

## Strategic Contexts of the Vote on Political Reform Bills

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### **ABSTRACT**

This article employs a simple model of sophisticated voting under incomplete information and explores the strategic contexts of the vote on political reform bills in Japan. The government-sponsored political reform bills were voted down by the defection of government coalition members in the House of Councillors before a final compromise was reached in the joint committee of both houses and passed subsequently. In contrast to the accepted view that the defectors were short-sighted sincere voters, I show that Japan's institutional arrangements created an uncertainty about the agenda in the legislative process and led to the sophisticated voting behavior of pivotal voters whose preferences were different from the party leadership. The analysis underscores the importance of sophisticated voting for the empirical study of Japanese legislative politics.

### **Introduction**

The Liberal Democratic Party (LDP) failed to achieve political reform and lost power after the general election of July 1993. The newly formed non-LDP coalition government headed by Hosokawa Morihiro passed a package of political reform laws the following year. But during the legislative process, 17 Socialist members of the government coalition did not follow the party decision and voted down the government-sponsored package in the House of Councillors (the Upper House). Subsequently it went through joint committee stage and resulted in a final compromise more favorable to the opposition LDP.

Keen political commentators had already anticipated this result just after the package was rejected in the Upper House. A commonly accepted view is represented by one scholar's comment in the next morning's newspaper on the voting behavior of Socialist defectors:

I thank anonymous referees for helpful comments. In this paper, Japanese names are presented in Japanese order with surname first.

Politicians lost self-control. Especially, the Socialists are guilty of a serious crime. Rejecting the government bills would eventually shift the outcome of electoral reform and political fund reform closer to that asserted by the LDP. Did they understand this when they voted against the bills? (*Asahi Shimbun*, 22 January 1994)

It is implied that they could have voted sophisticatedly to pass the government bills.

Why did they vote against the bills? Their behavior looked like a short-sighted if sincere voting, without thought of the consequences, when sophisticated behavior was crucial. Or, were they engaged in any kind of sophisticated voting? If so, what institutional arrangement made it possible? This paper explores the strategic contexts of the vote on political reform bills by employing a sophisticated voting model under incomplete information. In contrast to the accepted view shown above that the defectors were shortsighted sincere voters, I argue that an uncertainty about the possible agenda following the vote led to the sophisticated voting behavior of pivotal voters, whose preferences were different from the party leadership. This uncertainty was created by Japan's legislative institutions as well as by legislative practices during the long-term LDP rule.

This study is also an attempt to extend the theory of sophisticated voting developed in the US Congressional setting to the Japanese parliamentary setting. In light of the fact that theoretical works on sophisticated voting far exceed in number empirical analyses, this analysis of the political reform legislation will be an important addition to the existing small stock of sophisticated voting literature. I argue in resonance with Calvert and Fenno (1994) that an understanding of sophisticated voting is important to a general understanding of legislative strategy in a parliamentary setting as well. I show how sophisticated voting theory will fit into a different institutional arrangement like the Japanese Diet. The analysis reveals that Japanese legislators are no different in their ability to behave sophisticatedly from the US counterparts and that some of them did indeed engage in sophisticated voting.

In the next section, I discuss sophisticated voting in Japan's parliamentary setting and show how Japan's institutional arrangements and practices brought about uncertainties about the legislative agenda. Then I describe the legislative process of political reform bills in some detail. I examine the contexts of the vote in both houses and employ a sophisticated voting model under incomplete information to predict and explain the voting behavior of legislators.

### **Sophisticated voting in Japan's parliamentary democracy**

Sophisticated voting has received considerable theoretical attention (Farquharson, 1969; Enelow, 1981; Shepsle and Weingast, 1984; Ordeshook and Palfrey, 1988; Groseclose and Krehbiel, 1993), but the number of empirical analyses has been limited. Those empirical cases are mostly from the US Congress and a single case of

Powell amendment to the 1956 school construction act receives disproportionate attention (Riker, 1982; Denzau, Riker and Shepsle, 1985; Krehbiel and Rivers, 1990; Calvert and Fenno, 1994; Volden, 1998). Two models of sophisticated voting are identified in the literature. First, the classical sophisticated voting model employs stringent assumptions that agendas are given exogenously and that preferences are assumed to be common knowledge. A second model of sophisticated voting under incomplete information relaxes one of the assumptions. One version of the model deals with uncertainties about agenda (Calvert and Fenno, 1994), the other with uncertainties about preferences of other players (Krehbiel and Rivers, 1990). In both versions of the model, a sophisticated voter votes for an alternative that would give him the highest expected utility.

Research into sophisticated voting in a parliamentary setting is almost nil compared to that in the US Congress. Moreover, one such paper reported that sophisticated voting is almost non-existent (Rasch, 1987). This is not a coincidence. Sophisticated voting is said to occur when a legislator votes against an amendment that he or she favors in principle, in order to improve chances for passage of the bill itself. Or a sophisticated voter may vote in favor of a disliked amendment in order to retard passage of a disliked bill (Calvert and Fenno, 1994). One typical situation in which sophisticated voting is expected is in the introduction of a killer amendment, when a sophisticated voter who prefers the amendment to the original bill nevertheless would vote against the amendment in order to improve the chance for passage of the original bill. Sophisticated voting presupposes the existence of a majority preference cycle among alternatives, which is theoretically guaranteed in a multidimensional policy space. Empirically, the US Congress is composed of individual legislators whose preferences are sufficiently diverse to assure its existence. One can find no counterpart to the killer amendment in the Japanese Diet, and thus no sophisticated voting as found in the US Congress.

### **Institutional features of Japan's parliamentary democracy**

I identify three institutional features of Japanese Diet that are important in considering sophisticated voting. These are: parliamentary democracy, successive voting procedure, and bicameralism. Actually, these features determine the types of sophisticated voting found in Japan and other parliamentary democracies sharing similar features.

#### *Parliamentary democracy*

In many parliamentary democracies the government stands and falls by a vote of confidence in the legislature. In case of Japan it needs the majority support in the House of Representatives (the Lower House) at all times. One consequence of this is the development of strong party discipline: party members vote according to the party decision. When they fail to do so they should expect punishment, such as expulsion from the party. Parties in the House of Councillors (the Upper House)

also have developed party discipline. The government does not necessarily need the majority support in the Upper House. But a bill must pass both Houses in identical form in order to become a law. Thus firm majority support in both Houses facilitates government policy initiatives. The existence of a majority-supported government makes the aggregation of preferences rather trivial. When it proposes a bill, no counterproposals can garner a majority support. The government bill is assured of passage in its original form. There is little chance of agenda manipulation or sophisticated voting. Thus the number of alternatives to be voted on tends to be small and strategic maneuvering rare. The cohesive governing majority was a usual feature of Japan's parliamentary democracy until recently, and this militated against sophisticated voting. This observation implies that the absence of a cohesive governing majority is a prerequisite for sophisticated voting. Indeed, the cohesive majority of the LDP collapsed and was replaced by the coalition parties that were banded together loosely by the agreement to achieve political reform (Nakano, 1996). This made possible the existence of a majority preference cycle among political reform alternatives. Moreover, this government turnover was the result of the change in the partisan balance in the Lower House. Although the non-LDP party Councillors outnumbered LDP members after 1989, the firm support for the newly formed Hosokawa cabinet was not readily forthcoming in the Upper House.

#### *Successive voting procedure*

Japanese Diet adopts the *successive voting procedure* as most parliaments do. Of the 18 countries surveyed by Rasch, 14 implement this procedure, while only four countries, as well as the US Congress, use another voting procedure: *amendment procedure* (Rasch, 1995). In the successive voting procedure, alternatives are voted one by one in a predetermined order until one receives a majority of votes. In the amendment procedure, alternatives are voted two by two, and at each stage one alternative is eliminated and the other meets a new alternative until all alternatives have been introduced (p. 519).

Rasch (1987) argues on the effect of successive procedure on sophisticated voting in the *Storting*, the Norwegian parliament:

Under the sequential method, and as long as a voting order is specified, no voter in the *Storting* can gain by voting in *favor of a worst alternative or against a best alternative*. In this sense, then, it is impossible to gain by voting contrary to one's preferences. The reason is obvious: As soon as an alternative gets a majority of votes, it becomes the legislature's decision. If an actor feels that this outcome is the worst possible, he will of course oppose it. Likewise, if one believes that the alternative being voted on is the best possible, it always hurts its chances to vote against it. These remarks reveal clear limitations to strategic maneuvers in the sequential context. (p. 59)

According to Rasch, the usual way of voting is maxi-max voting: a legislator waits for his first preferred alternative and votes for it. If his first preference is voted

down, he waits for the highest available alternative on his preference scale and votes for it, and so on.

In the successive procedure, sophisticated voting is still possible according to Rasch – by voting for another alternative before one's first preference is singled out for voting in order to prevent an even worse alternative from being adopted by the legislature. This is different from sophisticated voting in the US Congressional setting. For, while a Congress person may *vote for his/her worst alternative or against his/her best alternative* to secure the second-best outcome, a Parliamentarian would never do so. Thus sophisticated voting in the successive procedure is *moderately insincere* in the sense that a Parliamentarian votes for his/her *less-preferred alternative* to prevent a worse outcome. It is also empirically identifiable in Krehbiel and Rivers' sense.

Another characteristic is that a sophisticated voter in the successive procedure must commit to a less-preferred alternative *beforehand*. It should be noted that *precommitment* to a less-preferred alternative is only justified in the classical sophisticated voting model, where agendas and preferences of relevant actors are common knowledge. But what if the successive agenda or preferences of relevant actors are not known for certain? Then there might be a positive probability that his/her most-preferred alternative is passed in a later vote. That would deter precommitment to a less-preferred alternative. Thus under incomplete information, the chances for sophisticated voting identified by Rasch will decrease. This is not saying that voters tend not to be sophisticated. A different kind of sophisticated voting can and will be identified.

### *Bicameralism*

The third institutional feature of Japanese Diet is parliamentary democracy with bicameralism. This feature is important in defining sophisticated voting in the Japanese Diet. No previous work has analyzed sophisticated voting in a bicameral setting. For example, Rasch defined sophisticated voting in the successive procedure in the Norwegian Storting, a unicameral legislature. American scholars analyze sophisticated voting either in the House or in the Senate, but not in the whole bicameral legislative process. To focus on one House may be justified because a US legislator usually seeks the passage of a bill in a desired form in his/her legislature. After that a bill must still go through several stages before becoming a law. It is common that the House and the Senate pass the same bill in different forms and intercameral negotiation takes place in a conference committee. Thus, it is unlikely that the prospect for the solution reached in the conference committee would go into the calculation at the time of voting in each House.

But in the Japanese Diet, a bicameral feature is important in defining sophisticated voting. It is usual that a bill passes both Houses in a relatively short interval. As the caretakers of the government-sponsored bills, the cabinet and the governing parties are watching how they go through the whole legislative process.

When there is a firm majority support, the government bill is assured of passage in its original form. There is little chance of agenda manipulation or sophisticated voting. The final form of legislation may not be difficult to envision at some point in the process. Thus if the amendment is proposed and negotiation over revision takes place, they are not simply intended to facilitate the passage in one House. They are intended to finally make a law. Likewise, legislators foresee the consequence of their voting decision in the whole legislative process. Therefore, one should define sophisticated voting not in relation to the outcome of the House in which the vote takes place, but in relation to the final outcome of the whole legislative process. In particular, it makes a great difference whether the vote is taken in the House which considers a bill first or in the House which considers it subsequently. The voting decision in the former House will bring about two outcomes. If the decision is rejection of a bill, the bill dies there. If the bill passes, it simply means that it is sent to the latter House for consideration. In the latter House, the passage of the sent bill is the enactment of the bill while the passage of amendment or the rejection of the sent bill would invoke further procedures for solving different decisions of both Houses. Sophisticated behavior in the former House would be different from that in the latter House.

In defining sophisticated voting in a bicameral context, one has to take into account uncertainty involved in the legislative process. Bicameral legislative process is more complicated than unicameral one. Uncertainty about the future agenda is a common feature in the whole legislative process. Now let me explain the relationship between the two Houses of the Japanese Diet and how it produces uncertainty. The Constitutional Law stipulates the supremacy of the House of Representatives over the House of Councillors in solving different decisions of both Houses. Article 59 stipulates:

A bill becomes a law on passage by both Houses, except as otherwise provided by the Constitution.

A bill which is passed by the House of Representatives, and upon which the House of Councillors makes a decision different from that of the House of Representatives, becomes a law when passed a second time by the House of Representatives by a majority of two-thirds or more of the members present.

The provision of the preceding paragraph does not preclude the House of Representatives from calling for the meeting of a joint committee of both Houses, provided for by law.

Failure by the House of Councillors to take final action within sixty (60) days after receipt of a bill passed by the House of Representatives, time in recess excepted, may be determined by the House of Representatives to constitute a rejection of the said bill by the House of Councillors.

Thus the Constitution provides two methods for solving different decisions of both Houses: second time passage by a two-thirds majority in the House of

Representatives, or the joint committee settlement. However, the actual practice of second time passage has not existed since 1957 (House of Representatives, Secretariat, 1994). Because the LDP had a majority in both houses for more than 30 years, it could pass any bill if it was willing to push it through. When the opposition parties voiced a strong objection, bills were often shelved in the House of Councillors and died before the final vote. For the purpose of solving different decisions over bills, the joint committee has only been employed in the period before the LDP was formed in 1955.<sup>1</sup> Moreover, the requirement of a two-thirds majority of members to reach a decision makes it difficult to work out compromises (Tsebelis and Money, 1996). Because there is no recent precedence of second time passage by the Lower House or of successful joint committee compromise, no one can foresee how things would turn out if the decisions of both houses were different. In other words, there is uncertainty about the agenda if a bill passed by the House of Representatives is rejected by the House of Councillors.<sup>2</sup> Thus the voting decision in each house could be interpreted as one in the successive procedure with uncertainties about the agenda.

### **Sincere voting and sophisticated voting in the Japanese Diet**

Let us define two kinds of voters in Japan's legislative process that has the above three institutional features. Rasch defined a sincere, maxi-max voter and a sophisticated voter in a unicameral legislature under complete information. In a bicameral legislature under incomplete information, sincere voting would be no different. In the House which considers a bill first, a sincere voter will be engaged in maxi-max voting. He waits for his first preferred alternative and votes for it. If his first preference is voted down, he waits for his highest available alternative on his preference scale and votes for it, and so on.

In a bicameral context, sincere, maxi-max voting may not always be a good strategy. The passage of a bill in the House which considers it first only means that it will be sent to the House which considers it subsequently. It is possible that a revision similar to a defeated alternative in the former House will be proposed in the latter House. Parliamentary parties usually coordinate activities of their members in

<sup>1</sup> When decisions of both Houses are different over the budget and the conclusion of treaties, it is mandatory to hold a joint committee (Articles 60 and 61 of the Constitution). But since the decision of the House of Representatives will be the decision of the Diet when no agreement can be reached through a joint committee, no meaningful practice has accumulated over these matters. Usually, a joint committee convened for only a few minutes to find out there was no agreement.

<sup>2</sup> I assume here the Lower House considers the bill and passes it first and then sends it to the Upper House for consideration. This was the case of political reform legislation. A bill that is initially considered in the Upper House follows a slightly different path because of the supremacy of the Lower House. That is, if the Lower House rejects the bill, the Upper House cannot demand for a joint committee stage, while the Lower House can always demand for a joint committee stage whenever disagreement among decisions rises (Article 84 of the Diet Law).

both Houses. Partisan legislators in one House do not vote independently of the fellow partisan legislators in the other House. Then, even though their first preferred alternative is voted down in the former House, the situation looks like that it is still not voted down in the whole legislative process. In this context, maxi-max voting will weaken the position of the fellow partisan legislators in the other House. Thus one type of sophisticated voter will vote against any alternative even though his/her first preferred one is already voted down in anticipation of the future legislative process. I would like to call such a voter a *bicameral sophisticated voter* to distinguish him/her from a *unicameral sophisticated voter*, identified by Rasch.

Then what about a unicameral sophisticated voter in the former House? He will vote for his less-preferred alternative before his first-preferred alternative is singled out for voting in order to prevent an even worse alternative from being adopted in that House. But the passage of a bill means the continuation of the legislative process to the latter House and other alternatives are not entirely deleted from agenda. Precommitment to a less-preferred alternative may not prevent an even worse alternative from being finally adopted. Therefore, a decision for such precommitment depends on how the subsequent legislative process turns out. Uncertainty about the future agenda will deter such precommitment to a less-preferred alternative. Thus I predict that there will be few unicameral sophisticated voters as defined by Rasch in the former House.

In the House which considers the bill subsequently, the situation is different. Now the passage of the bill leads to its enactment into law and any other decision is a continuation of the legislative process, be it at joint committee stage or the sending back of the revised bill to the House which considered the bill first. A sincere voter will compare the utility of passing the bill with that of rejecting without thinking through the consequences, and vote for an alternative that would give him the highest utility. But a sophisticated voter will think about what arises from the rejection of the sent bill: the adoption of a revision, joint committee stage, or no legislation, or whatever. There can be two types of identifiable sophisticated voters. One type will vote *for* the bill because (1) it is his less-preferred alternative, (2) his most-preferred alternative has no chance, and (3) his least-preferred alternative will be adopted if the bill fails. Of the three conditions, (1) can be assessed by identifying the preference of this voter; but (2) and (3) are not amenable to verification, because it involves future process of navette or joint committee. Thus a sophisticated voting model under incomplete information is needed to predict their voting behavior. The other type of sophisticated voter will vote *against* the bill because (1) the passage of the bill is less-preferred alternative, (2) the rejection of all alternatives (= no legislation) is the least-preferred alternative, (3) navette or joint committee process will bring about the most-preferred outcome. Conditions (1) and (2) can be assessed by identifying the preference of the voter. Condition (3) depends on the uncertain agenda process. Thus another sophisticated voting model under incomplete information is needed.



Building upon the above theoretical arguments, I employ a simple model of sophisticated voting model under incomplete information to explore the legislative process of political reform bills (Krehbiel and Rivers, 1990; Calvert and Fenno, 1994; Enelow, 1981).

### **Legislative process of political reform bills**

The origin of political reform goes back to the revelation of the Recruit scandal in 1988.<sup>3</sup> This criminal interweaving of politics and money infuriated people. Support for the LDP and the Takeshita cabinet plummeted. The Election System Council was convened in 1989 to consider fundamental reform of both the electoral system and the system of financing parties and elections. It came up with two reports to the effect that the current medium-sized district system should be replaced by a dual electoral system for the House of Representatives, with 301 seats to be filled from 301 single-member districts (SMD) and another 200 from 11 proportional representation (PR) districts. Public financing of parties and severe restrictions on contributions by corporations and other organizations to individual politicians were also proposed.

The Kaifu cabinet failed to pass political reform bills and another failure by the Miyazawa cabinet marked an end of the LDP one-party rule. Political reform became the main issue of the July 1993 election. Parties were rewarded and punished in accordance with their attitude (Reed, 1997). Seven non-LDP parties successfully formed a coalition government headed by Hosokawa Morihiro and placed top priority on the achievement of political reform.<sup>4</sup> Hosokawa himself made a public pledge to pass political reform bills by the end of 1993. Thus the fate of the cabinet was at stake with this legislation.

The Hosokawa cabinet convoked a special session of the Diet in September 1993 to deliberate on political reform bills. It presented a package of four bills to the House of Representatives.<sup>5</sup> A revision of the Public Office Election Law proposed a dual 250 SMD – 250 PR election system. A voter would cast one ballot for a candidate in one of 250 SM districts where he or she resided and cast another ballot for a party in a single national constituency whose 250 seats would be filled by PR. A new law on the Commission on House of Representatives Districting would deprive

<sup>3</sup> An information company called Recruit had sold as-yet-unlisted shares of its subsidiary company's stock widely to members of both the LDP and the opposition parties and to high-ranking bureaucrats as well. The company had even provided financing to cover the purchases. This was a bribery case in disguise covering a wide area of the political world. Those who accepted the company's offer were actually only transferred the amount of profits to their bank accounts. The company did all the transactions for them: financing and buying stock and selling it after it was publicly listed and its price had risen.

<sup>4</sup> The coalition government consisted of the Japan Socialist Party (JSP), the Renewal Party, the Komei (Clean Government) Party, the Japan New Party, the Democratic Socialist Party, the New Party Sakigake (Harbinger), and the Social Democratic Union.

<sup>5</sup> See Appendix for comparison of all alternative proposals introduced during the legislative process.

legislators of the authority to draw district lines. A revision of the Political Fund Regulation Law proposed that contributions by corporations and organizations to individual politicians were to be immediately prohibited. And a new law for the Public Financing of Parties would provide parties with public funds for campaigning and other political activities. The LDP countered with the introduction of a package of five political reform bills. The LDP proposed a dual 300 SMD – 171 PR electoral system. A voter would cast one vote for a candidate in one of 300 SM districts and that vote would also be counted as a vote for a party of the candidate in the PR election. The LDP proposed that the constituencies for the PR vote would be prefectures instead of a single national constituency. The LDP measures also included more lenient regulation of corporate contributions. Individual politicians could set up two fundraising organizations to receive contributions.

The bills underwent 121 hours of consideration, the third longest record in history (Uchida, Hayano, and Sone, 1994). The deliberation in the Investigative Special Committee on Political Reform was extensive. It took various forms: overall interpellation, interpellation on government bills, interpellation on LDP bills, theme by theme interpellations, open hearings in Tokyo and in other cities, and so on. It took one full month. But, after the committee open hearing, the differences between the government bills and the LDP bills were still not reconciled. The LDP would not agree on a date for a vote in the committee. Then Prime Minister Hosokawa held the first top meeting with LDP president Kohno Yohei and conceded that SM districts be 274 and PR 226 seats. The concession did not satisfy Kohno, but the LDP agreed to submit the political reform bills to a vote. In the committee and then on the floor, the LDP bills were first put to a vote *en bloc* and were defeated. Then the government bills with the above revisions were put to a vote *en bloc*. They were passed by the majority support of the coalition members.

The government bills were sent to the House of Councillors in mid November. But substantive consideration in the Special Committee on Political Reform did not start for more than a month because of the delaying tactics of the LDP. Moreover, disagreement over the revised government bills among the coalition members showed up. The bills had a majority support in the committee and were placed on the order of the floor in mid January of 1994. Although the coalition party leaders tried to keep their members in line, 17 Socialist members did not follow the party decision and joined with the LDP members to vote against the bills in the floor vote, causing their rejection. They had secretly concluded a pact with the LDP Councillors to vote against the bills (Narita, 1996, 1997).

Subsequently the joint committee of both houses was formed to draft a compromise, but it could not reach an agreement. Only a few days were left before the current session of the Diet was over. Then, Doi Takako, Speaker of the House of the Representatives, suggested a way out of the difficulty by proposing to pass the government bills without a date of enactment and to create a council supervised by Speakers of both houses to work out an agreement on political reform. She asked

Prime Minister Hosokawa and LDP president Kohno to hold a second top meeting to consider her proposal. Doi's plan was essentially the suspension of the issue: the cabinet would not collapse as a result of failure to pass the legislation, but political reform would not be enacted unless both sides re-negotiate in the next session.

Hosokawa and Kohno went further than Doi's proposal to settle the six-year-old political reform issue once and for all. They agreed that the number of SMD seats would be 300 and PR seats 200, and that PR seats would be elected from 11 regional blocs. They also agreed that each politician would be allowed to have *one* fundraising organization to receive political contributions from corporations. The compromise package was closer to the original set of LDP bills than the original government package (see Appendix table for comparison).<sup>6</sup> It was passed by both houses on the final day of the Diet session.

In the next two sections I will analyze the contexts of the vote in both houses and present a sophisticated voting model under incomplete information to predict and explain the voting behavior of legislators.

## **Preferences and the vote of legislators in the House of Representatives**

### **Alternatives and preferences of relevant actors**

Let us begin by analyzing the preferences of legislators among alternative sets of bills proposed to the House of Representatives. A successful analysis of strategic contexts of the vote requires that the voting tree is known and preferences of relevant actors are identified prior to voting. The Appendix table lists proposed alternatives during the whole legislative process. If Speaker Doi's proposal and rejection of all are added to the list, they exhaust all available alternatives. The reason why I can say it so definitely is the existence of a regulation that works to reduce the number of alternative proposals to a bill. Articles 56 and 57 of Japanese Diet Law stipulate that for a member to present a measure or a motion of measure amendment it is necessary to secure the support of 20 or more members in the House of

<sup>6</sup> One may question how big the difference in the electoral results will be among different proposals. Using the votes cast in the 1996 election, I simulated results under various proposals. The LDP would earn 55 per cent of the total seats under the LDP proposal and 45 per cent under the original coalition proposal, while it actually won 48 per cent. The New Frontier Party (the successor party to the former coalition parties) would win 31 per cent of seats under the LDP proposal and 30 per cent under the original coalition proposal, while it actually won 31 per cent. For the Democratic Party and the JSP together, the seat share would be mere 7 per cent under the LDP proposal and 15 per cent under the original coalition proposal. They actually secured 13 per cent of seats together. Thus which proposal is implemented would seriously affect the electoral fortunes of parties. Especially it would be critical for small parties. This is the reason why the Socialists were extremely sensitive to the different proposals. But this is only part of the story. As to political fund regulation, the immediate ban on corporate contributions to individual politicians included in the initial government bills was completely emasculated by allowing one fundraising organization for individual politicians. Moreover, for the five-year limit to receiving corporate contributions to be effective another legislation was necessary in 1999 to prohibit them.

Representatives and ten or more in the House of Councillors. This effectively forecloses members from presenting alternative proposals that are not officially supported by the party they belong to. Moreover, in practice the House Secretariat has never accepted bills that are submitted without a seal of approval by a *Kaiha Daihyô-sha* (representative of a registered party in the House). Thus alternatives to be considered in the legislative process are limited to the original bills and amendments endorsed by the party leaders and Speaker Doi. This is different from US Congress and other parliaments where it is possible to introduce amendments more easily.

Not all alternatives were available from the outset. Some were introduced later in the legislative process. I summarize the alternatives in terms of several key variables (see Appendix table). Eventually, the controversy between the government coalition and the LDP boiled down to the allocation of SMD and PR seats and the level of political fund regulation. These issues had been also the foci of discussion in the preparation of the government bills among the coalition parties. Moreover, the JSP and the LDP were divided on these issues.

Party leaders of the coalition reached an agreement on the government bills after several weeks' consultation. They proposed 250 SMD – 250 PR seat allocation and the immediate prohibition of corporate contributions to individual politicians together with a provision to review corporate contributions to parties and political organizations after five years. The Renewal Party and the Komei Party had initially argued for 300 SMD – 200 PR seat allocation and more lenient political fund regulation, in contrast to the Socialists who stuck to the 250 SMD – 250 PR seat allocation and more stringent regulation. A proposed dual SMD–PR system was supposed advantageous to a large party like the LDP. Coalition parties other than the JSP had in mind close electoral cooperation and even the merger to form another large party to vie with the LDP. But the Socialists were not sure how they could reorganize themselves to survive. Thus they wanted the number of seats allocated to SMD as small as possible, because even though they would do badly in the SM districts, they hoped they still could acquire a certain number of seats by PR.<sup>7</sup>

<sup>7</sup> The seat allocation of 250 SMD and 250 PR was first included in 'The Proposal for Political Reform Government' presented by Japan New Party and the New Party Sakigake just after the election. But the specific numbers were dropped from 'The Agreement on Forming a Coalition Government' signed by the party leaders on July 29 (*Asahi Shimbun*, 30 July 1993). The Socialist leadership succeeded in persuading the rank-and-file members to reach the party decision to pursue electoral reform with the 250 SMD–250 PR seat allocation (see *Asahi Shimbun*, 19, 20, and 24 August 1993.) But members who were cautious about the proposed electoral reform formed two policy study groups to voice their complaints. It is also noteworthy the JSP Chair Yamahana Sadao, who was pro-reform, had to resign in September to take responsibility for the defeat in the July election. Although newly elected Chair Murayama Tomiichi declared that he would try to achieve political reform, he had been a member of one of the above-mentioned policy study groups (*Asahi Shimbun*, 20 September 1993).

Although the Socialists were reluctant for electoral system reform, they were eager to introduce the most stringent political fund regulation. Because the revelation of money tainted political scandals continued one after another, the Socialists demanded that the political contributions to individual politicians by corporations and organizations should be immediately prohibited. That would turn off the tap of money flowing to corrupt politicians. They also argued that corporate contributions to parties and political organizations should be prohibited after five years of legislation. The Socialist leadership had to concede on this point in drafting the government bills. Newspapers reported that the Socialists were divided into *Suishin-ha* (pro-reform members) and *Shinchô-ha* (cautious or anti-reform members).<sup>8</sup> Because the party's official position was pro-reform, there were no ostensible anti-reform members. But *Shinchô-ha* included those who preferred the current medium-sized district system and more stringent political fund regulation to the government bills.

On the opposition side, the LDP were no less divided. The LDP proposed a dual 300 SMD – 171 PR electoral system with one ballot per voter and the most lenient political fund regulation. Individual politicians could set up two fundraising organizations to receive contributions. Since one ballot per voter had been questioned as unconstitutional, it was at most a bargaining chip.<sup>9</sup> Thus the major difference with the government bills was the seat allocation and the level of political fund regulation. Seemingly, the LDP members preferred the LDP bills unanimously because the SMD portion was the biggest among the alternative bills. Newspapers sorted the LDP members into *Suishin-ha* (pro-reform) and *Shinchô-ha* (cautious) as well.<sup>10</sup> Some *Shinchô-ha* did not like the idea of political reform at all. Others thought it should be achieved by the LDP bills that were most advantageous to the LDP. Therefore, they opposed the government bills. In contrast, for the *Suishin-ha* it was important to achieve political reform in any shape possible. Thus they preferred the government bills to no political reform at all. And there were many others who did not take sides and followed the party leadership.

In the final stage of deliberation in the Lower House, the coalition parties proposed a revision to the government bills in order to alleviate opposition and garner support from among the LDP members. In the top meeting between Prime Minister Hosokawa and LDP president Kohno, Hosokawa conceded that seat allocation for the dual electoral system be 274 SMD – 226 PR. Although the

<sup>8</sup> Within the Socialist party, many policy study groups were launched prior to and during the political reform legislation. Of more than ten such groups, at least four were *Shinchô-ha*. Although the key members of such groups are known, I could not obtain the member lists.

<sup>9</sup> One ballot per voter was considered unconstitutional because it sets a limit to the people's 'inalienable right to choose their public officials and to dismiss them' (Article 15 of the Constitution).

<sup>10</sup> Policy study groups were also in vogue in the LDP. More than ten groups were in action in 1992 and 1993. The number of members ranged from 11 to over 100. I identified six *Shinchô-ha* groups and six *Suishin-ha* groups.

proposed revision was seemingly preferable to the original government bills for the LDP, the concession was not substantial enough to change their minds to support them. On the other hand, this concession was bad news for the Socialists.<sup>11</sup> *Shinchô-ha* Socialists now had an excuse for opposing the revised government bills because the revision increased the SMD portion and became closer to the LDP bills.

There were three alternatives on the agenda: the LDP bills, the revised government bills, and no legislation. Let us call them  $b_0$ ,  $a_1$ , and  $c_0$  respectively. For three alternatives there are six possible preference orderings. Table 1 shows them along with names of groups who were supposed to have such preference orderings. For example, the coalition parties such as the Renewal Party and the Komei Party were supposed to be of type 1, because they had initially argued for political reform similar to the LDP bills thus they preferred the LDP bills to no legislation. Groups within the LDP and the JSP could be diverse. JSP *Suishin-ha* were those who agreed to pursue political reform through the passage of the government bills. Thus they could be either of type 1 or type 2.<sup>12</sup> JSP *Shinchô-ha* were anti-reformist and did not like even the relatively advantageous government bills. It is improbable that they would prefer the LDP bills, which would hurt the JSP more, to the government bills. Thus they were of type 5.<sup>13</sup> LDP *Suishin-ha* were eager to pursue political reform. Some would prefer the LDP bills to the government bills. Others might prefer the government bills. Thus they could be either of type 1 or type 3.<sup>14</sup> Finally, LDP *Shinchô-ha* were cautious about political reform, especially in the government bills version. Thus they could be either of type 4 or type 6.<sup>15</sup>

<sup>11</sup> JSP Chair Murayama had repeatedly stated they should stand by the 250 SMD–250 PR and had implored Prime Minister Hosokawa before the meeting to make as little concession as possible so that Murayama did not have to perform *hara-kiri* (Asahi Shimbun Seijibu, 1994).

<sup>12</sup> Leading members of type 1 JSP *Suishin-ha* were Yamahana Sadao (ex-JSP chair), Akamatsu Hirota (the ex-JSP secretary general), Yoshioka Kenji, Horigome Ikuo, and Doi Ryuichi. Preference order of type 2 was the position of the party leadership.

<sup>13</sup> Leading members of type 5 JSP *Shinchô-ha* were Nosaka Koken, Yamaguchi Tsuruo, Oide Shun, Iwatare Sukio, Kitazawa Seiko, and Akiba Tadatoshi.

<sup>14</sup> One might suspect LDP *Suishin-ha* could be of type 2 or type 4 as well because these types preferred one version of political bills to other alternatives. But the fact that they prefer no legislation if the specific version of political reform is not realized makes it difficult to regard them as *Suishin-ha*. It is difficult to tell the types of LDP *Suishin-ha* members. I am confident that Gotoda Masaharu (the former chief cabinet secretary) and Kaifu Toshiki (the ex-premier) were of type 1 and Kohno Yohei and Mori Yoshiro were of type 3. I suspect Ishiba Shigeru, Arai Shokei, and Ota Shoichi were also of type 1.

<sup>15</sup> It is also difficult to tell the types of LDP *Shinchô-ha* members. I am confident that Yamasaki Taku, Matsuoka Toshikatsu, and Kobayashi Koki were of type 6. Kajiyama Seiroku, Kato Koichi, and Sato Koko were probably of type 4. I cannot deny that there might be some members who called themselves *Suishin-ha* or *Shinchô-ha* while having different preference orderings to those discussed here. But I presume such members in disguise were very few, because political reform issues were fairly openly discussed among the Lower House members and there was little to gain by hiding their preferences.

**Table 1.** *Preference groups and their predicted voting behavior*(Agenda: The vote on the LDP bills ( $b_0$ ), followed by the vote on the government bills( $a_1$ ))

Type	Preference order	Possible groups	Predicted sincere voting pattern	Predicted sophisticated voting pattern
1	$a_1b_0c_0$	Coalition parties JSP <i>Suishin-ha</i> LDP <i>Suishin-ha</i>	NY	<u>YY</u>
2	$a_1c_0b_0$	JSP <i>Suishin-ha</i>	NY	–
3	$b_0a_1c_0$	LDP <i>Suishin-ha</i>	YY	<u>YN</u>
4	$b_0c_0a_1$	LDP <i>Shinchô-ha</i>	YN	–
5	$c_0a_1b_0$	JSP <i>Shinchô-ha</i>	NN	–
6	$c_0b_0a_1$	LDP <i>Shinchô-ha</i>	NN	<u>YN</u>

Notes: *Suishin-ha*=pro-reform; *Shinchô-ha*=cautious or anti-reform. $a_1$ : government bills;  $b_0$ : LDP bills;  $c_0$ : no legislation.**Agenda and voting decisions**

On the floor, the LDP bills were first put to a vote, followed by the revised government bills. Each vote was taken by open ballot. The situation was roughly that the coalition parties including the JSP had a majority of members and could pass the bills if they could maintain party discipline. In the successive voting procedure, the vote on the LDP bills is a comparison of the LDP bills ( $b_0$ ) with the set of other alternatives ( $a_1$ ,  $c_0$ ). The rightmost two columns of table 1 show predicted sincere and sophisticated voting patterns of each type. The sophisticated vote is marked by an underline. A sincere voter would wait for his most-preferred alternative and vote for it. A unicameral sophisticated voter would vote for his less-preferred alternative in order to avoid an even worse alternative from being adopted. In the context of the vote, a possible unicameral sophisticated voter would be of type 1 or type 6. But, as to type 1 members, they should not precommit themselves to vote for less-preferred LDP bills because the passage of their most-preferred alternative was expected. For type 6 members, there was nothing they could do to prevent their worst alternative from being adopted. Thus, I predict there was no unicameral sophisticated voting in the House of Representatives. A bicameral sophisticated voter would vote against any alternative even though his most-preferred alternative is voted down. A possible bicameral sophisticated voter would be of type 3.

Table 2 shows the results of the vote on political reform bills in the House of Representatives. Coalition parties (excluding the JSP) sincerely voted uniformly against the LDP bills and then voted uniformly for the government bills (NY), just as predicted in table 1. Of the 16 members who voted NN, 15 were the Communists who were against political reform in any shape. The voting patterns of the JSP and LDP members were diverse. Six JSP members voted NN or NA. All of them were convinced JSP *Shinchô-ha* (type 5). Seventy JSP members voted NY along with other coalition party members. JSP *Suishin-ha* (type 1 or type 2) voted this way. But many

**Table 2.** *The results of the vote on political reform bills in the House of Representatives*

Voting pattern	Coalition parties	JSP	LDP	Others	Total
NY	182	70	0	4	256
NN	0	5	0	16	21
YN	0	0	203	1	204
YY	0	0	12	1	13
YA	0	0	7	1	8
NA	0	1	0	0	1
AY	0	0	1	0	1
AN	0	0	1	0	1
AA	2	0	2	2	6

Note: Y=vote for the bills; N=vote against the bills; A=abstain or absent.

type 5 *Shinchô-ha* members also joined with them to vote NY instead of predicted NN, because they were asked to abide by the party decision to vote for the government bills. In fact, most leading members of *Shinchô-ha* policy study groups voted for the government bills.<sup>16</sup>

On the LDP side, within the League of Diet Members for Political Reform (the largest *Suishin-ha* policy study group), there had been a discussion on how to vote on the floor. Members' opinions were divided in three ways: (1) to abide by the party decision to vote for the LDP bills and vote against the government bills (YN); (2) to vote for both the LDP bills and the government bills (YY); and (3) to vote against the LDP bills and vote for the government bills (NY). Therefore, Kaifu Toshiki, president of the League asked the LDP leadership to loosen the party discipline. But the LDP leadership confirmed that the vote was disciplined (*Asahi Shimbun*, 18 November 1993). As shown in table 2, 12 members voted YY and another seven voted YA. Most of them were not of type 3 but of type 1, who were predicted to vote NY. The reason why they did so was the LDP's party discipline to vote for the LDP bills. Among the YA voters were Gotoda Masaharu and Kaifu, who were both avowed *Suishin-ha* leaders. Gotoda's explanation for his YA votes was as follows:

The dual electoral system was the main theme of the LDP's Fundamental Principles of Political Reform I was commissioned to make, so I could not vote against the government bills which contained it. And as an LDP member I could not vote for the government bills either. Therefore, I abstained. (*Asahi Shimbun*, 19 November 1993)

Two hundred and three members voted YN. Among them were LDP *Shinchô-ha* (type 4) members. But a substantive number of LDP *Suishin-ha* (type 3) members also voted this way. Party discipline and other considerations detained them from voting for the government bills. Let me explain what was involved in *Suishin-ha*'s

<sup>16</sup> Of the type 5 leading members, Iwatare, Kitazawa, and Akiba voted NN while Nosaka, Yamaguchi, and Oide voted NY.



(type 3) voting against the government bills. They were bicameral sophisticated voters. Parliamentary parties usually coordinate activities of their members in both Houses. That one's most-preferred alternative was voted down in the House of Representatives does not mean it was eliminated from agenda in the House of Councillors. Thus voting for the government bills in the former House would be considered precommitment of the LDP *Suishin-ha* (type 3) to a less-preferred alternative. Moreover, if there was violation of the party discipline in a massive scale, the party's position would be severely weakened and the party leadership would lose a bargaining chip in the subsequent legislative process. On the other hand, by voting against the bills one can keep one's hand free for the re-negotiation that might take place in later stages. Thus voting against the bills was a rational and sophisticated voting behavior even though the preference order seems to dictate otherwise.<sup>17</sup>

In sum, most members voted sincerely according to their preferences when they did not conflict with the party discipline. There were no unicameral sophisticated voters identified by Rasch. But I showed strategic calculation was involved in anticipation of the future agenda when bicameral sophisticated voters decided how to vote on the floor.

### **Preferences and the vote of legislators in the house of councillors**

#### **Uncertainties about agenda**

The revised government bills were passed by the Lower House and sent to the House of Councillors. I already noted that the bills were shelved for almost a month. During that period, the coalition party leaders investigated applying Clause 4 of Article 59 of the Constitution (*Asahi Shimbun*, 16, 17, and 20 December 1993). According to this clause, the Lower House can interpret the Upper House's inaction on a bill for 60 days as a rejection and move to call a joint committee or try to override by a two-thirds majority of the house. But the requirement of a two-thirds majority in the joint committee or in the Lower House for passage is not easy to clear. Thus the prospect for political reform by this method was dismal.

In the House of Councillors the political reform bills faced unexpectedly strong opposition. Besides the adamant opposition by the LDP Councillors, there were persistent opponents of the dual SMD-PR electoral system in the JSP as well. For them the change in government from the LDP to a coalition happened only in the Lower House. Thus it was hard to persuade them. If some ten defectors voted against the bills, it would lead to their rejection. There was a possibility that the bills would be rejected and the prospect for political reform after the rejection was not clear at all. In mid-January, Suzuki Kazumi, the JSP House of Councillors Strategy

<sup>17</sup> An example of this strategic calculation is found in Suzuki (1995). He reported that Mitsuzuka Hiroshi persuaded one of his faction's members to vote against the bills by arguing that the government bills had fundamental problems and voting for the bills would make it difficult to obtain a revision in the House of Councillors.

Committee Chair, contacted every Socialist Councillor to confirm the voting intention. Three days before the vote on the floor, the JSP called a general meeting of party Councillors. Chair Murayama stressed that voting for the government bills was the consensual decision at the party convention. Hamamoto Manzo, the president of the JSP Councillors, called Councillors' attention to the consequences if the government bills should fail. He stated the failure would invoke a joint committee stage that would result in a final compromise much closer to the LDP proposals. Thus he made it clear that the rejection of the bills would not lead to 'no legislation'. (*Shakai Shimpō*, 18 and 21 January 1994)

Notwithstanding these efforts, the government bills were voted down by 118–130 on the vote taken by open ballot (see table 5 below). It was 17 Socialist Councillors who cast a decisive vote of no on the bills; another three abstained. On the other hand, there were only five LDP defectors who voted yes. An important question to ask here is how the Councillors saw the contexts of the vote when they voted on the bills. Newspapers on the day after the rejection were full of detailed accounts of dramatic failure of the government bills that took place the day before as well as the prospects for political reform (Tanaka, 1997). Every possible angle that political spectators could think of was discussed in great detail, neatly summarized, and published in various articles in several hours after the vote. What news reporters knew several hours after the vote, the Councillors must have been well aware of when they voted.

Broadly three paths were discussed: (1) the formal path stipulated in the Constitution; (2) a greater concession on the side of the coalition government to achieve political reform; and (3) shelving the political reform.

The first possibility was that the House of Representatives would call for a joint committee to hash out the different decisions of both houses. A joint committee would be composed of ten members from each house that represent the majority position. Thus ten members from the Lower House would be from those who cast a vote of yes and ten members from the Upper House from those who cast a vote of no.<sup>18</sup> That a decision in the committee requires a two-thirds majority makes it extremely difficult to reach any compromise. If the joint committee failed, the coalition parties would try to override the decision of the Upper House by a two-thirds majority in the Lower House. This would fail too unless a substantive number of LDP *Suishin-ha* defected from the party line to cast a vote of yes; otherwise the Hosokawa cabinet would take responsibility and resign. Either way there would be political turmoil that might trigger the dissolution of the Lower House.<sup>19</sup>

<sup>18</sup> In principle, the LDP members and the Socialists who voted against the bills were eligible for selection from the Upper House. But the Socialist defectors declined for an apparent reason.

<sup>19</sup> News commentaries and columns carried detailed explanation of prospects for the formal constitutional process. This formal path and its catastrophic prospect was considered the worst scenario for both sides. No editorials advocated this path as preferable.

The second option was that both parties in the government and in the opposition would find a way to compromise on the package of four political reform bills. Those who advocated this path shared a sense of crisis that political reform would never be possible if the bills died at that time. Thus they suggested that the government should accommodate the LDP revisions as much as possible. They also predicted that the Socialists would have to support a final package of bills that would be less favorable than the government bills.<sup>20</sup> The scholar's comment on the Socialist defection at the outset of this paper reflects this concern. This was the path that political reform bills actually followed.

The third path was a sort of retreat from the possible achievement of political reform. Now that the disagreement between government and opposition resulted in the rejection of the bills in the Upper House, it would be extremely difficult to push through the whole package of four bills. Thus one way would be to focus on anti-corruption measures and try to pass a law such as the Law for the Prevention of Political Corruption. Other suggestions included that both sides should spend more time negotiating and find an agreement.<sup>21</sup> This path actually took shape as Speaker Doi's proposal to pass the government bills without a date of enactment and to create a council to work out an agreement on political reform.<sup>22</sup>

As stated above, every path that political reform bills could follow was predicted. What was not certain was which path would actually be chosen and what consequences would result.

Let us define the context of the vote in the House of Councillors. The above three paths and the passage of the bills exhaust all possible outcomes. They are: the passage of the government bills ( $a_1$ ), a final compromise favorable to the LDP ( $b_1$ ), shelving of political reform by adopting something like Doi's proposal ( $c_1$ ), and the formal constitutional process that would lead to 'no legislation' and political catastrophe ( $c_0$ ). The context was under incomplete information in the sense that there was an uncertainty about the agenda. Figure 1 shows a voting tree with uncertain agenda. In the figure, the government bills ( $a_1$ ) are put to a vote and if they win would become laws. If they lose, there is an uncertainty about which alternative would emerge as predominant. Thus suppose  $c_1$  would become the final compromise and be put to a vote with a probability of  $p$ , and  $b_1$  would become the final compromise with a probability of  $1-p$ . This probability is subjectively determined and can vary across actors.

<sup>20</sup> See for example an editorial of *Yomiuri Shimbun* as well as an article by Oikawa Shoichi, the Politics Section Chief of *Yomiuri Shimbun* on 22 January 1994.

<sup>21</sup> See for example editorials of *Asahi Shimbun* and *Nihon Keizai Shimbun* on 22 January 1994.

<sup>22</sup> Although Speaker Doi became an independent when assuming the office, she used to be Chair of the JSP and maintained a close connection with the party members. And some of close Councillors were among the defectors. She was regarded as a sympathizer for defectors (*Asahi Shimbun*, 29 January 1994).

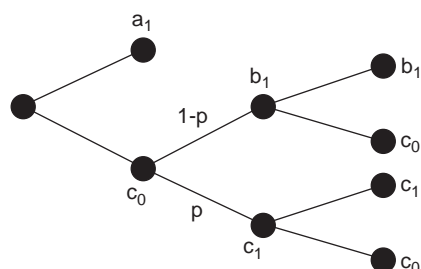


Figure 1. Voting under incomplete information

### Preferences and voting strategies

For four alternatives, there are 24 possible preference orderings. I sorted them into seven types along with names of groups who were supposed to have such preference orderings (see table 3). The rightmost column of table 3 shows the predicted voting pattern of each type of voter. It is extremely difficult to identify key members of each type of voter, because it was the first time that the political reform bills were considered in the Upper House, and preferences of Councillors were not well known. But there was only one vote and most Councillors are predicted to vote unequivocally Y or N because it gives them the highest utility under any circumstances. Uncertainty about the agenda does not hinder identification of equilibrium strategies. In figure 1, the final vote would be on  $b_1$  with probability  $1-p$  or on  $c_1$  with probability  $p$ . I presume each alternative would defeat 'no legislation' ( $c_0$ ) because by the time of the vote in the House of Councillors the cost of failure of political reform had become too high for both government and opposition.<sup>23</sup> Thus if  $c_0$  wins in the first vote, that would lead to an outcome of  $b_1$  with probability  $1-p$  and  $c_1$  with probability  $p$ . For type 1 voters both outcomes are less-preferred to the government bills ( $a_1$ ). Thus they would vote for  $a_1$  in the first vote. Voters of types 3, 5, 6, and 7 prefer outcomes following the defeat of the government bills ( $b_1$ ,  $c_1$ , or  $c_0$ ) to the passage of them ( $a_1$ ). They would vote against  $a_1$  unequivocally. There is no uncertainty about how the above groups would vote on  $a_1$ . This leaves the remaining two types of voters as pivotal. They are candidates for sophisticated voters under incomplete information. A sophisticated voter of type 2 (LDP *Suishin-ha*) would vote for his less-preferred  $a_1$  in order to prevent an even worse alternative ( $c_0$  or  $c_1$ ) from being adopted. A sophisticated voter of type 4 (JSP *Shinchô-ha*) would cast a vote of no on the bills (i.e. choose  $c_0$ ) in anticipation of his most-preferred alternative ( $c_1$ ) being finally adopted.

Strategies of type 2 voters and type 4 voters would depend on the subjective

<sup>23</sup> This presumption is justified if one foresees the consequences of the first path above. This presumption essentially means that any agreement between Hosokawa and Kohno would be accepted as a compromise of the joint committee and subsequently passed by both Houses.

**Table 3.** Preference groups and their predicted voting behavior

Type	Preference order	Possible group	Predicted vote
1	$a_1 - - -$	Coalition parties LDP <i>Suishin-ha</i> JSP <i>Suishin-ha</i>	Y
2	$b_1 a_1 - -$	LDP <i>Suishin-ha</i>	?
3	$b_1 c - -$	LDP <i>Shinchô-ha</i>	N
4	$c_1 a_1 - -$	JSP <i>Shinchô-ha</i>	?
5	$c_1 b_1 - -$	LDP <i>Shinchô-ha</i>	N
6	$c_1 c_0 - -$	JSP <i>Shinchô-ha</i>	N
7	$c_0 - - -$	LDP <i>Shinchô-ha</i> JSP <i>Shinchô-ha</i>	N

Notes: *Suishin-ha*= pro-reform; *Shinchô-ha*= cautious or anti-reform.

Y=Vote for the bills ( $a_1$ ); N=vote against the bills.

assessment of the uncertainties as well as the cost of violating party discipline. For a type 2 voter  $i$ , the expected utility of passing  $a_1$  when he defies party discipline and votes for  $a_1$  is:

$$u_i(a_1) - v_i$$

where  $v_i$  is a cost of violation. If  $a_1$  fails to pass, either  $b_1$  or  $c_1$  would become a final outcome. Thus the expected utility of voting against  $a_1$  is:

$$p u_i(c_1) + (1 - p) u_i(b_1)$$

Therefore, voting for  $a_1$  is an optimal strategy for type 2 voters if:

$$u_i(a_1) - v_i > p u_i(c_1) + (1 - p) u_i(b_1)$$

$$\therefore 1 - p < \frac{u_i(a_1) - u_i(c_1) - v_i}{u_i(b_1) - u_i(c_1)} \tag{1}$$

This inequality means that type 2 (LDP *Suishin-ha*) voters would vote for the government bills ( $a_1$ ) if their subjective probability of having the most-preferred final compromise ( $b_1$ ) is below the certain level shown on the right-hand side of the inequality. The right-hand side decreases when the utility of the final compromise  $u_i(b_1)$  increases and/or that of the government bills  $u_i(a_1)$  decreases relative to the utility of  $c_1$   $u_i(c_1)$ . Stronger party discipline also makes it smaller. A smaller value on the right-hand side makes it less probable that the inequality would hold, in which case type 2 voters are not likely to vote for the government bills.

A parallel argument serves to identify equilibrium strategies for type 4 (JSP *Shinchô-ha*) voters. For them voting against the government bills ( $a_1$ ) is in equilibrium when the expected utility of doing so exceeds voting otherwise. Thus voting against  $a_1$  is an optimal strategy for a type 4 voter  $j$  if:

$$\begin{aligned}
 & pu_j(c_1) + (1-p)u_j(b_1) - v_j > u_j(a_1) \\
 \therefore p & > \frac{u_j(a_1) - u_j(b_1) - v_j}{u_j(c_1) - u_j(b_1)} \quad (2)
 \end{aligned}$$

This inequality means type 4 (JSP *Shinchô-ha*) voters would vote against the government bills ( $a_1$ ) if their subjective probability of having the most-preferred outcome ( $c_1$ ) is above a certain level on the right-hand side. The right-hand side decreases when the utility of  $c_1$   $u_j(c_1)$  increases and/or that of  $a_1$   $u_j(a_1)$  decreases relative to the utility of the final compromise  $b_1$   $u_j(b_1)$ . It also decreases when the cost of violating the party discipline is low. A smaller right-hand side makes it more probable that the inequality would hold, in which case type 4 voters are more likely to vote against the government bills. If they think something like Doi's plan is highly desirable, the threshold for voting against the government bills will lower and they would take a chance in voting down the government bills.

#### Voting decisions and evidence for sophisticated voting

Table 4 shows the result of the vote in the House of Councillors. The situation was such that the coalition parties did not have a majority in the Upper House without the Socialist Councillors. Coalition party members and the majority of JSP members voted for the government bills just as predicted in table 3, while 17 JSP members defied party discipline by voting against the government bills and three abstained. Most LDP Councilors voted against the government bills as predicted in table 3, while five members voted for them in defiance of the party discipline. Those JSP members and LDP members who defied the disciplines of their respective parties are possible sophisticated voters. Let us investigate them and search for evidence for sophisticated voting behavior.

According to Narita Norihiko, the Chief Secretary to the Prime Minister Hosokawa, the coalition leaders had known in advance that five LDP members would vote for the government bills (Narita, 1996). They soon left the party and joined with the newly organized Shin Ryokuhu Kai (New Green Breeze Society) that merged into the New Frontier Party formed in late 1994 by the former coalition parties of the Hosokawa Cabinet. In the 1995 House of Councillors election, one retired and four were reelected as NFP incumbents. Thus I believe they had the same preference ordering as the coalition party members (type 1) and they voted sincerely for the bills.

But even Narita could not foresee the Socialist defectors were as many as 17 plus 3, though he had expected some. A major question is whether or not they were of type 4 who voted sophisticatedly against the government bills. My conclusion is that some of them were of type 4 and they voted sophisticatedly. I present three kinds of evidence to support it. First, in late November and early December of 1993 Asahi Shimbun interviewed all Councillors and asked their opinions about political reform bills (*Asahi Shimbun*, 5 December 1993). One question asked what they thought of

**Table 4.** *The results of the vote on political reform bills in the House of Councillors*

Vote	Coalition parties	JSP	LDP	Others	Total
Y	57	53	5	3	118
N	1	17	94	18	130
A	0	3	0	1	4

Notes: Coalition excludes JSP. Others include Japan Communist Party, Second House Club, and independents. LDP: Liberal Democratic Party; JSP: Japan Socialist Party.

Y = vote for the government bills; N = vote against the government bills; A = abstain or absent.

Sources: Asahi Shimbun, 22 January 1994 and the House of Councillors (1993–1994).

**Table 5.** *Preferences of the Socialist Councillors for the government bills.*

Question: The revised government bills stipulate that an electoral system for the House of Representatives be a dual 274 SMD–226 PR system with a national PR district, and two separate ballots. What do you think of them?

	Vote on political reform bills		
	Y	N	A
Approve government bills	24		
Personally have a different opinion on a dual system, but approve government bills	16		2
Object to government bills or a dual system		6	
Decline an answer of approval or objection	3	11	1
No answer	10		
Total	53	17	3

Note: Y = vote for government bills; N = vote against government bills; A = abstain.

Source: Calculated from *Asahi Shimbun*, 5 December 1993 and the House of Councillors (1993–1994).

the government bills. Table 5 shows the relationship between the Socialist Councillors' responses and their actual vote in the Upper House. Those coded as 'No answer' were mostly the party leaders, and they voted for the government bills. The revealed relationship is impressive. All but two of those who responded favorably to the government bills did actually vote for them. In contrast, most of those who responded negatively or ambiguously did vote against the bills. Thus the Socialist defectors did not place top priority on the passage of the government bills. They should be either of type 4, 6, or 7.

Second, all Socialist defectors were interviewed by news reporters just after the government bills were voted down. They explained their behavior in his or her own way (see table 6). For example, Ofuchi Kinuko told a newspaper that the SMD system would not reflect the will of the people. Ogawa Jin-ichi said that they shared antipathy toward the high-handed way the coalition party leaders pushed forward the political reform. Kioka Jun and Kunihiro Masao explained that the government package did not include sufficient anti-corruption measures and that political fund regulation should be legislated before other political reform. Some of them were

**Table 6.** *Interviews with the Socialist defectors by the Asahi Shimbun*

**Ito Masatoshi**

It was an expected result. Anti-corruption measures are the starting point for political reform. The JSP leadership should take the initiative.

**Ogawa Jin-ichi**

There were more nay votes than expected because we shared an antipathy toward the high-handed way the coalition party leaders pushed forward the political reform. The House of Councillors should have spent more time on deliberation.

**Ofuchi Kinuko**

This (rejection) was good for Japanese democracy. The SMD system would not reflect the will of the people. I would accept the party's disciplinary measures.

**Kioka Jun**

The government package did not include sufficient anti-corruption measures. The JSP has insisted on anti-corruption since it was formed. The party would not say we have to leave the party.

**Kunihiro Masao**

It was an important scene where democracy was at stake, which could be compared to constitutional amendment. I am relieved. Political fund regulation should be legislated before other political reform.

**Sato Sango**

(The JSP) has been opposed to any attempt to introduce SMD system since the Hatoyama cabinet (1954–1956). The Hosokawa cabinet could not change our opinion so quickly.

**Shitoma Yutaka**

I believe in what I did. I am proud we were able to avoid the crisis of parliamentary democracy as well as that of the JSP.

**Den Hideo**

The coalition parties would not have to accept the original LDP bills in a joint committee. The government and opposition have to cooperate to draft anti-corruption measures.

**Nakao Noriyuki**

I had a hard time deciding what to do until the last minute. I had thought of absenting once, but the bills had so many problems. I voted against the bills knowing the wind was against.

**Yamaguchi Tetsuo**

I followed the dictates of my beliefs dispassionately. The SMD system would produce many wasted votes, would not reflect the will of the electorate, and would make it hard to change the government.

**Owaki Masako**

The government bills were not sufficient for the prevention of political corruption. If I were expelled from the party I would remain independent for the time being.



**Yatabe Osamu**

The JSP has fought election campaigns by arguing that the SMD system would lead to constitutional amendment. Thus our decision was in perfect accordance with the party's principle.

**Kurihara Kimiko**

I was worried whether I would do anything rash when I anticipated the trouble for the JSP leadership, but I voted against the bills thinking of the nation and in accordance with my beliefs.

**Inamura Toshio**

The political fund regulation bill was full of loopholes. When the policies of the JSP were not in the interest of the nation, politicians should adjust them.

**Mitsuishi Hisae**

A dual SMD-PR system is a male-dominant system. Women are hard to run for seats. I do not approve such a system.

**Nishioka Ruriko**

I voted against the bills hoping that the JSP would revive. If one thought about the true wishes of the nation, one should promote anti-corruption measures first.

**Nishino Yasuo**

I stayed at a hotel last night because many people tried to reach me to persuade not to vote against the bills. I would accept any punishment imposed by the JSP but I believe that true defectors are the JSP leadership themselves.

*Source: Asahi Shimbun, 22 January 1994.*

worried about the party's disciplinary punishment. As to an anticipation that the coalition parties might be forced to accept the original LDP bills in a joint committee, they were optimistic as Den Hideo told a reporter that the coalition parties would not have to go that far (*Asahi Shimbun, 22 January 1994*). Did they sound like they were prepared for 'no legislation' and subsequent political catastrophe as type 6 members and type 7 members would be? Not all of them were. I concede that Ogawa, Sato, Shitoma, Yamaguchi, and Yatabe were obstinate opponents of political reform. They might be of type 6 or type 7. But I assess that Councillors other than the above-mentioned five were of type 4, for they stressed insufficient anti-corruption measures rather than 'no political reform'. On the night Speaker Doi made public her plan, Kurihara Kimiko, Mitsuishi Hisae, and Ofuchi Kinuko visited her official residence and showed appreciation for her effort as a mediator and encouraged her to continue (*Asahi Shimbun, 29 January 1994*). This incident also strongly suggests that they were of type 4.

Third, in order for type 4 voters to vote against the government bills, condition (2) should hold. The above argument suggests that  $u_j(a_1)$  was small and

**Table 7.** *The results of the vote on political reform bills among the Socialists with Different affiliations*

Organizational affiliation	Vote on political reform bills		
	Y	N	A
Not a party member	2	5	1
Party member with no factional affiliation	20	10	1
Party member with factional affiliation	31	2	1
Total	53	17	3

Note: Y = vote for government bills; N = vote against government bills; A = abstain.

$u_j(c_1)$  was large for the Socialist defectors. I add to this additional evidence that the cost of violating party discipline  $v_j$  was also small for them so the probability that condition (2) holds was high. Table 7 shows the voting decision of the Socialist Councillors with different affiliations. Parliamentary JSP consisted of party members as well as independents and sympathizers for the party.<sup>24</sup> Within the JSP, factional activity has been prevalent among the Lower House members but not so among Councillors. Thus Councillors who are affiliated with a faction tend to have more connections with Lower House members than those who are not. They were likely to sympathize with the Reformist cause. It should also be noted that Doi was not affiliated with any faction. Table 7 shows that the party members with factional affiliation were in line with the party decision to vote for the bills, while those with no party membership and the party members with no factional affiliation tended to vote against the bills. Thus for the Socialist defectors, the cost of violating party discipline  $v_j$  was indeed small compared to other Socialist Councillors who abided by the party decision.

So the commonly accepted view shown at the outset of this paper that charged the Socialists with a serious crime is not tenable because they did not myopically vote against the government bills. Indeed they slept with the enemy but what they had in mind was quite different from that of LDP members. Narita likened this to an old saying, *Dôshô Imu* (literally meaning same floor, different dreams). When they voted down the bills, two things would happen. With probability  $p$  they would be fortunate: Speaker Doi's proposal would prevail and become the final compromise. Thus the status quo would be maintained without catastrophe and political reform would be suspended. Or, with probability  $1-p$ , they would be unfortunate: their least-preferred outcome  $b_1$  would prevail and become the final compromise. By voting against the bills, they pursued the shelving of political reform with probability  $p$ . To their disappointment, they lost this bet, and the final compromise most advantageous to the LDP was realized.

<sup>24</sup> Japanese electoral law allows for a party to put up a candidate who is not officially affiliated with that party even for the proportional representation election for the House of Councillors. Thus an independent can be elected a Councillor as a party endorsee.

### Conclusion

The LDP had been the ruling party for 38 years. During that period, the absolute and cohesive majority of the LDP dominated the legislative process. Since the LDP lost, a coalition government has been the norm and strategic maneuvering to garner a majority support in the legislature has become imperative. Forming and maintaining a majority is something new to Japanese politics. Political reform legislation was the first test case for such new legislative dynamics.

In this paper I showed that sophisticated voting under incomplete information existed in a parliamentary setting and had serious consequences for the most important legislation in recent years. A pivotal group could and did affect the outcome by acting strategically, although the final outcome was not the most desired one by the strategic actors themselves.

If one turns to the formation of the coalition, one finds that the JSP and Sakigake became pivotal groups between the opposition LDP and the coalition parties that supported Hosokawa. They left the Hosokawa cabinet and helped the LDP to come back to government, first by accepting JSP Chair Murayama as Prime Minister of the LDP–JSP–Sakigake coalition in 1994, then by placing LDP president Hashimoto Ryutaro as Prime Minister in 1996. Thus coalition formation and sophisticated voting are the different sides of the same coin.

The Hashimoto cabinet was held responsible for economic recession and Hashimoto resigned when the LDP took a beating in the House of Councillors election two years later. The succeeding Obuchi cabinet enjoyed stable majority support in the Lower House but the Upper House was dominated by the opposition. Thus, Obuchi faced a situation similar to that of Hosokawa cabinet. But Obuchi had already learned a lesson from the legislative process of political reform. He understood that the government-sponsored financial revitalization bills had little chance of passage in the Upper House. He struck a deal with the opposition parties in the Lower House to pass the less-preferred opposition-sponsored bills, so as to prevent the possibility of ‘no legislation’. His major concern was to contain the uncertainties that might have been created if the government-sponsored bills had been passed by the Lower House and sent to the Upper House. Thus one can find the similar strategic consideration in both legislative processes.

I have shown that an understanding of sophisticated voting is important to a general understanding of legislative strategy in a parliamentary setting. Chances are high that Japanese legislators will face similar contexts in which agenda setting and strategic maneuvering will be critical.

**Appendix: Proposed alternatives in political reform legislation**

		Government bills ( $a_0$ )	LDP bills ( $b_0$ )	Revised Government bills ( $a_1$ )	Final Compromise ( $b_1$ )
Electoral system for House of Representatives	Allocation of seats	SMD 250 PR 250	SMD 300 PR 171	SMD 274 PR 226	SMD 300 PR 200
	Districts for PR	National	47 prefectures	National	11 regional blocs
	Number of ballots	2 (each for SMD and PR)	1	2 (each for SMD and PR)	2 (each for SMD and PR)
	Location of districting Commission	Prime Minister's Office	House of Representatives	Prime Minister's Office	Prime Minister's Office
Political fund regulation	Political contributions by corporations and organizations	Prohibit corporate contributions to individual politicians immediately.	Allow 2 fundraising organizations for individual politicians to receive corporate contributions of up to ¥240,000 per company. Review Corporate contributions to parties and political organizations after 5 years.	Prohibit corporate contributions to individual politicians immediately. Review Corporate contributions to parties and political organizations after 5 years.	Allow 1 fundraising organization for individual politicians to receive corporate contributions of up to ¥500,000 per company. The above contribution is to be prohibited after 5 years.
Public financing of parties	Total amount of subsidies to parties	¥335 per capita (¥41.4 billion)	¥250 per capita (¥30.9 billion)	¥250 per capita (¥30.9 billion)	¥250 per capita (¥30.9 billion) Amount given to a party should not exceed 40% of the party's revenue in the previous year.

Source: Modified from the House of Representatives, *Jonin linkai Chosashitsu* (1994).

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