

## 4 Characteristics of the Decision-making Structure of Coalitions

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THE coalition government formed in late June 1994, the third since one-party rule by the Liberal Democratic Party (LDP) ended in 1993, particularly astonished the Japanese electorate. It comprised a previously unthinkable alliance of the LDP, the Social Democratic Party of Japan (SDPJ), and the New Party Sakigake, and Murayama Tomiichi, chairman of the SDPJ, was elected prime minister. The SDPJ, formerly called the Japan Socialist Party (JSP), had been the largest opposition party and the LDP's staunchest rival for nearly four decades. Its policies—especially on security matters—were vastly different from those of the LDP. Specifically, it suggested that the very existence of the Self-Defense Forces violated the Constitution and it advocated terminating the U.S.-Japan Security Treaty. The first coalition government, which was inaugurated less than a year previously, composed an alliance of eight parties that included the SDPJ but excluded the LDP. Hosokawa Morihiro was the prime minister of this unprecedented non-LDP administration.

Politics in Japan were chaotic and unpredictable in the coalition era as the rules and practices evolved during the period of LDP dominance no longer worked. The process leading to the formation of the Murayama coalition government was particularly unusual. The LDP swallowed wholesale the SDPJ-proposed conditions and principles for the coalition government, and yielded the post of prime minister to the SDPJ—even though it had nearly three times the number of House of Representatives (Lower House) seats than the SDPJ. For its part, the SDPJ broke a campaign pledge from the 1993 Lower House election

when it switched allegiance from a coalition that excluded the LDP to one that included the LDP. Furthermore, after winning the prime ministership, the SDPJ abandoned its principles and reversed itself on its basic policies. In his first policy speech as prime minister in late July 1994, Murayama declared the Self-Defense Forces constitutional, voiced support for the security treaty with the United States as the basis of Japan's security policy, and endorsed policies advanced by the LDP until 1993. An SDPJ party convention ratified these policy positions that September.

This chapter compares the decision-making processes of the Hosokawa and Murayama coalition administrations with the policy-making processes of the LDP-dominated governments until 1993. Considering how the SDPJ had previously always considered itself to be the antithesis of the LDP, it is ironic that decision making during the Murayama administration more closely resembled that of the period of LDP dominance than policy making under the Hosokawa coalition government, which excluded the LDP.

The characteristics of decision making under the LDP-dominant system are discussed first, followed by examinations of the features of decision making in the Hosokawa and Murayama administrations. The respective policy-making mechanisms of the Hosokawa and Murayama governments are evaluated, transforming the methods of conducting politics is described, and then various conclusions are drawn.

### *POLICY MAKING IN THE LDP-DOMINANT SYSTEM*

For 38 years, no opposition party seriously threatened the LDP's political dominance. The lack of alternation in government meant that for a long time the LDP was effectively the party of government while the other parties were too weak to be regarded as legitimate opposition parties in the true sense of the term. As a consequence, even within the LDP, party discipline loosened and power dispersed. The lack of necessary competition and tension between the governing and opposition parties also resulted in general disinterest and apathy among the electorate.

LDP dominance encouraged and resulted in various operating mechanisms and patterns. A key characteristic was the decentralization of power and the role of local "pork barrel" politics for individual

LDP politicians. In budget making, LDP members had to focus on local public works needs in order to stand a chance of being reelected in their districts. Under the multiseat district system which prevailed before the 1996 election, an LDP candidate competed against LDP rivals as well as candidates of other parties. The electoral imperative of pork barrel politics and the LDP's dependence on deficit spending and the compiling of supplementary budgets were typical of the period of LDP-dominance.

The rise of *zoku* members—Diet members with special ties to specific government ministries—was also important to decision making in the era of LDP dominance. This phenomenon increased the power of LDP politicians in the policy-making process relative to that of bureaucrats. Yet it also discouraged the LDP from aggregating interests. For example, the LDP's Policy Research Council included ministry- and issue-based select committees where matters of respective special concern were discussed. This process was in line with large umbrella organizations losing influence, such as Keidanren (Japan Federation of Economic Organizations) representing the interests of businesses, and Nōkyō (Japan Agricultural Cooperative Association) representing those of farmers. *Zoku* members formed an iron triangle with bureaucrats, industrial sector groupings, and powerful individual corporations (Curtis 1988, 110–112). *Zoku* members also changed the characteristics of LDP factions. As *zoku* members organized groups based on particular interests rather than factions, factional policy differences disappeared, with *zoku* members in each faction representing specific policy positions.

Yet faction leaders were also able to control members as cabinet and other high-level posts were shared proportionally between factions. Strong adherence to seniority meant that all senior LDP members had at least one chance of becoming a minister. Generally though, the power of factional leaders to control faction members became diluted, as did the policy orientation of each LDP faction.

The structure of the politico-administrative relationship and the stability it provided were also key to the decision-making process in the era of LDP dominance. Features included the vertical divisions and other organizational features of the bureaucracy, the central government's domination of local government, the interface between politics and the bureaucracy in the predominance of jurisdictional principles

within the cabinet, and the interaction between bureaucrats and politicians such as the *zoku* Diet members. LDP governments typically also used certain types of nonpolitical deliberative organs to pave the way for policy recommendations. A notable feature of these deliberative councils is the important role that bureaucrats and ex-bureaucrats play in them.

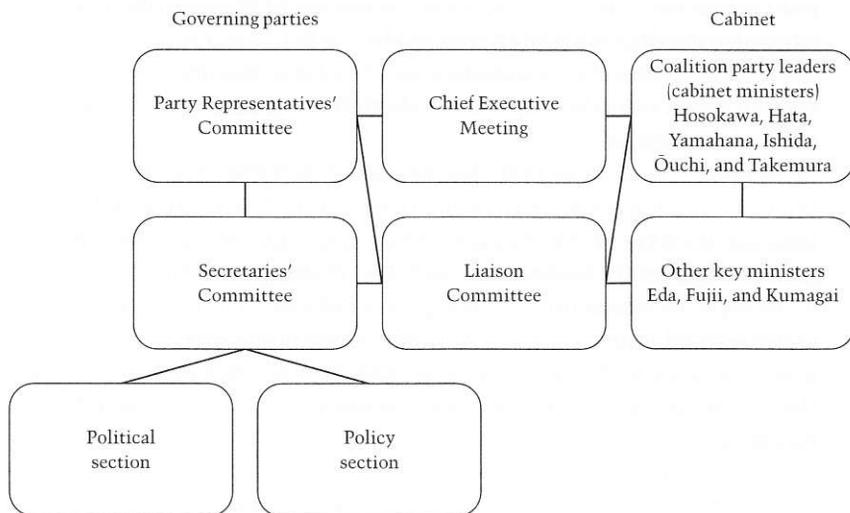
As the power of the LDP decentralized, it relied on a "bottom-up" style of reaching consensus, rather than a "top-down" style of decision making. Its style of consensus building was also rooted in behind-the-scenes bargaining, politicking, and deal making with the opposition. This style of managing politics prevented the LDP from leading on controversial issues such as electoral reform in the early 1990s. Public discontent with the last LDP government—which neglected to pass the electoral reform bill—strongly informed the 1993 Lower House election.

#### *DECISION MAKING IN THE HOSOKAWA GOVERNMENT*

It follows that political reform was the most crucial issue in 1993 for the newly formed Hosokawa coalition government. Prime Minister Hosokawa made a strong commitment to political reform at his first press conference on August 10, 1993, saying that he would resign if he failed to realize political reform by the end of that year. In his first policy speech in the Diet on August 23, Hosokawa also called his administration a "political reform government," underscoring his commitment to achieving political reform.

Coordinating policy with the eight ruling parties was crucial for the Hosokawa coalition government and a three-tier decision-making structure was established to achieve this (see fig. 1). The Party Representatives' Committee comprised the secretaries-general of the five major parties, namely the SDPJ, the Japan Renewal Party (JRP), Kōmeitō (Clean Government Party), the Democratic Socialist Party (DSP), and the New Party Sakigake (*sakigake* means "pioneer"). Under this committee was the Secretaries' Committee. This latter committee had two suborganizations: a political section and a policy section. The political section consisted of party whips and Diet affairs' chairmen, and the policy section comprised policy board chairmen.

Figure 1. Policy-making Structure under the Hosokawa Government



A Chief Executive Meeting and a Liaison Committee coordinated policies between the cabinet and the governing parties. The Chief Executive Meeting, the supreme decision-making body, was composed of 11 members. Six members were party chairs while the other five were party secretaries-general—in other words, the members of the Party Representatives' Committee.

The most important organ to coordinate policies among governing parties was the Party Representatives' Committee and, at the beginning of the Hosokawa government, this committee operated on the basis of unanimous decision making. Ozawa Ichirō, the secretary-general of the JRP, led the Party Representatives' Committee from September 1993 (Asahi Shimbun Seiji-bu 1994, 59–75).

In August 1993, the Party Representatives' Committee authorized an electoral reform plan based on an SDPJ proposal that combined a single-seat district system with proportional representation. Under this plan, each voter would have two ballots—one for the single-seat district system and the other for proportional representation—and 250 seats would be allotted each to the single-seat system and proportional representation. As the SDPJ knew it had little chance to win under the single-seat district system, it gave more weight to proportional representation. The JRP and Kōmeitō wanted to allot 300 seats

for the single-seat district system and 200 seats for proportional representation, and allow each voter one ballot, but in the end they yielded to the SDPJ's proposal (*Asahi Shimbun Seiji-bu* 1994, 60).

Negotiations between the ruling parties and the opposition on the political reform bill focused on the schedule of deliberations. This was mainly attributable to the LDP's time-consuming filibusters, tactics that the SDPJ/JSP ironically developed in the 1950s and 1960s during the period of LDP dominance. Deliberations on the political reform bill only started in the Diet in mid-October, although the extraordinary session began on September 17.

Even worse, Hosokawa was faced with SDPJ members who failed to support their leadership in the push for legislation on political reform. Yamahana Sadao, the SDPJ's party chair who championed political reform, was blamed for the SDPJ's defeat in the Lower House election and Murayama Tomiichi, a left-winger who was cautious about electoral reform, replaced him in September. When the political reform bill was voted on in a plenary meeting of the House of Councillors (Upper House) in January 1994, the bill was rejected by 12 votes as 20 SDPJ members either voted against the bill or abstained from voting.

Hosokawa had tried to provide leadership in the final stage of decision making. In a mid-November 1993 Chief Executive Meeting, Hosokawa had asked Murayama, then SDPJ chairman, to allow him discretion regarding revisions to the electoral reform bill when meeting with LDP President Kōno Yōhei. In spite of the SDPJ's desire not to decrease the seats allotted to proportional representation, in his meeting with Kōno, Hosokawa proposed decreasing the number of seats for proportional representation from 250 to 224.

In trade policy, a final decision about opening Japan's rice market had to be made. The Uruguay Round of the General Agreement on Tariffs and Trade (GATT) was expected to conclude by the end of 1993, and the government had to decide by then whether or not to partially open Japan's rice market. When the LDP raised the issue in 1989, the shift of farmers' votes from the LDP to opposition parties led to the LDP's historic defeat in the Upper House election. After the 1989 election, the LDP shelved the issue for more than four years.

Among the eight governing parties, the SDPJ had been strongly critical of opening the rice market, because not a few of its members were elected from rural areas. Yet it was a dilemma for the SDPJ, because if

it did not go along with the plan to open the rice market, the Hosokawa coalition government would collapse. After long, tumultuous discussions, the SDPJ reluctantly agreed to the policy in mid-December in the interests of maintaining the coalition.

In terms of relations with the United States, economic measures to raise domestic demand—such as deregulation of the economy and passage of a supplementary budget—were being called for. Although Hosokawa did not ignore the U.S. requests, he took the initiative to raise domestic demand in its own terms. In other words, he neither obeyed the U.S. government, nor utilized *gaiatsu*, as external or U.S. government pressure for domestic reform is known. Hosokawa proposed three budgetary supplements in fiscal 1993 to stimulate domestic demand and organized an advisory panel to discuss economic deregulation and restructuring policies. It was clear that his policy met U.S. government demands as well as those of the Japanese business sector, which was suffering fallout from the collapse of the “bubble” economy in the early 1990s.

These instances describe the policy-making process under the Hosokawa cabinet and they distinguish it from that followed by LDP governments. A different picture emerges if the Hosokawa government’s achievements and the actual processes are considered. The advisory group on economic restructuring, which was chaired by Hiraiwa Gaishi, former chairman of Keidanren, and organized under the Prime Minister’s Office from October to December 1993, was not free of bureaucrats’ influence. Six of the group’s 15 members were former bureaucrats. Although the Administrative Reform Promotion Headquarters was organized under the Prime Minister’s Office in early 1994, it was heavily dependent on the Management and Coordination Agency.

Coalition partners resisted the top-down style of decision making. A typical example was the reaction to Hosokawa’s initiative to introduce a 7 percent “national welfare tax” in early February 1994. Hosokawa himself, Ozawa, and Saitō Jirō, vice minister of finance, developed the idea. Yet many in the ruling coalition, including Takemura Masayoshi, the chief cabinet secretary, did not know about it until shortly before Hosokawa held a midnight press conference on February 3.<sup>1</sup> Many coalition partners—including Takemura and Ōuchi Keigo, the minister of health and welfare—criticized this new tax plan, and it was shelved within two days of a meeting of the ruling parties. On February

8, when the Hosokawa cabinet announced a ¥6 trillion tax cut, no plans were released to offset the revenue loss.

In sum, the Hosokawa coalition government relied on top-down initiatives in its decision-making process and, certainly in the cases of opening Japan's rice market and realizing electoral reform, succeeded in meeting its goals. Hosokawa's reliance on Ozawa's strong leadership, however, engendered a tenacious dissonance and distrust among the governing parties that ultimately led to the eight-party coalition's breakdown.

### *DECISION MAKING IN THE MURAYAMA GOVERNMENT*

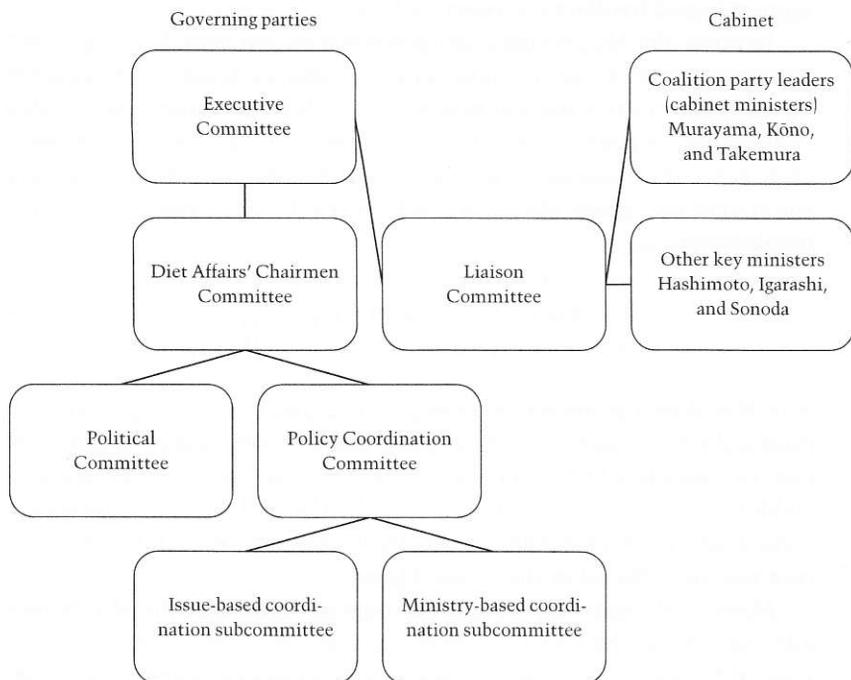
The Hosokawa government was preoccupied with trying to realize political reform and open Japan's rice market, two issues which LDP governments had failed to resolve since the late 1980s. But Hosokawa suddenly announced his resignation on April 8, and then the subsequent Hata Tsutomu government fell in late June when a no-confidence motion was introduced in the Lower House.

Major diplomatic issues that the next government, the Murayama administration, had to deal with included trade disputes with the United States, concern about North Korea's development of nuclear weapons, obtaining a permanent seat on the UN Security Council, and accepting responsibility for aggression during World War II. Murayama also had to address many economic issues. These included increasing domestic demand following the collapse of the bubble economy, restructuring Japan's economic and social systems developed in the post-World War II era, and reforming the tax and social security systems to meet the needs of Japan's aging society. The Great Hanshin-Awaji Earthquake in Hyogo Prefecture in January 1995 placed the issue of ineffectual crisis management on the agenda, as well as that of how to finance reconstruction of the damaged Kansai area.

Rebellion against Ozawa's high-handed, top-down style in the Hosokawa government partly motivated the formation of the Murayama coalition government. So inevitably the structure for making decisions in the Murayama administration (see fig. 2) was different to that used under Hosokawa.

First, the coordinating organs had larger memberships than those of the Hosokawa government—nearly twice the number. The Executive

Figure 2. Policy-making Structure under the Murayama Government



Committee—comparable to Hosokawa's five-member Party Representatives' Committee—comprised 11 members: three secretaries-general and representatives of suborganizations, including a representative of Upper House members. A Policy Coordination Committee—comparable to the policy section of the Secretaries' Committee under Hosokawa—was composed of eight members: three from the LDP, three from the SDPJ, and two from Sakigake. The Policy Coordination Committee, which reported to the Executive Committee through a Diet Affairs' Chairmen Committee, also had two subcommittees. One subcommittee was organized according to ministerial functions and the other was issue-based. Representatives of each party were involved in the steering groups, and the chairs rotated monthly.

The Diet Affairs' Chairmen Committee under the Executive Committee operated on the basis of consensus. It comprised 20 members—ten from the LDP, seven from the SDPJ, and three from Sakigake—although any Diet members from the three governing parties could

observe meetings. These organizational features were the result of SDPJ and Sakigake requests to make the decision-making process more democratic and transparent than it had been in the Hosokawa government. For the LDP, this type of arrangement was similar in organization and function—although broader—to that of its General Council. The LDP's General Council is recognized as being the arena in which important policy and political issues are discussed; it too operates on a consensus basis.

A second contrast between the Murayama and Hosokawa governments' styles of decision making has been alluded to already—namely, the role of consensus building in the process. In principal, no policy was discussed in the Executive Committee without the unanimous agreement of the Diet Affairs' Chairmen Committee. The committee of Diet chairmen thus served as the common decision-making body among the ruling parties. The pitfall of this practice, however, was the sacrificing of effectiveness in decision making. Not surprisingly, the Murayama government ended up shelving many controversial issues.

A third contrasting characteristic of the Murayama government with that of Hosokawa was that the style of decision making was bottom-up. With few exceptions, the Executive Committee served to authorize decisions made by lower organs. This bottom-up style gave lower-level bodies such as the subcommittees of the Policy Coordination Committee a tangible role in the decision-making process.

In terms of policy itself under the Murayama government, four points can be noted.<sup>2</sup> First, some adopted policies reflected the SDPJ's position, including that of Murayama himself, but they were limited. Examples include compensation for foreign "comfort women" who were forced to provide sexual services to Japanese troops during World War II, legislation for financial aid to families of victims of the 1945 atomic bombings of Hiroshima and Nagasaki, and compensation for victims of "Minamata disease," those who have been suffering from nervous system problems since a chemical company dumped mercury in Minamata Bay in Kumamoto Prefecture in the 1950s. But the impact of these SDPJ-initiated policies on the electorate was very limited. Also, in the case of compensating the comfort women, the Murayama government established a nongovernment fund for this purpose—which was the same strategy that the LDP followed. Yet the SDPJ took some initiative in handling the budget allocation for fiscal 1995, with spending on social welfare increasing 9 percent over the previous year.

Nevertheless, the overall framework of the budget remained untouched and several supplementary budgets had to be drawn up, so the SDPJ's impact on the budget was quite limited.

Second, the SDPJ underwent a few drastic policy conversions, reversing itself profoundly on some of its basic policies. Examples include recognizing the Self-Defense Forces as conforming with the Constitution, maintaining the security treaty with the United States, accepting the national flag and anthem, endorsing nuclear power plants, and raising the consumption tax from 3 to 5 percent.<sup>3</sup> These issues are not just relevant to the core ideology of the SDPJ, but are fundamental to national security and the national treasury. The process whereby these SDPJ policy stances were changed was quite unusual. An extraordinary SDPJ convention was held on September 3, 1994, where, in a violation of normal intraparty debate, the changes were effectively presented as accomplished facts. Considering the particular stress laid on democratic procedures in the three-party coalition government in reaction to Ozawa's heavy-handed style in the Hosokawa administration, the forceful way in which the SDPJ made the policy changes was very surprising. While it is true that the SDPJ had always played the role of objector and had never prepared itself to assume responsibility and power, the party's sudden about-face on certain policies—without legitimate deliberation and process—was problematic.

Ironically, the SDPJ's policy reversals enabled the settlement of controversial issues which were deadlocked from the era of LDP dominance. These included issues relating to the U.S.-Japan Security Treaty, utilizing Self-Defense Force planes for the relief of Japanese abroad, revising the Basic Law against Calamities, and the question of increasing the consumption tax.

The third characteristic of policy making under the Murayama government was the strong tendency to postpone making difficult or controversial decisions.<sup>4</sup> Instances from international relations include the issue of the right of collective self-defense and Japan's role in the case of a regional emergency, both situations associated with suspicions about a North Korean nuclear weapons program. In terms of domestic issues, decisions on restoring a balanced budget and administrative reform were both postponed. Overall, the Murayama coalition government did not tackle the serious issues for which quick responses were needed. The sole exception might be the decision to raise the consumption tax

to 5 percent from 3 percent, but this decision was in a sense more accepting something already set than taking the original tough decision.

A fourth characteristic of Murayama policy making was the way it imitated LDP methods. This included the practice of using certain types of influential nonpolitical deliberative and advisory organs. For example, a recommendation from the Tax System Research Council under the Prime Minister's Office was used to legitimate the decision to raise the consumption tax rate. Many other important issues such as economic deregulation and political decentralization were first discussed in these types of councils. While an actual situation required a fundamental innovation, the methods used to decide on policy were always biased toward maintaining the status quo.

Two other points should be made regarding the repetition of previously used methods for deciding policy. One concerns the tendency to react to pressures from the United States. It is quite revealing that economic structural reform was first pursued around the time of trade negotiations with the United States. The 1994 Basic Plan for Public Investment in terms of which ¥630 trillion would be spent in ten years to stimulate domestic demand was also influenced by requests from the United States.

The other aspect of the repetition is the excessive reliance on budgetary measures. A huge amount of public investment is dependent on government bonds and supplementary budgets, and the inclination to increase public infrastructure investment remains unchanged. Massive and sustained deficit spending suggests that the tendency to depend on budgetary measures is a quantitative problem as well as a qualitative one.<sup>5</sup>

In sum, the Murayama coalition government undertook very few SDPJ-inspired policy initiatives. If the Murayama government seemed to suggest that it managed legislation smoothly, it achieved this rather ironically by not putting forward its own policy proposals and by imitating LDP-derived patterns of governance. Indeed, the SDPJ totally renounced its own principles and committed effective policy suicide. Considering that the LDP had agreed unconditionally to join the SDPJ and Sakigake in forming the Murayama coalition government, this is surprising. Yet all three of the parties participating in the coalition compromised their principles in the process of forming a government together.

EVALUATION OF  
THE POLICY MECHANISMS

The biggest goal of the Hosokawa coalition was passing political reform legislation. The coalition spent so much energy on realizing this policy goal and on achieving its lesser aim of opening Japan's rice market that other issues were shelved. The Murayama government, on the other hand, developed a much better track record of passing legislation. But can this difference in success rates only be explained in terms of the structure of the two coalitions' respective policy mechanisms?

The first distinguishing characteristic of the actual policy process in the Hosokawa government is the role of Ozawa Ichirō. Ozawa, then secretary-general of the JRP, in fact led decision making in the coalition government. At least three reasons explain why Ozawa was so powerful in the Hosokawa administration.

First, Ozawa's initiatives led to the formation of the coalition government. His strategic groundwork was critical to the process that led to the successful formation of a coalition that excluded the LDP (Ishihara 1997). His insights and understanding were vital in knowing the inclinations of those in Sakigake, for example, who had the casting votes to form a coalition either including or excluding the LDP. Given the role he played in the genesis of the coalition, it is not surprising that Ozawa acquired such a predominant position within the Hosokawa government.

Second, Ozawa's close relationships with various members, including the executive members of the Kōmeitō and the DSP, were crucial resources. He had developed solid relations with Ichikawa Yūichi and Yonezawa Takashi, secretaries-general of the Kōmeitō and DSP respectively, during his years in the LDP. Also, most members of the JRP, who had followed Ozawa when he left the LDP, were still under his tight control. In addition, Ozawa had a large network of sympathizers—even among bureaucrats. Consequently, with his political experience and policy knowledge, Ozawa easily distinguished himself from the many amateurish politicians of the other coalition parties.

Third, the structure of the Party Representatives' Committee, the supreme decision-making body of the coalition government, helped Ozawa actualize and then project his power. Although eight parties comprised the Hosokawa coalition government, only five of the six

larger parties with seats in both the Lower House and the Upper House participated in the Party Representatives' Committee. A simple majority was needed to pass decisions in the committee so, with the support of Ichikawa and Yonezawa, Ozawa became the leader of the majority group within the committee. The fact that the Party Representatives' Committee was recognized as the supreme decision-making organ and that it effectively did not need to involve other bodies in policy making also constituted favorable circumstances for Ozawa. The status of the Party Representatives' Committee as the supreme decision-making organ therefore enforced Ozawa's dominant position in the ruling coalition, as did the fact that the presidents of the governing parties were effectively sidelined by being in the cabinet. Some contend that these arrangements were in fact intentional.

Ozawa's preeminent position in the Hosokawa government is confirmed by the observation that all important information was reportedly transmitted immediately to Ozawa when it was brought to the attention of Prime Minister Hosokawa.<sup>6</sup>

The second key characteristic of decision making in the Hosokawa government was its top-down style. Designating the Party Representatives' Committee to be the predominant decision-making body epitomizes this style. That bodies and procedures necessary for a bottom-up style of managing decisions were never introduced—or intentionally blocked from being introduced—is revealing.

The top-down tendency was particularly pronounced when the issue was important or controversial. In fact, the more important the issue and the more numerous the interest groups concerned, the fewer people were likely to be involved in policy making and the more obtuse the procedure. This was thought to be indispensable to policy innovation. Yet it was criticized—not only by Ozawa's opponents—as "secretive" and "despotic."<sup>7</sup>

In contrast, the decision-making style and procedures that the Murayama government followed were bottom-up. The subcommittees of the Policy Coordination Committee typically initiated the policy-making process, and the Policy Coordination Committee took decisions about what to pass to the next levels of decision makers, the Diet Affairs' Chairmen Committee and the Executive Committee. In this framework, those bodies that actually carried out the practical work and compiled the policy blueprints became influential.<sup>8</sup> Yet the Diet Affairs' Chairmen Committee, which had been expected to function

as the supreme decision-making organ, failed completely in its performance (Nihon Keizai Shimbun-sha 1994, 68–70). Its dysfunctionality showed eloquently how the most effective work is typically done lower down the hierarchy in bottom-up policy making.

Bottom-up decision making in the Murayama government had the collateral characteristics of being more democratic and more transparent than decision making in the Hosokawa administration. But the Murayama coalition government also had the politicians' affliction of postponing making difficult decisions or not making them at all. Part of the problem in this particular case was the four-decades-long rivalry between the SDPJ/JSP and the LDP, and their having completely opposite basic policies. Also, the bottom-up, consensus-building approach prevented controversial divisive issues from being passed up the hierarchy. Even though Prime Minister Murayama reversed core SDPJ policies on the security treaty with the United States, the Self-Defense Forces, and nuclear power plants, the SDPJ still adhered to many other policy stances that were essentially different to those of the LDP. The SDPJ, for example, did not completely alter its position on economic and financial policies. Many issues were shelved in the interests of maintaining the three-party coalition.

Surprisingly though, the Murayama government achieved a 100 percent success rate in terms of passage through the Diet of government-sponsored bills. This suggests that, in some respects at least, the coalition managed policy making extremely well. Perhaps success in this area had to do with the SDPJ's dramatic reversals in policy once it became a governing party and its chairman became prime minister. While the SDPJ/JSP had previously objected to government's policies, it suddenly found itself in the fundamentally different position of having to lead government policy making. Perhaps the coexistence of a smooth routine legislation process and the endemic postponing of addressing difficult issues was not contradictory, but rather the result of both the sudden shift in the SDPJ's basic policies and a change in its political strategy.

The second characteristic of policy making in the Murayama government was the important role that the bureaucracy played. In bottom-up decision making, the power of the top politicians is inevitably curtailed. Instead of strong leadership from either the prime minister or a party leader, bureaucrats who support and cooperate with the

bottom-up policy process can be very influential. Although the relationship between the bureaucracy and the governing party or parties can be detached due to the government changing, relations between the LDP's *zoku* politicians and sections of the bureaucracy were characterized by give-and-take during the era of LDP dominance. The SDPJ, however, was not experienced in governing, and the LDP was not used to negotiating openly with its political partners—LDP politicians were used to bargaining behind the scenes. As the governing parties were not accomplished in coordinating policy between them, bureaucrats were able to take the initiative, using their knowledge about policy and process. This helps explain the Murayama government's smooth handling of routine policies.

A final point about the Murayama government is the fact of the LDP gradually increasing its role and influence in the coalition. The LDP made fairly important concessions toward the SDPJ and Sakigake at the outset of the coalition. As their governing collectively continued, it became increasingly clear that the LDP members' long accumulated personal networks and knowledge of policy were crucial to helping manage the policy agenda.

### *TRANSFORMING THE METHOD OF CONDUCTING POLITICS*

In trying to understand the transformation from the Hosokawa government to that of Murayama, the preeminence of Ozawa is crucial. The personal style and views of Prime Minister Hosokawa had some influence on the political scene during his government. But more fundamentally, Ozawa's methods and views guided the way in which many important decisions played out.<sup>9</sup> Ozawa once explained, "Leadership means after all top-down. The responsibility of a leader is to determine for himself, taking into account the opinions of followers. That is democracy" (Ozawa 1996, 22). He also opined, "Once we choose a leader, we should entrust things to him. There is a mandated term. This makes democracy different to despotism" (quoted in "Ozawa Ichirō no" 1997).<sup>10</sup> In his view, a leader of a political group has to have solid will, a sense of responsibility, and the capacity to carry out what he thinks is necessary, in some cases even without sufficient agreement or consensus. In his view, the more people and serious interests are

involved in an issue, the more leadership is needed. The introduction of the national welfare tax plan suggests the influence of his views.

For one who had been at the center of LDP politics and policies for so long, the style of decision making Ozawa used in the Hosokawa government—the secretiveness and tendency to rely exclusively on close followers—was perhaps an attempt at policy innovation. Yet these radical methods had rather limited results. Regardless, the fact is that Ozawa's views and methods contrasted with the mechanisms previous LDP governments used (Satō and Matsuzaki 1986; Nonaka 1995).

The views and methods of the Murayama government were opposite to those of Ozawa and were very similar to those LDP governments cherished, with the stress on consensus building and avoiding top-down indiscretions. This style of governing evolved slowly for the LDP and, in the case of the Murayama government, emphasizing harmony and coexistence between and within the governing parties was clearly also effective.

The policy-making methods which evolved in the period of LDP governance could thus be said to have survived the challenge from Ozawa during the Hosokawa government and to have expanded their adherents to include the long-resisting SDPJ. The dynamics among the governing parties in the Murayama administration were different to those of *kokutai* politics, the complicated behind-the-scenes politicking and bargaining characteristic of the period of LDP dominance. But the principle of inner democracy, which the Murayama government insisted on, was long established within the LDP. So the shift from the Hosokawa government to the Murayama government symbolized a return to governance in the mold of the LDP.

It also normalized relations between the party that traditionally governed and those that were typically in opposition. That the Murayama administration was comprised of a coalition of parties had some unintended consequences for interparty relations.

First, the negotiating process leading to the formation of the coalition government was conducted more transparently than the usual intraparty bargaining among LDP politicians.

Second, a dynamic emerged which gave priority to maintaining the coalition. This dynamic kicked in when consensus building between the governing parties became difficult and the viability of the coalition was called into question. The threat of a coalition collapsing had not existed in the period of LDP dominance and, interestingly, the threat

of collapse during the Murayama administration resulted in the LDP yielding to the SDPJ on controversial matters in the interests of maintaining the coalition.

Within the LDP, the influence of *zoku* politicians with long experience of government was well established. Yet they found themselves without opportunities for influence in the Murayama government because the LDP had made so many concessions while negotiating the policy coordination structure. There were not many *zoku* politicians among the SDPJ—except in the fields of social welfare and labor policy—while Sakigake only had 25 deputies in total.

Maintaining the coalition at all costs also related to another aspect of political activities. In the period of LDP dominance, the discretionary power of factional leaders on personnel affairs was a kind of last resort for controlling party members as policy making became more pluralistic.<sup>11</sup> But once the presumption of LDP dominance was broken, and dissident members of the LDP left the party and succeeded in occupying the key posts in the new non-LDP coalition government, inner party control mechanisms based on personnel affairs ceased to function. Maintaining the coalition above all else was a sort of substitute for this mechanism and its logic served to integrate the coalition, both within and without the LDP. The chairman of the LDP's Policy Research Council obtained significant new influence as the leader of the Policy Coordination Committee.

Third, in areas such as welfare and health care, several experts belonging to the former opposition parties became very effective players in the policy process. For example, during discussions about establishing long-term care insurance, SDPJ members played very important roles.

Fourth, the SDPJ accepted the cumulative policies of successive LDP governments, finally abandoning its traditional obstructionist role. Now all parties—except the communists—were potential allies in government. This was not a bad thing in itself. But because the SDPJ/SPJ had reversed its policy positions so quickly and seemingly easily, the policy debate suffered. Indeed, there never was one, given the way in which the SDPJ changed policy. The lack of debate about the merits of existing policy was particularly regrettable as the LDP resumed its dominant position after the October 1996 Lower House election.

Finally, the New Party Sakigake behaved as a prototypical "policy-oriented political party."<sup>12</sup> Although party members did not succeed

in achieving sufficient of their policy objectives, they conducted their politics and pushed their policy programs clearly.

It is not clear whether these changes are transitional or enduring and whether they will entail structural or institutional transformation. But, along with the newly introduced electoral system, these factors will exert future influence on politics in Japan.

### CONCLUSION

As we discussed, the characteristics of the decision-making process under the Hosokawa non-LDP coalition government and the Murayama three-party coalition government contradict each other. Under the Hosokawa government, a group led by Ozawa tried to introduce a new top-down way of decision making which was different to that used by LDP governments. Although this new method succeeded in delivering the realization of electoral reform, it became a source of friction between the partners in the Hosokawa coalition. This antagonism fundamentally motivated the formation of the new LDP-SDPJ-Sakigake coalition in mid-1994. The new coalition stressed another way of conducting politics, which was an effective return to how the LDP had governed under one-party dominance. While the Murayama coalition government in some respects gave birth to a different logic and structure, in a more fundamental way it shared many characteristics with LDP governments.

That Ozawa was seen as a common political enemy is the first factor that explains the unprecedented LDP-SDPJ-Sakigake alliance. For LDP members, he instigated the breakup of the LDP when he left the party with many of his followers. For the SDPJ, he was an aggressor whose strategy could realistically split the party. Opposing Ozawa was pure power politics as he was trying to establish a way of conducting politics in Japan that seriously threatened the interests and status quo of the LDP as well as the SDPJ.

"Politics by consensus," which dominated the Murayama government, was reflected in intraparty LDP politics, relations between political parties, relations between the bureaucracy and political forces, and also in the political process vis-à-vis, for example, pressure groups. "Politics by consensus" was a prudent and conciliatory way of coordinating interests, building consensus, and gradually developing policies. As a result, as the LDP became increasingly predominant

since the 1960s, some opposition demands were already reflected in policies.<sup>13</sup> Policy coordination with opposition parties was thus institutionalized, even though this was done through behind-the-scenes *kokutai* politics.

Another aspect of "politics by consensus" under LDP governments was the important role the bureaucracy played with its legal knowledge, policy information, and regular contact with interest groups. Bureaucratic concurrence with the way in which the LDP made policy also explains how the Murayama coalition government continued LDP policies in such a strangely "natural" way.

Even for the LDP, conducting good politics with other potential and present coalition governing parties has been crucial. The subsequent importance of factional politics within the LDP has diminished since its period of dominance ended, and the rules of political competition and allegiance have changed fundamentally. Even though both the LDP secretary-general and the chairman of the Policy Research Council have obtained new resources due to their critical roles in maintaining coalitions, other party members have not yet recognized these power sources as legitimate. Power struggle in policy making has shifted from the closed arena within the LDP to the open space between the potential governing parties. The old order and the old political rules have changed radically, yet new integrating mechanisms have not formed.

#### NOTES

1. In contrast with Hosokawa and Ozawa, Takemura felt that the consumption tax should not be raised and that income tax should be reduced. Takemura is rumored to have had frequent contact with Mori Yoshirō and Mitsuzuka Hiroshi, both executive members of the LDP, so Ozawa and his allies were wary of him (Ishihara 1997, 100).

2. I am here indebted to Yakushiji Katsuyuki of the *Asahi Shimbun* for his classification of policies, although my categories differ somewhat from his (speech by Yakushiji Katsuyuki in Osaka on February 28, 1997).

3. On July 18, 1994, Prime Minister Murayama stated in a speech to the Diet that he would maintain the security treaty with the United States. In replying to opposition questions in the Lower House chamber, he then commented on the constitutionality of the Self-Defense Forces and suggested that both the Hinomaru (the national flag) and "Kimigayo" (the national anthem) had already taken root in the general public.

4. Mikuriya also discusses the problem of postponing decisions, but focuses on the weaknesses of politicians vis-à-vis bureaucrats (Mikuriya 1996).

5. The decision to commit ¥685 billion in public funds for the failed housing loan companies (*jūsen*) reflected this same tendency.

6. Interview with an anonymous bureaucrat who worked in the Prime Minister's Office during the Hosokawa administration.

7. This type of criticism was frequently made against Ozawa, and he and Ichikawa were often said to make decisions at some "unknown place outside the Diet." This way of involving only very few followers or high-ranked bureaucrats in decision making was also used by Tanaka Kakuei when he was minister of international trade and industry, especially in settling the textile trade dispute with the United States in the 1970s. See Ōtake (1979, especially the latter half of the third chapter).

8. As did the individuals involved. Katō Kōichi, then chairman of the LDP's Policy Research Council, distinguished himself as the leader of the Policy Coordination Committee and as a leading figure in the LDP-SDPJ-Sakigake coalition.

9. Takemura Masayoshi, then chief cabinet secretary and leader of Saki-gake, was another pillar of the Hosokawa government. He and Ozawa often disagreed with each other. For example, on security policy, Takemura was a dove. The antagonism of these two key personalities was problematic for the Hosokawa government.

10. Ozawa's "despotic" style brings to mind another phenomenon, that of domination by the Takeshita faction. The Takeshita faction was dominant within the LDP and it had much influence over personnel affairs in the party. But there is a difference between controlling personnel affairs and dominating decision making.

11. The main characteristics of the pluralism in policy making within the LDP were the sharing of information and the variety of represented interests at the lower levels. Yet this pluralism slowed decision making, especially when difficult problems crept up. So executive LDP members utilized a kind of threat about personnel matters. This combination of a pluralistic, decentralized decision-making mechanism and a centralized personnel system seems to be found in many postwar Japanese firms. See Nonaka (1995) and Aoki (1988).

12. By using the term "policy-oriented political party," the aim is to differentiate it from the single-issue movements of the 1970s. The basic difference between the two is that the policy-oriented party is always conscious of national politics as a whole.

13. The most impressive example of this would be in welfare policies. Yet it also does not mean that there were no adversarial policies toward opposition parties. Pursuing the privatization of the Japanese National Railways would be a good example of the latter.

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