who aspire to the presidency. While their counterparts in parliamentary systems provide the near-exclusive pool from which prime ministers are drawn, they find the road to the White House a bumpy one. A presidential bid takes enormous amounts of time for travel and public speaking in primary and caucus states, time away from the performance of one's duties in the legislature. In winning election as House majority leader in 1989, Richard Gephardt had to pledge to his Democratic colleagues that he would not seek the 1992 presidential nomination. Another problem is that running Congress requires the continuous, diligent brokerage of party members' disparate preferences. The leader's job to discover the policy mix that will produce majority support involves endless efforts at compromise, logrolling, playing down contentious provisions of legislation, and the many other methods of mediation that sometimes yield public laws. The problem

from the vantage of those with presidential aspirations, of course, is that success in this endeavor best proceeds quietly, away from public view. It also discourages the development of a strong record on national policy issues.

This was Lyndon Johnson's dilemma as Senate majority leader during the 1950s. Arguably the most powerful Senate leader of the twentieth century, his policy leadership was nonetheless tightly confined by a powerful bloc of southern Democrats. He could ill afford to take prominent positions on many national and popular Democratic issues for fear of alienating these senators, who were prepared to bring the chamber's business to a standstill, if necessary, to prevent passage of legislation they opposed. Johnson had to stand aside, until it was too late, and watch his colleagues—John Kennedy, Stuart Symington, and Hubert Humphrey, among others—compete for the 1960 presidential nomination. In the end, Johnson became president probably the only way he could, by being selected as a ticket-balancing running mate of a nationally attractive colleague who was not viewed as a product of the Senate.

Given the way presidents are recruited in America, the politicians who are most likely to win the nomination will have staked out clear positions on national issues. But their views may not be rooted in the ideology or commitments of their political party. Therefore party resources may not be available to help them realize their policy goals. I have stressed the separation of presidential recruitment from legislative leadership in the United States because it stands in stark contrast with the recruitment of the Japanese prime minister, who succeeds to the office by virtue of his talents in playing the legislative game. As a consequence, the Japanese executive's power depends almost exclusively on party support.

A Japanese politician's successful bid to become party president, and thus prime minister, depends on the candidate's ability to satisfy his supporters' voracious appetites for distributive policy and financing. Because many of the resources flow to members through their factions, the penultimate office to that of prime minister is the factional leader, or his designee. Factional leaders succeed to the degree they can furnish local resources and their faction prospers. Over the years, politicians skilled in the arts of "colonizing" ministries will secure a formidable claim to the party presidency and with it the office of prime minister. The entire logic of the faction leader's entrepreneurship is based upon this ultimate payoff.

Unquestionably, the most talented and powerful politician of his generation was Kakuei Tanaka, a man who fully matched Lyndon Johnson's legislative prowess. By assembling the largest faction since the formation of the Liberal Democratic party, Tanaka had amassed enormous personal influence within the party by the time illness forced his retirement from public life in the early 1980s. Like Lyndon Johnson, he came to the capital representing a poor prefecture desperately in need of public works. Also similar to LBJ, he advanced swiftly in the legislature by skillfully nursing district projects through the bureaucracy and assiduously raising campaign funds for his LDP colleagues. With his comparatively youthful promotion to faction head, Tanaka's formidable talents were formally recognized by his Diet colleagues.

Unlike Johnson, however, Tanaka found his legislative work led directly to his elevation to the prime minister's office in 1972. Such is the beauty of a parliamentary system, where leadership in one arena is rewarded with advancement to the other. Even after his formal resignation in 1976 from the party in the wake of the Lockheed bribe scandal, which occurred during his tenure as prime minister, Tanaka remained the leader of the largest and still-growing LDP faction. In the 1980s, no aspiring party politician, whatever his factional affiliation, could expect to advance to prime minister without Tanaka's endorsement.⁴⁵

While American politicians have to decide fairly early whether to advance their careers by working diligently within their current institutions or by using their office as a base for seeking higher office, the continuity of upward mobility presents no similar point of decision for Japanese politicians. One need not be an American-styled political entrepreneur who engages in self-promotion by cultivating broader constituencies with promises to solve national problems.

Clearly, the party membership has a stake in cultivating leaders who have a more expansive view of public policy, if for no other reason than to solve its own collective action problems. Yet with factional leadership providing the chief stepping-stone, there is little in the recruitment of prime ministers that grooms politicians for national

45. Kent E. Calder, "Kanyro vs. Shomin: Contrasting Dynamics of Conservative Leadership in Postwar Japan," in Terry Edward MacDougall, ed., *Political Leadership in Contemporary Japan* (University of Michigan, Center for Japanese Studies, 1982), pp. 1-28; and Chalmers Johnson, "Tanaka Kakuei, Structural Corruption, and the Advent of Machine Politics in Japan," *Journal of Japanese Studies*, vol. 12 (Winter 1986), pp. 1-28.

policy leadership. Advancement does proceed slowly, while aspirants to leadership invariably hold important policy posts within the Diet and on the Policy Affairs Research Council. Moreover, most preside, albeit briefly, over MITI or the MOF, as well as various clientele ministries. So a prime minister will enter office generally familiar with the preferences of his colleagues and the policies and organization of the ministries. As helpful as this service may be in dealing with a headstrong bureaucracy, it does not in itself inspire the prime minister to adopt a national perspective.

Once a leader is in office, the demands of his faction intensify, not relax. During his brief, typically two-year, stint in office, the prime minister must energetically advance his faction's interest by making cabinet appointments, promoting bureaucrats associated with the faction (in the vernacular, "laying pipes"), securing his faction's financial base with outside groups, and gaining the party's endorsements for his followers in attractive prefectures. It is the exceptional politician who can achieve these immediate goals and still retain a perspective that allows him to address national issues. Former Prime Minister Zenko Suzuki represented the view ingrained in the recruitment system when he described the prime minister's work as "the response to problems as they arise and the slow and deliberate adjustment of interest relationships." For the prime minister to exercise policy leadership is "the height of arrogance."⁴⁶

Thus American presidents, by virtue of their recruitment, are strong on national vision but possess few political assets beyond those granted by the Constitution. Japanese prime ministers, conversely, retain the political associations necessary for influence but remain bound to the parochial interests of core constituencies.

NATIONAL LEADERSHIP. During the nineteenth century American presidents spent far more time making patronage appointments than formulating public policy. They simply were not expected to lead the nation, except perhaps during foreign crises. During the early twentieth century, as issues began to move up the federal ladder to Washington with increasing frequency, the American people started turning to presidents for solutions. Some incumbents did not measure up to the challenge, but others saw in these rising demands new opportunities

46. Interview in *Asahi Shimbun*, cited in Muramatsu, "In Search of National Identity," p. 311.

for leadership. The Progressive presidents, Theodore Roosevelt and Woodrow Wilson, paved the way for the emergence of the fully conceived activist presidency under Franklin Roosevelt. The problem these men, and all who have followed, encountered is that the Constitution dealt them a weak hand with which to meet such expectations for their performance.

For one, the resources of a party system, rooted in localism, are not sufficient to bridge the gulf between the president's national mandate and Congress's constituency-oriented mandate. The different policy planes on which presidents and members of Congress labor occasionally lead to impasse, but typically do not prevent agreement. Most national policies have distributional consequences. What is good for the nation generally will be good for many congressional districts. The Pentagon gets its new strategic weapons system; the various congressional districts receive contracts and installations.⁴⁷ And when disagreements arise, a policy solution is arrived at through compromise. The variety of forms mutual adjustment may take is well represented in the American political lexicon: logrolling, horse trading, splitting the difference, back scratching. Hardly a political relation exists in Washington that is not based on reciprocity, hardly a policy enacted that has not accumulated a history rich in exchange and compromise.

At the center of this pluralist bazaar is the president, who more than any other politician is "the human embodiment of a bargaining society."⁴⁸ Normally, national economic policy originates with a presidential initiative. As the proposal wends its way through Congress, the bureaucracy, and perhaps even the federal judiciary, and is amended each step of the way, it may continue to carry a presidential association. Whether the policy remains the president's in more than name only depends on his skills as a bargainer.

Because U.S. economic policy reflects the fragmented political process more than the preferences of any particular actor or party team, comprehensive, future-oriented policy gives way to incremental, present-oriented adjustments to the status quo. This is, of course,

47. Political, probably more than military, prudence has inspired the navy to locate its aircraft carrier bases in as many congressional districts as possible. As a result, no facility serves more than one ship. Hedrick Smith, *The Power Game: How Washington Works* (Random House, 1988).

48. Robert A. Dahl and Charles E. Lindblom, *Politics, Economics, and Welfare: Planning and Politico-Economic Systems Resolved into Basic Social Processes* (Harper, 1953), p. 333.

precisely the criticism of those who decry America's inability to formulate a comprehensive industrial policy.⁴⁹

Students of the modern presidency have discerned an increasing tendency for presidents to rely less exclusively upon bargaining for their policy leadership and more on unilateral methods. A full examination of these trends lies beyond the scope of this essay. The causes are to be found in the increasing incidence of divided party control, which makes bargaining more costly; in the erosion of the power of the leaders with whom presidents have traditionally transacted business, which makes bargaining less efficient; and in the opportunity presidents now have to build national constituencies through television.⁵⁰ Instead, presidents rely increasingly upon centralized administration and the cultivation of public opinion for their leadership in Washington.

"The President needs help," warned Louis Brownlow in the opening paragraph of his 1937 report on strengthening the presidency. The reforms this proposal set in motion have created a presidential bureaucracy with its layers of organization, standard operating procedures, and professional personnel. The Executive Office of the President houses a dozen or so presidential agencies. The first to be installed in this new institutional niche, and still the most important, was the Bureau of the Budget (renamed the Office of Management and Budget in 1970). This modern agency houses some 600 professionals and more than a dozen presidential appointees whose mission is to monitor and revise the budgetary and programmatic requests of the line departments and to oversee their implementation of policy. Other Executive Office agencies include the National Security Council, the Council of Economic Advisers, and the Office of the U.S. Trade Representative. The president's personal staff in the White House similarly grew at an average annual rate of about 5 percent until the Watergate era. What began as a personal entourage of several dozen assistants and clerks detailed from other agencies is today a small bureaucracy of more than 500 budgeted staff.⁵¹

49. Some see in the absence of central planning the genius of the American political system. The argument is analogous to that in behalf of the "hidden hand" in the economic marketplace. The most forceful statement of this view is David Braybrooke and Charles E. Lindblom, *A Strategy of Decision: Policy Evaluation as a Social Process* (Free Press, 1963).

50. See Samuel Kernell, *Going Public: New Strategies of Presidential Leadership* (Washington: CQ Press, 1986).

51. Terry M. Moe, "The Politicized Presidency," in John E. Chubb and Paul E. Peterson, eds., *The New Direction in American Politics* (Brookings, 1985), pp. 235-71; and Samuel Kernell, "The Evolution of the White House Staff," in John E. Chubb

Because the centralization of administration is one of the prominent postwar trends in presidential leadership, much of the staff work within the White House is directed to overseeing appointments and performance of political executives and the implementation of programs throughout the executive branch. Because direct communication to the nation is also an important aspect of modern leadership, about a third of the staff is routinely involved in feeding information to the press, analyzing public opinion polls, preparing presidential travel, and writing speeches. Whether these strategies and institutional resources are adequate for the president in satisfying the demands for his leadership remains questionable. All that is apparent is that presidents have sought greater independence in the formulation of national policy.

As discussed above, little in the recruitment of Japan's prime minister inspires its occupants to champion national policy over distributive, selective benefits. Nor do the institutional assets of the prime minister's office provide its incumbents with much opportunity to break the mold. Occasionally, however, unusual circumstances present a politician who tests the capacity of the office for a different kind of leadership. Such an instance can be found in the election of Yasuhiro Nakasone as prime minister in 1982. During his nearly six-year tenure, he sought to break out of the confines of his office and govern, in his words, as a "presidential-styled prime minister." He even advocated reforming Japan's constitution to allow direct popular election of the prime minister.

Why he alone among Japan's prime ministers chose this approach must stem in part from his personal makeup. By local standards, Nakasone had always been regarded as something of a gadfly. There is also a compelling strategic rationale in the way he was initially elected. According to one veteran observer, few would have guessed early in his career that he would ever become prime minister. Representing a small faction, Nakasone reached office as a dark-horse candidate after the front-runners refused to yield to their principal adversary. According to one informant, Nakasone realized his good fortune was unlikely to be repeated, and the only way he could survive the next party presidency election two years later was to be so popular in the country that the party leaders could not deny him renomination.⁵² Nakasone followed a course

and Paul E. Peterson, eds., *Can the Government Govern?* (Brookings, 1989), pp. 185-237.

52. According to a senior member in the Prime Minister's Office, "Nakasone knew he did not have strong support from the LDP, and he had to appeal to the people directly." Interview with Hiroshi Fukuda, November 12, 1988, Tokyo.

of political communication and centralized administration that resembles in quality, if not quantity, the favored practices of recent American presidents. In doing so, he offers a comparison case for discerning the structural differences in the prime ministry and the presidency.

Rhetoric was an important part of his leadership strategy, as was the favorable media coverage generated by attending heads-of-state summits. Although the volume of his public activities has not been measured precisely, observers agree that Nakasone increased his personal visibility with the Japanese public well above that of anyone else who has occupied the office. Under Nakasone, the prime minister's Public Relations Office, which had traditionally functioned more as a nonpartisan information agency, found itself drawn into the prime minister's leadership strategy. When asked how her work differed under Nakasone, the head of this agency responded, "Nakasone was very interested in the twenty or so surveys we conducted each year; about half originated from his requests. He had one of his assistants work with us closely. . . . The ministries paid a lot more attention to us when he was around. Things were more fun."⁵³

Nakasone's unprecedented efforts at political communications were more than matched by his dedication in gaining administrative control over the ministries. Again, there is a strategic rationale for his actions, rooted in his precarious political circumstance. Fulfilling national policy commitments, such as tax reform and upgrading Japan's role in international affairs, was an important component of his strategy, and it required the cooperation of the ministries. There was a practical political payoff as well: the stronger his control over ministry appointments and programs, the more successful his faction would be in attracting new members.⁵⁴

In 1981 Nakasone, then director of the Administrative Management Agency, had commissioned the Second Ad Hoc Administrative Reform Council to offer suggestions to streamline government and make it more responsive to national needs. In an effort to prevent the bureaucracy's vested interests from corrupting the council's recommendations, Nakasone enlisted the participation of scholars and outside policy experts. They interpreted their mandate broadly, and from their recommendations came an agenda of future LDP economic policies, including

53. Interview with Mariko Bando, November 16, 1988, Tokyo.

54. By this narrow measure, he succeeded. Nakasone's faction grew from forty-six to sixty-seven Diet members between 1975 and 1985. Hans H. Baerwald, *Party Politics in Japan* (Allen and Unwin, 1986), p. 27.

privatization of the railways and the tax reform described in this volume by Muramatsu and Mabuchi.

Close observers generally credit Nakasone with some success in his efforts to strengthen the prime minister's administrative control over the ministries. He created a Prime Minister's Agency and charged it with overseeing policy disputes between ministries. As a former private secretary explained, "In the past when two ministers disagreed, nothing happened. Mr. Nakasone wanted those stalemates to come to him for final resolution."⁵⁵ Seeking to break the parochial bonds of party and bureaucracy, Nakasone sought leadership in the same manner as modern American presidents—through direct appeals to the public and centralized administration.

Parliamentary systems, with their cabinet governments, are noted for their collegialism. The prime minister presides over cabinet sessions of the ruling party or coalition, *primus inter pares*. But in Japan it is hardly collegialism founded on common party purpose. Rather, the factional competition for seats in the Diet and services to the prefectures extends all the way to the top. In the present political setting, the party places little value in a strong prime minister who addresses national problems. Such an incumbent's success poses a political threat to the other factional leaders. In 1986, when Nakasone proposed calling elections for the upper and lower houses of the Diet on the same day because it improved the LDP's prospects of success, his proposal was vehemently opposed by the other factional leaders waiting their turn. They feared a run-up of the LDP vote would assure Nakasone's reelection as party president.⁵⁶

With Noboru Takeshita's succession to office in November 1987, the prime minister's leadership style returned predictably to diplomacy among factions and ministries. Some of Nakasone's management innovations remained in place, however, and increasing trade tensions with the United States required greater personal leadership by the prime minister in formulating economic policy. Nonetheless, the job remains rooted in a domestic milieu of factions and localism. This can be seen in the rapid cycling of leaders in and out of the office and the hollow platforms on which they are elevated. The fundamental paradox of the office,

55. Another innovation was the External Affairs Office, similarly created to "be sure that ministry disagreements were adjudicated and did not become a political liability." Initially, the Foreign Affairs Ministry opposed its formation but relented when Nakasone agreed to appoint as its head someone from that ministry. Interview with Kimio Fujita, November 14, 1988, Tokyo.

56. Baerwald, *Party Politics in Japan*, pp. 174–75.

described in the pre-Nakasone era, remains relevant today: "When you have prevailed in the struggles for power and won the ultimate position of the premiership, you find yourself in a position to be overtaken rather than to overtake others."⁵⁷

The Bureaucracy

In the United States, political control of the bureaucracy has meant different things at different times. In the nineteenth century, the president's party controlled an enormous patronage pool of several hundred thousand jobs, from secretary of state to fourth class postmaster. In a series of reforms straddling the turn of the century, a merit system was introduced to civil service to insulate the bureaucracy from partisan influences. In order to guarantee the kind of job security that would frustrate a future administration's attempt to return to a patronage system, the reformers relegated the civil service to comparatively low-level operations. Policy discretion, to the degree present, remained in the hands of a class of political executives appointed by the president, confirmed by the Senate, and subject to removal by the president at any time.

Nowadays, several thousand of these political transients enter office with each new administration, and, once there, they serve about two years on average. Valued more for their loyalty to the president than their policy expertise or familiarity with the bureaucracy they administer, these actors are more appropriately regarded as members of the current president's team than as members of the bureaucracy.⁵⁸ Moreover, congressional committees have played an active role in overseeing the actions of the bureaucracy and guiding its policies through law, budget stipulations, and informal clearance procedures. In the United States, unlike in Japan, few look to the bureaucracy as an authoritative source of policy guidance.

In Japan, by comparison, where the bureaucracy's independence and authority have been conceded by virtually all who study the country's political economy, few bother to look elsewhere. In this pristine,

57. Jun-ichi Kyogoku, "The Common Sense of the Public and of the Political Establishment," *Japan Echo*, vol. 2 (Spring 1975), p. 18.

58. This classification belongs to Hugh Heclo, who aptly summed up the predicament of these transient politicians in their dealings with careerists in the bureaucracy and Congress as "poor credit risks in a well-established credit market." *A Government of Strangers: Executive Politics in Washington* (Brookings, 1977), p. 194.

politically hermetic setting, national economic policy is said to be conceived and implemented. Chalmers Johnson, who established Japan's bureaucracy as a research field for a generation of scholars with his book *MITI and the Japanese Miracle*, champions this interpretation:

Politicians reign but do not rule; the actual decision makers are an elite bureaucracy of economic technocrats; the system works by serving those interests that are necessary to perpetuate it . . . but it otherwise excludes parochial interest[s] that would deflect it from developmental goals; and since the bureaucrats are guided by principles of economic rationality and *raison d'état*, they ultimately serve national economic interests and are legitimized by popular nationalism.⁵⁹

Some subsequent studies give the LDP a marginally greater role in overseeing ongoing management of economic growth. Others have detected the presence of more assertive politicians in recent years than Johnson's characterization allows.⁶⁰ But few have challenged the dominant role of the bureaucracy the way Sakakibara does in his essay. Before conceding that Japan's self-interested, ambitious politicians have somehow managed to remain uninvolved in formulating vital policies, one needs to reconsider the issue of bureaucratic primacy.

There are several problems with assertions of bureaucratic primacy as they now stand. Foremost among them, the industrial development policies described in Shimada's essay are not divorced from the economic interests that have actively supported the LDP. Rather, they are consistent with the kinds of policies one would expect from thirty-five years of this conservative party's hegemony. The policies simply do not in themselves favor a case for either bureaucratic or political primacy. Similarly, direct evidence of the level of political involvement in postwar industrial policymaking is subject to alternative interpretations.

Consider briefly the evidence Johnson marshals in *MITI and the Japanese Miracle*. He dates the emergence of MITI's ascendancy around 1955, which is the same year that the two conservative parties—the

59. Johnson, "Japanese Political Economy," p. 87.

60. Scholars' arguments are creeping into the conveyed wisdom on the subject. See Clyde Haberman, "Japan's Politicians Eclipse Bureaucrats," *New York Times*, December 22, 1986, p. A3.

Liberals and the Democrats—merged and took firm control of the Diet.⁶¹ Throughout the era, policy shifts in MITI's domain were either mandated by a minister or, if favored by MITI's leadership, at least required a party leader's endorsement. None appears to have been pro forma. For example, the Special Measures Law, which Johnson describes as "the single most important piece of proposed economic legislation since the early years of the occupation," did not have an easy passage. Originating within MITI, it gave the ministry authority to promote the consolidation of companies in overly competitive industries. After an early endorsement by PARC and introduction in the Diet in 1962, the legislation, with its relaxed antimonopoly clause and other provisions, became so controversial the LDP withdrew its support. This ministry's program languished "sponsorless" through several sessions of the Diet, never coming to a vote. Confronted with a "structural recession" in late 1964, MITI Minister Hajime Fukuda embraced most of the bill's provisions and directed MITI to implement them through administrative guidance. MITI's eventual success in gaining this redirection of policy has been commonly hailed as an example of bureaucratic primacy. Although this policy was subsequently undermined by industries (principally auto manufacturers) that refused to cooperate, the important point here is that this brainchild of the bureaucracy was not implemented until the politicians decided they needed it.⁶²

If the public record of LDP intervention in MITI's affairs does not portray activist, adversarial politicians, making their careers by public demonstrations of mastery of the bureaucracy the way their U.S. counterparts do, neither does it confirm political abdication. Why, then,

61. George C. Eads and Kozo Yamamura emphasize the implicit importance of the conservatives' control of government: "The ability of the government to pursue the pro-growth strategy was substantially strengthened by the effective disenfranchisement of the Left." "The Future of Industrial Policy," in Kozo Yamamura and Yasukichi Yasuba, eds., *The Political Economy of Japan*, vol. 1: *The Domestic Transformation* (Stanford University Press, 1987), p. 432.

62. During the 1970s, MITI's difficulties mounted. In 1970, the "pollution Diet" enacted fourteen environmental bills containing language opposed by MITI. The next year, Kakuei Tanaka took over the ministry and immediately embraced a minority position that MITI should begin addressing the social dislocations and costs of rapid economic development. The favorable publicity his efforts generated helped propel him into the party's presidency and redirected MITI's mission. A price-fixing scandal in the oil industry, apparently orchestrated under a framework created by MITI, led to the passage in 1977 of a revision of the Antimonopoly Law, again over MITI's energetic opposition. This legislation, according to Johnson, "put the ministry on notice that administrative guidance must be used in the interest of the nation and the people." *MITI and the Japanese Miracle*, p. 301.

have the politicians who do, after all, hold constitutional authority, been considered as the backbenchers of economic policymaking?

The answer is to be found in false appearances. The bureaucracy may be acting simply as the agent of politicians who have given it a mandate to identify policies that achieve the party's objectives. Where the party leaders are confident the bureaucrats are responsibly pursuing stipulated economic objectives, they may leave delegation open-ended, allowing the ministries free rein to adapt policies to changing economic circumstances. Extensive delegation to the bureaucracy is not unique to Japan and does not constitute abdication. Similar stories of political-bureaucratic relations have been told for Western parliamentary democracies—particularly Great Britain and France.⁶³ With legislative and executive authority consolidated within the governing party, politicians in parliamentary systems expose themselves to fewer risks in delegating tasks to the bureaucracy than do politicians in the United States, where there is an ongoing competition among institutions for control.

The relation between political control and delegation suggests that the latter should be more extensively developed in Japan than elsewhere because of the unequaled dominance of the LDP during the postwar era. The opposition is chronically splintered and mired in a seemingly permanent minority status; its influence over policy is largely limited to dilatory tactics. LDP politicians do not have to chisel policy in public laws or construct other barriers against their dismemberment by some imagined future majority coalition. Nor do they have to worry about bureaucrats hedging compliance in anticipation of a dramatic change in regimes. Under these favorable circumstances, informal means of party control suffice. The irony of Japan's politics is that the bureaucrats are delegated such great discretion, which is what gives rise to the bureaucratic primacy argument, because the governing party monopolizes political power.

THE NATURE OF DELEGATION. Not much effort is required to recognize why politicians prefer to delegate decisions to the bureaucracy. They avoid work; they may even be able to displace blame for policies that prove unpopular; and the expertise and technical information available to the bureaucracy means better policy is likely to result. The

63. James Q. Wilson, *Bureaucracy: What Government Agencies Do and Why They Do It* (Basic Books, 1989), pp. 295–314. See also Richard Crossman, *The Diaries of a Cabinet Minister*, vol. 1 (Holt, Rinehart and Winston, 1975); and Ezra N. Suleiman, *Politics, Power, and Bureaucracy in France: The Administrative Elite* (Princeton University Press, 1974).

downside of delegation, of course, is the risk that the bureaucracy may fail to faithfully pursue the politicians' preferences. Bureaucrats may have their own, different notions about what constitutes good public policy, reflecting either their professional assessment or their organization's interest. Consequently, politicians must monitor bureaucrats and occasionally apply sanctions to discourage shirking and prevent policy from drifting from the governing party's preferences. These costs of delegation are reduced to the degree bureaucrats anticipate the reactions of politicians and adjust policy accordingly. In a dominant-party setting where political control is complete, the bureaucracy will have developed highly sensitive political antennae.

The anticipation of reactions is, of course, ubiquitous to politics. Elected officeholders engage in it with their constituents and with one another. Similarly, politicians and bureaucrats alike will anticipate outcomes and behave in ways that render the appearance of power. Japan's bureaucrats have an expression for this syndrome: *jishu kisei*. As vital as they are for delegation, anticipated reactions pose special problems for institutional analysis. Observed behavior will not always reflect the individual's sincere preferences. And such behavior can corrupt the temporal sequence of events and throw suspicion on statements of causality that are founded on detailed descriptions of the policy process.

Consider the following statement that could describe a transaction between a bureaucrat and an elected officeholder: Actor *A* proposes policy *X* to actor *B*, who accepts it, thereby allowing proposal *X* to become law. Which actor is controlling policy? There are several possible answers. It looks as if actor *A* is dictating policy to *B*, especially when this scene appears repeatedly. Alternatively, *A* and *B* could be jointly producing policy *X*. Each appreciates that his or her true preferences—say, policies *Y* and *Z*—are unattainable without the other party's cooperation, and the compromise position *X* has been discovered over time to be the most attractive available outcome.⁶⁴ Or, finally, the correct explanation might have *B* dictating policy to *A*. Actor *A*'s anticipation of the undesirable results of failing to provide *B* with what he wants dictates the submission of proposal *X*.

The first and third explanations imply that these actors are in a hierarchical relation that is not evident in the simple transaction. Actor *A* may have a monopoly on information that forces *B* to acquiesce to *A*'s

64. Robert Axelrod, *The Evolution of Cooperation* (Basic Books, 1984).

policy proposals, or conversely, *B* may control *A*'s tenure in office, thereby inducing compliance. To appreciate where power lies, one needs to know more than the details of the well-observed but bounded transaction of *A* proposing *X* to *B*. Instead, causality—that is, control over policy—can be identified only within the structure of the overall relationship.

The critical importance of this distinction becomes quickly apparent in the following example from contemporary Japanese politics. One widely cited study reported that the share of the Diet's laws originating in the ministries was growing steadily. By the mid-1970s, over 90 percent of successful bills were drafted by the agencies. This led the researcher to conclude "the bureaucracy is seen as a driving force" in policymaking, and public policy is "a step further removed from popular control."⁶⁵ But ministry proposals are not normally introduced to the Diet without first being cleared with the executive board of PARC, which frequently follows the formal recommendation of its relevant division and informally clears policy with the relevant *zoku*. As often as not, legislation is commissioned by politicians, who do not hesitate to have the ministry redraft policy until acceptable proposals are ready for submission. The strengthening grip of LDP politicians over bureaucratic discretion is at least as reasonable an interpretation for the rise of ministry authorship as the one originally offered.⁶⁶

In a world of anticipated responses, convergence, and other forms of strategic behavior, the traditional research techniques of "poking and soaking" cannot guarantee success. Careful observation of the transaction may well miss critical information about the structure of the relationship that conditions each actor's behavior. Similarly, interviewing the participants may fail to uncover the real reasons for their behavior. After all, the investigator must know which questions to ask, and this

65. T. J. Pempel, "The Bureaucratization of Policymaking in Postwar Japan," *American Journal of Political Science*, vol. 18 (November 1974), p. 664.

66. For a more successful analysis of the bureaucracy's influence, see John Campbell's insightful study of Japanese budgeting, *Contemporary Japanese Budget Politics*. While the observable political intervention in ministry budget decisions appears to be mostly concerned with the distribution of appropriations for specific constituency projects, Campbell suspects the LDP has been able to satisfy its policy commitments without closely supervising the budgetary process. Even without active political intervention in general budget allocations, the annual budgets clearly favor programs that are close to the heart of LDP politicians and not a reflection of the "forward-looking" sensibilities of the MOF bureaucrats. One reason, he offers, is the MOF's anticipation of LDP politicians' preferences.

presupposes an understanding of the structure of the relationship. Even then, informants may not fully appreciate the strategic rationale of their actions. Worse still, they may exploit appearances to claim more credit than is due.⁶⁷

INFORMAL MECHANISMS OF POLITICAL CONTROL. Because a single conservative party has presided over Japan's parliamentary system for nearly four decades, it is likely that policy deliberations would migrate out of the Diet, where they are exposed to challenge by the opposition parties and the potential disruption of public view, and into less formal settings such as PARC, the coteries of the LDP's senior policy specialists (*zoku*), and the prime minister's office. This does not mean that the constitutional order has been corrupted or that policymaking has become less democratic.

It does mean, however, that descriptions of policymaking run the risk of overstating the role of the bureaucracy. The observation of one senior bureaucrat is cautionary: "Real decisions come from above, formal decisions from below."⁶⁸ Even if all the accumulated descriptive facts about the activities of the prestigious ministries—the MOF and MITI—in formulating policy are correct, there remains the essential question: who controls economic policy?

The fact of every bureaucrat's life is that there is a politician somewhere who can make or break his or her career. More than anything else, bureaucrats' ultimate dependency on elected officeholders provides party politicians with the lever they need to overcome their relative lack of information and expertise and to insist their preferences be followed. This is the Achilles' heel of a bureaucratic primacy argument, applied to Japan or anywhere else.

Those who credit the professionals in the bureaucracy with Japan's economic growth argue that bureaucrats insulate themselves from political pressure by a long-term strategy that begins with the recruitment of the best and brightest from Japan's premier Tokyo University and

67. The extraordinary claims of Shigeru Sahashi, the former vice-minister of MITI and one of the heroes of Johnson's book, contain suspicious examples of just such self-promotion. In his autobiography, Sahashi asserts that during his tenure the Diet was merely an "extension of the bureaucracy." It is easy to see why Sahashi is a favorite source for those arguing a case for bureaucratic primacy in Japan's policymaking. Chalmers Johnson, "Japan: Who Governs?" *Journal of Japanese Studies*, vol. 2 (Autumn 1975), pp. 10–12.

68. Yung H. Park, *Bureaucrats and Ministers in Contemporary Japanese Government* (Berkeley: University of California, Institute of East Asian Studies, 1986), p. 108.

continues with the careful inculcation of neophytes in the virtues of professionalism and organizational patriotism. Loyalties are cemented with the prospect of steady advancement up the organizational pyramid strictly according to standards of merit. The attrition of offices near the top leaves only the most capable in charge of the ministry.

Careers must be comparatively short in order to supply vacancies for the steadily advancing cohorts. This potential liability has been ingeniously turned into an advantage through arrangements that virtually guarantee the bureaucracy's fifty-year-old retirees an attractive position elsewhere in government, business, or politics. From their new offices they maintain close ties with their former colleagues and pay back their ministry by protecting it from interference. Japan's ministries have presumably pulled off the neat trick of insulating themselves from political intrusion through a strategy of penetrating the institutions with which they conduct business and including those that have formal control over them. Many leaders of industry, the trade and business associations, and the governing LDP have attained their lofty positions after a fulfilling career in the bureaucracy. Little wonder the ministries seem to run the country.

On its face, the sharp attrition of ministry positions and the intense competition for them make for a risky and uncertain career. At the upper rungs of the career ladder, losers do not just fail to advance; they also have to accept early retirement.⁶⁹ These circumstances would appear to promote self-serving behavior by these ambitious bureaucrats to the detriment of the ministry. As these professionals advance each step up the organization and the competition becomes increasingly intense, they gain marketable assets in their administrative discretion. While bartering such assets in the private market violates the law, and its discovery would be the surest way of ending a career and losing a prosperous retirement, the political market is more inviting. With the factions actively "laying pipes" in the ministries to gain access to distributive policies for their constituencies, these bureaucrats have ample opportunity to exchange favorable consideration for political sponsorship in the next round of promotions. This is well worth doing since LDP politicians everywhere—the cabinet ministers, the *zoku* members, even PARC's

69. Even the individual who reaches the pinnacle of professional service, the administrative vice-minister, faces the prospect of having to leave the organization soon with poor retirement benefits and take up a new career with some client he is currently regulating.

divisions—become involved in clearing promotions, especially at the level of bureau director and above.⁷⁰

One senior bureaucrat in the Foreign Affairs Ministry has described the political circumstances in terms that belie the concept of ministry autonomy:

It is through the faction that the bureaucrat seeks peace and security for himself. When he reaches the division chief level, he picks out a political boss and joins his faction "in anticipation of future gains." Before joining he must carefully determine which faction is most advantageous and offers most security to him. In short, at this point (of his career) he is taking one of his greatest risks as an elite bureaucrat. When he moves up to the bureau director class, he gets frantic; he must squash his rivals before he is thinned out. To achieve this, he must borrow the power of his political boss.⁷¹

The logic of factional association applies equally well to the ministry, which has its own political needs, including access to each of the factions. There is clear evidence that an individual's factional ties are an important consideration for promotion within the ministry. Herein lies an instance of anticipated reactions: the bureaucracy has so thoroughly accommodated the priorities of the long-standing governing party in its training and advancement practices that the LDP rarely has to undertake a major intervention. "Partisanization of the bureaucracy has proceeded to such an extent that basic bureaucratic values . . . [are] acceptable to the party," argues Yung Park. "The party has confidence . . . in the 'weeding out' processes and views the bureaucracy as a partisanized ally and even 'tool.'"⁷² So much for the autonomous ministries whose members deliberate public policy free from political concerns.

Supervision of internal advancement is just one of the many ways LDP politicians exercise subtle control over the bureaucracy. Other equally effective informal methods include rewarding responsive senior bureaucrats with attractive positions after they retire, encouraging ministry rivalries to bring policy disputes to the political leaders for

70. Among the most frequently cited Japanese statements on the political ties of Japan's bureaucrats is Michio Muramatsu, *Sengo Nihon no kanryōsei* (Japan's postwar bureaucracy) (Tokyo: Toyo Keizai Shinpōsha, 1981).

71. Quoted in Park, *Bureaucrats and Ministers*, p. 154.

72. *Bureaucrats and Ministers*, pp. 56–57.

resolution, and providing ready access to business firms wishing to appeal a ministry's regulatory action. As authoritative as the ministries and their leaders are, they lack the autonomy to shield their actions from the intrusion of political interests.

But if the bureaucracy is not as powerful as has been described, where among politicians is there a stake in growth-oriented economic policy? From the lowliest Diet member to the prime minister, LDP politicians have been presented here as preoccupied with providing particularistic goods to local and organized constituencies. There are several possibilities. First, because the LDP must periodically compete with the opposition parties in general elections that highlight national issues, each of the party's candidates finds it attractive for the party to address national problems, even at the expense of locally powerful constituencies. In the early 1970s, as the LDP's popular support dropped to dangerously low levels, reflecting in part general dissatisfaction with the country's polluted environment, the party leadership finally responded aggressively by passing a spate of strong and highly visible clean air legislation. Moreover, it directed a reluctant MITI to revise many of its regulations that subordinated environmental considerations to economic growth.

Other acclaimed national economic policies can be reconciled with the LDP's particularistic urges because they also address the needs of one of the party's core constituencies. Consider the thousand or so production and pricing cartels MITI instituted during the late 1950s and 1960s. One would be hard pressed to identify a more favorable regulatory environment for the profitability and rapid growth of the participating firms. With the cartel arrangements assuring market shares and dampening price competition, industries were virtually guaranteed high profits and low risks from expanding their productive capacity. Similarly, the bulk of MITI's administrative guidance decrees, which have over the years given it such an aura of autonomy and control, may represent little more than the codification of LDP-endorsed "implicit understandings" among the affected businesses.⁷³ These policies, which have been widely

73. Hiroshi Iyori, cited in Kozo Yamamura, "Success that Soured: Administrative Guidance and Cartels in Japan," in Kozo Yamamura, ed., *Policy and Trade Issues of the Japanese Economy: American and Japanese Perspectives* (University of Washington Press, 1982), p. 84. Similarly, John O. Haley argues, "There has been a misplaced emphasis on administrative guidance as a means used by the government 'to encourage private firms to take actions that [it] deems useful or necessary.' A more accurate description would stress the extent to which government policies reflected the needs and demands of those being 'guided.'" "Administrative Guidance vs. Formal Regulation: Resolving the Paradox of Industrial Policy," in Gary Saxonhouse and Kozo Yamamura,

acclaimed and imitated for yielding Japan's economic miracle, can be reasonably viewed as the fruits of the political process described in this essay.

Conclusion: The Palm Springs Rendezvous

At a time when the relationship between the United States and Japan was "as bad as I've ever seen it," in the opinion of one former State Department official, Prime Minister Toshiki Kaifu and President George Bush convened a hastily arranged summit in Palm Springs, California, in early March 1990.⁷⁴ These two heads of state took a dip in the pool and played a little golf to convey to photographers and the world their warm mutual regard and the cooperative spirit with which they would seek to resolve a quickly developing crisis in their countries' relations. President Bush faced a congressionally mandated deadline: he either had to declare that substantial progress had been made toward opening Japan's markets or he had to invoke trade sanctions. And yet, after more than a year of negotiations, the administration had almost nothing to show for its effort. If anything, each side's position appeared to have hardened. Despite the urgency, not much was resolved at the meeting. As it ended, Prime Minister Kaifu pledged before the television cameras to increase his country's purchase of American goods, and both men stood shoulder to shoulder to reiterate the familiar platitudes about the two countries' special relationship. Every informed observer recognized that months of negotiations with uncertain prospects lay ahead.⁷⁵

Some correspondents covering the summit were clearly disappointed that they had no dramatic breakthrough to report. A superficial reading of each leader's circumstance might have given rise to inflated expectations. President Bush was basking in the highest job approval ratings the polls had ever bestowed on a president this far into his term. And Prime Minister Kaifu's party had just staved off a major defeat in the national elections, retaining firm control of the lower house of the Diet. Yet neither

eds., *Law and Trade Issues of the Japanese Economy: American and Japanese Perspectives* (University of Washington Press, 1986), pp. 107-08.

74. Bill Jaretski, "Can They Douse the Flames?" *Business Week*, March 12, 1990, p. 36.

75. Lower-level trade talks continued into summer with some significant concessions won in opening the Japanese market to American lumber products, supercomputers, and satellite technology. Remaining to be implemented were general agreements to alter Japan's retail trade laws and long-standing subcontract relations within Japan's manufacturing sector that made it difficult for outside firms to enter the market.

leader appeared able to capitalize on these favorable circumstances. Despite appearances, neither was in a position to bring new initiatives to Palm Springs. The reason, of course, is that each side's economic policies that caused the current crisis are rooted in domestic politics that stretch far beyond either leader's sphere of control.

Consider President Bush's predicament at the summit. He arrived in office greeted by a Democratic Congress that had grown suspicious of Republican commitment to redress the trade imbalance. Five months into the new president's term, Congress strengthened the trade law to give itself a larger role in formulating policy and monitoring the administration's performance. Among other provisions, it instructed the U.S. trade representative to report to Congress countries engaging in discriminatory trade practices and to undertake negotiations to remove such practices. If, after eighteen months, no progress were achieved, retaliatory sanctions were mandated. In giving the trade representative these responsibilities, Congress circumvented the traditional trade departments—principally, Commerce and State—and empowered an agency more beholden to Congress and therefore more sympathetic with its point of view.⁷⁶ As U.S. Trade Representative Carla Hills explained to reporters on leaving a Senate Finance Committee hearing one afternoon, she "consult[s] with Congress on everything . . . particularly when Congress has an interest."⁷⁷ The law that gave President Bush a headache at the summit was the brainchild of Congress's Democratic leadership.

Divided party control of the government is one reason for the tension between this president and Congress over trade. In recent years, Democrats have been more sensitive to the loss of jobs in industries, such as the automobile industry, whose work forces are important constituencies of the party. But there is also an institutional basis for the two branches' different level of concern over trade. Although no one has accused recent presidents of outright callousness toward the unemployment and lost business posed by U.S. trade relations with Japan, it is fair to say that nationally elected presidents need not be preoccupied

76. An example of the trade representative's responsiveness to congressional pressure is the reformulation of the joint production of Japan's next-generation fighter aircraft. See Prestowitz, *Trading Places*, pp. 39-64.

77. Ronald D. Elving, "Hills Vows Not To Keep Congress in the Dark on Soviet Talks," *Congressional Quarterly Weekly Report*, February 10, 1990, p. 381. To this end, USTR Hills conducts monthly closed-door briefings of the Senate Finance and House Ways and Means committees. Explained one of her staff, "The main message of the trade act is that Congress expects to be treated as a full partner in the trade process." Bruce Stokes, "Off and Running," *National Journal*, June 17, 1989, p. 1566.

with issues affecting narrow constituencies to the same extent as their representatives in Congress. Senator Max Baucus of Montana, who led the legislative charge to stiffen the administration's resolve, represents a state where the lumber industry is in a depression. With the prospect of a serious challenge in the fall of 1990, he understandably sought to impress constituents with his efforts to force Japan to relax its import barriers to finished lumber. As the Constitution's Framers fully intended, Congress is the representative branch. It is the natural home for the sponsorship of the particular concerns of local constituencies.

Moreover, the president is the one individual who has a political stake in a large variety of national policies, some of which work at cross-purposes. This has meant that trade issues must take a back seat at times to other pressing national concerns. American intransigence on the trade front could damage Bush's efforts to have Japan assume a greater role in financing economic reforms in Eastern Europe. After all, a month before the summit, Prime Minister Kaifu had visited that region and unveiled a new financial assistance package, only to return home to press criticism. On his arrival at the summit, when Kaifu announced that the agenda of discussions with Bush included their "global partnership," he was not simply blowing smoke over the trade impasse. For the Bush administration, if no one else, Kaifu's rhetoric had bite.⁷⁸

As much as he might have liked to help the president out of his predicament, Prime Minister Kaifu was scarcely in a position to be of assistance. Indeed, he had ample cause to cry on the president's shoulder. Although he had avoided a feared election disaster, his political situation remained highly precarious. The peculiar sequence of events that had landed this unlikely figure in the prime minister's office also put him in a weak position. A host of senior faction leaders stood well ahead of him for this post, but in one way or another all were implicated in the Recruit bribery scandal and forced to disqualify themselves from consideration. Prime Minister Noboru Takeshita was forced to resign in April 1989. His successor, Sosuke Uno, resigned after only three months because of exposure of an extramarital affair with a geisha and the LDP's stinging defeat in the May 1989 elections for the Diet's upper house.

78. Another issue that has at times directly interfered with pressing Japan on trade is the two countries' security relations. The U.S. presence in the Pacific and its costs are directly tied to Japan's contribution to complementing these military forces and offsetting the financial costs. The most recent case in point was the administration's vacillating policy toward Japan's decision to build its own FSX warplane. See Prestowitz, *Trading Places*, pp. 13-58.

Finally, the party patriarchs turned to this comparatively young, untainted, improbable figure. Everyone assumed Kaifu would be easily controllable and easily replaced once the public's displeasure over the scandals subsided. The prime minister's weak position was not lost on the Bush administration. Shortly after the summit, Secretary of State James Baker conferred in Washington with former prime minister Takeshita, who still presided over the LDP's largest faction and had backed Kaifu's election.

In addition, it is reasonable to wonder whether even Kaifu's more resourceful predecessors would have been in a much better position to respond to U.S. demands. The factional politics of the LDP limit the national executive's political clout in lining up party support and mobilizing the bureaucracy behind his initiatives.⁷⁹ Other factional leaders may, at times, find their own political advancement in the incumbent prime minister's failure. As the LDP struggled in the aftermath of the summit to formulate a response, it labored under its own variety of divided government.

The limitations of weak national leadership are compounded by the LDP's dependence on core constituencies, which deters it from formulating policies that impose short-term costs. The special difficulty LDP politicians have in dealing with their constituencies extends beyond the color of money to the fundamental relationship between the representative and the local constituency, made especially strong in this instance by the electoral system.

American negotiators hammered at precisely the policies that had served the LDP's core constituencies so well. One concerned revising the Large-Scale Retail Store Law, which allows local shopowners to postpone the opening of supermarkets for up to ten years. This practice has long been blamed for Japan's high consumer prices and the failure of foreign goods to penetrate Japan's domestic market. But to draw the support of the large numbers of these shopowners, Kaifu had campaigned within the month that the LDP would not allow any change in this law. Not content with promises, their associations subsequently staged a mass demonstration.

Even more threatening was Bush's effort to have Kaifu dismantle long-established arrangements, called *keiretsu*, whereby a set of businesses within an industry privately work out agreements for the purchase and distribution of goods. For many foreign firms, breaking into these

79. See Sam Jameson, "Japan's Ruling Party Balks on Trade Proposal," *Los Angeles Times*, March 17, 1990, p. D2.

informal networks has proven an insurmountable hurdle. But this practice is pervasive and strikes at another core constituency of the LDP. By one estimate, businesses so engaged had invested \$200 million in the recent LDP campaign. "If you change these practices, the LDP government cannot survive," proffered one trade negotiator.⁸⁰ No wonder, as the newspaper *Asahi Shimbun* charged, the party is attempting "to get through . . . with the minimum possible reforms in order to protect vested interests at home."⁸¹

When asked by a correspondent about the likely outcome of negotiations on these and other summit issues, Chalmers Johnson declared, "They are doomed, because Japan will not change voluntarily. To suggest otherwise is self-delusion."⁸² Perhaps "cannot" would be more accurate, for it is less a question of will than of means. The leaders who matter are not the reportedly disinterested bureaucrats but the politicians who rose to their stations by virtue of their superior performance in the service of particularism. In the process of upward advancement, they become bound by and accustomed to the many lilliputian threads of political commitment.

The dissimilar predicaments of Bush and Kaifu notwithstanding, the trade friction that periodically brings discord to these countries' relations is found not, as many observers claim, in their differentness. What strains the countries' bilateral relations is not a failure to communicate, rooted in national character or civic culture, but a conflict of interests that are well represented in each country's politics and reflected in its economic policy.

The causes of these leaders' predicaments run parallel. The inability of Bush and Kaifu to find an easy solution to the trade impasse springs from the responsiveness of each country's politicians to appeals from local and organized constituencies. When the pressure mounts, those few politicians who are entrusted by party or sufficiently insulated by the constitution to assume a national perspective find themselves, in the absence of a broader agreement, unable to move policy beyond the pressures of democracy.

80. Steven R. Weisman, "Trade Talks Fail to Produce Gains for U.S. or Japan," *New York Times*, March 16, 1990, p. D2. For the political constraints posed by Japanese interest groups on these trade negotiations, see Sam Jameson, "Interest Groups: Strong Silent Partner at Bush-Kaifu Talks," *Los Angeles Times*, March 3, 1990, p. A8.

81. Sam Jameson, "Kaifu Will Try to Convince Bush that Trade Progress Is Being Made," *Los Angeles Times*, March 1, 1990, p. A8.

82. Weisman, "Trade Talks Fail to Produce Gains."

Contributors

JOHN E. CHUBB
Senior Fellow
Brookings Governmental Studies
Program

SAMUEL KERNELL
Professor of Political Science
Coordinator, American Political
Institutions Project
University of California, San Diego

MASARU MABUCHI
Associate Professor of Law
Osaka University

MATHEW D. MCCUBBINS
Professor of Political Science
University of California, San Diego

MICHIO MURAMATSU
Professor of Law
Kyoto University

YUKIO NOGUCHI
Professor of Economics
Hitotsubashi University

ROGER G. NOLL
Morris M. Doyle
Centennial Professor in
Public Policy
Stanford University

PAUL E. PETERSON
Henry Lee Shattuck Professor of
Government
Director, Center for American
Political Studies
Harvard University

EISUKE SAKAKIBARA
Director General
Tokai Local Finance Bureau
Ministry of Finance

ALLEN SCHICK
Professor of Public Policy
Director, Bureau of
Governmental Research
University of Maryland

HARUO SHIMADA
Professor of Economics
Keio University