“The Factions of the LDP: Saviour Turned Destroyer”

Jan Aleksander Enoksen

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Department of Culture Studies and Oriental Languages (IKOS),

University of Oslo

Summary

During the period of the so called "1955-system", which covers to bulk of the period analysed in this paper, and to some extent also after 1993, the LDP has been described as "a coalition of factions", factions which in turn have been described as "the root of all evil within the party". This thesis paper will explain how, and when this root was planted, and what made it grow.

This thesis presents a study of why factions developed within the Liberal Democratic Party (LDP) of Japan; how these factions gained immense power over the central institutions of the LDP; and how the power gained by these factions both hindered the development of the LDP's central organization and a sound ideological foundation for the LDP, while also making the LDP's rule contingent on certain conditions This thesis explains why the first presidential election in the LDP, conducted in 1956, set the LDP of on a path where the initial factions that had existed in the pre-merger conservative parties gradually gained increasingly stronger control over all of the important institutions of the LDP.

The focus of this thesis is on the Miki-premiership which lasted from 1974 to 1976, and the period when the LDP suffered an internal split and loss of Diet majority in 1993. The immediate post-war years, and the years between 1954 and 1956 are also been studied as the origins of both the Japanese electoral system and the LDP lay in these periods. The period between 1974 and 1976, and the period between 1989 and 1993 share many similarities: the Japanese economy suffered problems, the LDP was marred by scandals related to corruption and money politics, and there were incessant demands for electoral reform. Against this backdrop Kōno Yōhei lead a group of disgruntled LDP MPs out of the party in 1976 and formed the New Liberal Club in an attempt to split the LDP. He failed, and the LDP remained in power. In 1993, Ōzawa Ichiro defected together with a large number of LDP MPs and formed the Japan Renewal Party. The defections soon triggered a general election and the LDP lost its Diet majority, finding itself out of government for the first time since its creation. Why did the 1993-defectors succeed where Kōno had failed? What were the intraparty and interparty developments, between the mid-1970 and 1993? This thesis answers these questions by showing that the split of the LDP was a direct result of the institutional make-up caused by decades of factionalism.

The system spawned by LDP factionalism had been dependent on certain conditions for its endurance. Economic growth was essential as it was used for vote-seeking, and as it ensured the electorate's loyalty to the LDP, a divided opposition ensured that no viable alternative to the LDP emerged, and the Cold War meant that Japan was able to quickly join the capitalist free market system after the war, while it also made foreign policy almost irrelevant politically. As these conditions changed or disappeared the LDP factions proved unable to adapt, refusing to adopt political reform and ultimately losing power in 1993.

Foreword

This thesis is the end result of what started as a vague desire to study the reverse course and the impact it had on the burgeoning Japanese democracy. Initially the plan was to write about the Japanese labour unions, but after researching the immediate post-war years, my interest for the Liberal Democratic Party was piqued, and after further research into the LDP I became very interested in the LDP factions, and decided to make them the focal point of my research. The end result of that research is the thesis which you are holding in your hands right now.

The work on this thesis has been very fascinating, in particular the research into previous academic works published on the subject. In addition to a new insight into the LDP factions, and the intraparty organization of the LDP, I have also gained new insight into post-war Japanese history, and Japan's economic history. Working on the thesis has also given me many valuable lessons about what to do, and perhaps more importantly, what not to do when fixing to write an academic text of this length, and although the process has at times been frustrating and slow-going, the experience has overall been a delight; proving to be most educational, and providing ample opportunity to learn new things through trial and error.

I would like to thank all those who have exhibited a genuine interest in the LDP factions when I have delivered long soliloquies about their fascinating organization and immense importance, as well as those who have feigned an interest and listened patiently until the stream of words ceased to flow forth. I would also like to thank my academic advisor, Dick Stegewerns, who nudged me in the right direction when I was slightly off course, and who also provided the impetus for my interest in this subject with an off-the-cuff remark regarding the relationship between the LDP and the opposition parties, delivered at one of the seminars presided over by him. Finally I would like to thank my mother, who has supported me through in all my various endeavours over the years, and whose support has been indispensable for bringing me to where I am today.

Academic Advisor: Dick Stegewerns

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INTRODUCTION

This thesis will look at factionalism of the Liberal Democratic Party (LDP) of Japan between 1955 and 1993. I will analyse why this factionalism came into being in the first place; how the factions gained immense power over central institutions of the LDP; and how the power gained by these factions both hindered the development of the LDP's central organization and a sound ideological foundation for the party. This thesis will explain why the first presidential election within the LDP where the leader was elected based on factional consensus, conducted in 1956 (Leiserson 1968, p. 770), set the LDP off on a path where the initial factions that had existed in the pre-merger conservative parties gradually gained increasingly stronger control over all of the important institutions of the LDP. Under the so-called "1955-system" (Masumi 1988) the LDP was frequently described as "a coalition of factions" (Park 2001, p. 433), factions which have even been described as "the root of all LDP evils" by none other than the one-time (1974-76) leader of the LDP, Miki Takeo (Tsurutani 1980, p. 846). This thesis will also explain how, and when this root was planted, and what made it grow. The focus of this thesis will be on the Miki-premiership from 1974-76, and the period preceding the LDP's internal split, subsequent election loss, and loss of Diet majority in 1993. The immediate post-war years, and the years between 1954 and 1956 will also be studied as the origins of the Japanese electoral system and the LDP lay in these periods.

The three most widely cited causes of factionalism in the LDP: the structure of the Japanese electoral system (Kohno 1997, Ramseyer & Rosenbluth 1993), cultural determinism (Nakane 1967, Curtis 1988, Hoffman 1981, Scalapino & Masumi 1962), and the intraparty organization of the LDP leadership election (Thayer 1969, Crespo 1995, McCubbins & Thies 1997). These and other explanations, will not be presented in the introduction, but will be addressed through the course of this thesis. This thesis will draw on the work of Ellis Krauss and Robert Pekkanen as presented in their book *The Rise and Fall of Japan's LDP: Political Party Organizations As Historical Institutions*, published in 2011. Here they present a multi-causal explanation for LDP factionalism using historical institutionalism, and accordingly I will present the theory of historical institutionalism in this introduction. Although the thesis will draw on their findings, particularly regarding the state of the intraparty institutions of the LDP in the period immediately preceding its fall from power in 1993, I disagree with their interpretation of the relationship between electoral reform and restructuring of the LDP factions. As I will argue in the conclusion of this thesis, the intraparty structure of the LDP had become unsustainable by 1993, resulting in its break-down and the reform of the Japanese

electoral system. Electoral reform was thus not the impetus for institutional change. It was institutional change that produced electoral reform.

As the title of this thesis "the Factions of the LDP: Saviour Turned Destroyer" indicates this thesis contends that factions have in fact fulfilled both positive and negative roles in the party. José Antonio Crespo (1995), for example, focuses on the democratic aspects of factionalism, and regards the factions as having been an important bulwark against authoritarian tendencies within the LDP leadership. This view is interesting as it is a rarely heard voice espousing the positive aspects of LDP factionalism. Most works on LDP factionalism tend to focus on the money politics and close connections between business leaders, bureaucrats, and politicians that it spawned. Clearly factionalism contributed to money politics, structural corruption etc., but would the LDP have survived had it attempted to reform its intraparty structure which was created by factionalism? And would the merger that resulted in the LDP's foundation have succeeded had the factions not been allowed to form? The research indicates that it would not, and this thesis will attempt to illustrate why, by explaining the form of factionalism which developed in the LDP, and the way in which it developed. This thesis will also explain why the factionalism of the LDP ultimately caused its admittedly temporary downfall.

The period between 1974 and 1976 and the periods between 1989 and 1993 share many similarities: the Japanese economy suffered problems, the LDP was marred by scandals related to corruption and money politics, and there were incessant demands for electoral reform, yet these periods produced different outcomes for the LDP. Why was this? In order to answer the proposed research questions: "*Why did the reformers who split from the LDP in 1993 succeed where the would-be reformers of 1976 failed? What changes occurred between 1976 and 1993 inside and outside the LDP?*" this thesis will conduct research into the development of factionalism inside the LDP, focusing on the period between 1945 and 1993. This thesis will attempt to show that the split of the LDP was a direct result of factionalism.

For thirty-eight years the LDP had retained power, by forming majority governments, or by forming coalitions with other conservative parties, making it one of the most successful political parties in any democratic country after the Second World War. Understanding how this success was possible is surely of interest to all who have even the most fleeting interest in political science, and should be of interest to anyone who wants to understand Japanese politics, and maybe even Japanese society, as the LDP greatly shaped the Japan we see today, and still continues to be a major political force in Japan. This topic is also interesting seen from a Scandinavian perspective as both Norway and Sweden had parties, the Labour Party

and the Social Democratic Party respectively, that enjoyed great support and consistently formed governments for long periods during the post-WW2 period through to the end of the Cold War. In contrast to these Scandinavian parties however, the LDP experienced frequent leadership changes and was greatly internally unstable despite consistently winning general elections. In Sweden, governments lead by the Social Democrats ruled for all but 5 years between the end of the Second World War and the end of the Cold War, and in this period it had only three leaders. In Norway the Labour party did not rule with the same stability as the Social Democrats in Sweden. The Labour party found itself out of power for a total of 13 years during the 46 year period in question, it did, however, have a mere five leaders in the same period. The LDP, on the other hand, ruled virtually alone from its foundation in 1955 and the end of the Cold War, but had fourteen different leaders. This thesis will illustrate how this instability in leadership was compatible with stability in government for such a long time, and why this stability, or the causes of it, i.e. the factions, in the end caused the LDP to lose power in 1993.

Thesis Structure

This thesis will focus on the period before electoral reform, in particular certain "critical junctures", deemed to be crucial for the LDP's development. By explaining the options available, and the actions ultimately pursued by the political actors at these junctures, this thesis will explain why the LDP institutions developed in the way they did, and why the LDP was able to retain power for decades. This will be done by using the framework of historical institutionalism. Especially important for this thesis are the themes of path dependency, sequencing, and institutional complementarity, as used by Krauss and Pekkanen, as well as the concept of critical junctures as defined by Capoccia and Kelemen (2007).

This thesis will consist of three chapters describing a number of critical junctures in the history of the Japanese electoral system and/or the LDP, as well as any relevant events which occurred in between these junctures.

The first chapter will chronicle the early post-war period, explaining the origins of both the Japanese electoral system and the LDP. This chapter will in essence explain the path which produced the LDP, and the path upon which the factions of the LDP embarked in 1956 with the election of Ishibashi Tanzan (Leiserson 1968, p. 770). The 1956 election was the first instance in which the factions reached a compromise as to who they should elect prior to the actual election held at the national convention, and this way of electing a leader subsequently became informally institutionalized. This resulted in the factionalism that the LDP struggled

with for the next thirty-seven years, at least. A look at the pre-merger origins of various LDP institutions, as well as an overview of the most frequently found explanations for the existence of these institutions; will also be presented in this chapter.

The second chapter will describe the first major critical juncture faced by the LDP factions between 1974 and 1976. This thesis will argue that the changes which occurred in this period, although small in the larger scheme of things, further exacerbated already existing trends, and that the causes for the 1993 split can be traced back to these changes. An overview of the development of the LDP institutions following the merger in 1955 and up until the end of the critical juncture in 1976 will also be given in this chapter, as well as an explanation for why this was the first critical juncture encountered by the LDP.

The third, and final, chapter will look at the period from 1989 until the LDP lost power in 1993. This period was also a critical juncture or actually a series of junctures which occurred in quick succession, and the similarities between this period and the period of 1974-76 were many, but this time dramatic changes actually occurred. Why? The thesis will answer this question. The development of the LDP institutions after the changes which occurred in 1976 will also be explained in detail as this is crucial to understanding why the LDP lost power.

Theoretical Framework

Having explained the purpose of this thesis, an explanation of the theoretical framework employed, as well as a justification for why this framework has been chosen is in order. First, a brief explanation of historical institutionalism will be provided, followed by a justification for why historical institutionalism, rather than for example rational choice institutionalism, has been chosen for this thesis. The part dealing with historical institutionalism will also include a clarification of some of the core concepts that will be used in this thesis, and will be concluded with a short explanation of theories pertaining to factionalism that have influenced this thesis.

Historical Institutionalism

"Historical institutionalists have carved out an important theoretical niche at the middle range that explicitly focuses on intermediate variables order to integrate an understanding of general patterns of political history with an explanation of the contingent nature of political and economic development. As an alternative to broad and often abstract Marxist, functionalist, and system theory approaches, historical institutionalism provides an

approach to the study of politics and public policy that is sensitive to persistent cross-national differences. As a corrective to narrow interest-group theories, the institutionalist perspective illuminates how historically evolved structures channel political battles in distinctive ways on a more enduring basis. And most important, by focusing on institutions that are the product of political conflict and choice but which at the same time constrain and shape political strategies and behaviors, historical institutionalism provides a framework for directly confronting the central question of choice and constraint in understanding political life" (Steinmo, Thelen, & Longstreth 1992, p. 27-28). In other words, historical institutionalism is not an attempt to formulate broad theories which can be applied to any political, or other, context, but rather an approach which attempts to look at the specific context within which a certain political and/or economic development occurred to try to understand why certain institutions developed to perform the roles they performed. Historical institutionalism is not a broad theory which looks at macro level institutions such as class, neither is it primarily interested in the smaller elements of which society consists. Historical institutionalism is well suited for this thesis which will attempt to explain the effects of LDP factionalism on both intra- and supraparty institutions in the period between 1955 and 1993.

Kathleen Thelen and Svein Steinmo (1992, p. 2) explain that historical institutionalists attempt to illuminate how political struggles are influenced by the institutional setting in which they unfold. Although the definition of institutions is a matter of some debate in the literature, those generally regarded to be of relevance cover "the whole range of state and societal institutions that shape how political actors define their interests and structure their relations of power to other groups. Thus, clearly included in the definition are such features of the institutional contexts as the rules of electoral competition, the structure of the party systems, the relations among various branches of government, and the structure and organization of economic actors like trade unions" (Steinmo, Thelen, & Longstreth 1992, p. 2). As the purpose of this thesis is to study the influence of the electoral system employed both for the LDP leadership election, and the Japanese electoral system, this definition is well suited.

Historical Institutionalism vs. Rational Choice

According to Steinmo and Thelen (Steinmo, Thelen, & Longstreth 1992, p. 5-7) historical institutionalism, together with another institutionalism based on the rational choice perspective, was a response to "interest group theories" and Marxist analysis which were seen as inadequate in explaining cross-national differences in nation states with common

challenges and pressures. These "new institutionalisms" originated in the 1970's and attempted to explain these differences by emphasising the importance of mid-level institutions and the role these played in defining the possibilities and limitations of political actors. These new approaches emphasised the relational aspects of institutions, looking at how institutions interacted in reality, rather than how they were characterized formally. They also emphasised how institutions both shape the objectives of political actors and the distribution of power amongst them. This insight is, again, of relevance for this thesis, as factions will be explained in relation to the other institutions of the LDP, such as the *kōenkai* and the Policy Affairs Research Council (*Seimu Chōsakai*), as well as other political institutions outside of the party.

There are, however, certain fundamental differences between historical institutionalists and rational choice institutionalists. Differences which make historical institutionalism better suited for the purposes of this thesis. Whereas rational choice institutionalism sees institutions as something which restrains the choices available to political actors, historical institutionalists regard institutions as a more important feature in-and-of itself. In contrast to rational choice theorists they do not regard humans as "all knowing rational maximizers, but more as rule-following satisficers" (Steinmo, Thelen, & Longstreth 1992, p 8). This means that actors will often *not* make choices that are necessarily the ones that offer a maximum of benefits to themselves, but rather allow events to unfold in their own course, provided that their interests are satisfied. In these situations the events which unfold will be greatly influenced by the institutions in which they occur. The core difference, according to Steinmo and Thelen, between the different schools of thought is found in their view on preference formation. Rational choice institutionalists see preference formation, or put more simply motivation, as being simply based on self-interest, and thus not influenced by the institutions within which actors operate. Rational choice is thus predicated upon the assumption that political actors are rational and act out of self-interest. Historical institutionalists, on the other hand, argue that both the strategies adopted, and goals pursued by actors are influenced by their institutional context. Therefore historical institutionalists attempt to explain the preferences, goals and strategies available to political actors based on their institutional contexts, rather than assume that self-interest is the driving force. This assumption means that institutions can greatly limit, or expand the scope of action available to political actors, a fact not lost on these actors. The organization of institutions can therefore become the object of political struggles, with wide-reaching consequences. This view does not mean that self-interest is not regarded as important, but that it is equally important as other factors, rather than the sole factor (Steinmo, Thelen, and Longstreth 1992, p 7-9).

The reason why historical institutionalism has been chosen rather than rational choice for this thesis is primarily the more nuanced view adopted toward preference formation. By examining the institutional context within which choices were made, one is able to provide more coherent explanations for which goals were in fact available, and why certain strategies were adopted in pursuit of these goals at different periods in time. There has, however, been criticism, claiming that historical institutionalism is nothing more than storytelling (Steinmo, Thelen, and Longstreth 1992, p.12). If one is basing all one's assumptions on one's analysis of the goals, strategies and preferences of political actors, one has to interpret the data and provide justifications for these assumptions something which requires explanation and narration. This process produces results that are invariably more contentious than what is the case when one simply assumes that self-interest is the motivation for all choices, but there are also advantages to this approach. Although some losses can occur with regards to objectivity, historical institutionalism makes up for this by providing a more thorough understanding of how the preferences of the political actors are formed by the institutions within which these actors operate. As this thesis studies political actors it will look at the influence of the institutional structure on these actors preferences with regards to their vote-, policy-, and office-seeking efforts.

Core Concepts

Krauss and Pekkanen rely on three core concepts in their explanation of the development of the LDP factions: institutional complementarity, path dependence, and sequencing (Krauss & Pekkanen 2011, p. 26-28).

The first concept, institutional complementarity, refers to the situation when the institution being studied is being influenced by other institutions, their interconnectedness causing mutually reinforcing effects. This means that the success of an institution may well be attributed, at least in some part, to the way in which it interacts with other institutions. This is particularly interesting when studying the factions of the LDP, as these were highly dependent on other institutions for their enduring success, for example the *kōenkai* and the electoral system, and also contributed greatly to the success of these other institutions. By understanding how the factions influenced and were influenced by other institutions, one is able to understand what preferences, strategies, and goals were available to the political actors acting inside of the LDP various points in time.

Secondly, we have path dependence which is also referred to as increasing returns, negative externalities, or positive feedback. To understand institutions one must "go back and

look" and trace the developments of institutions along a path (Capoccia & Kelemen 2007, p. 352). The central notion of this concept is that positive feedback is generated for those who have embarked on a particular path, and that this feedback makes it increasingly difficult to diverge from the path. Pierson has written: "[i]n the presence of positive feedback, the probability of further steps along the same path increases with each move down that path. This is because the relative benefits of the current activity compared with the once-possible options increases over time. To put it a different way, the costs of switching to some previously plausible alternative rise" (Pierson 2004, p. 21). Path dependence goes a long way in explaining the ever increasing influence of the factions over the LDP. Having gained control over the leadership election in 1956, the factions experienced increasing returns by consolidating their power over this institution, and were motivated to retain the control over the election process. This, in turn, greatly contributed to the way the intraparty institutions of the LDP developed.

The third concept, sequencing, is somewhat similar to path dependency. Sequencing posits that once some decisions are made, and some paths are embarked upon, these paths may generate positive feedback and thus make it increasingly difficult to alter course. Sequencing focuses on the sequence in which events take place, and the subsequent way in which this determines the options of political actors, and the viability of actions or decisions available to them. Sequencing is also important when understanding the development of factionalism. One concrete example is the botched attempt in the late 1970s at including membership participation in the LDP leadership election by expanding the suffrage to all LDP members. Due to the power and wealth of the factions they were able to retain control of the decision making process (Tsurutani 1980). Had this attempt at mass membership participation in the leadership election process come at a time when the LDP factions were less powerful the outcome could conceivably have been different, and the LDP might have embarked upon a different path. Sequencing is also important when understanding why the two critical junctures studied in this thesis produced different results. The end of the Cold War, among other things, had not yet occurred at the time of the first critical juncture for the LDP factions between 1974 and 1976. If it had, it is conceivable that this period had resulted in some of the same changes that occurred in 1993.

Krauss and Pekkanen explain that one of the reasons they decided to conduct a study on the origins and development of the LDP's intraparty institutions was the tendency of previous research to be actor-centred. Much research has been done founded on the notion that institutions which serve a purpose exist because they were created by political actors to

serve this specific purpose. According to Krauss and Pekkanen this notion is unfortunate for two reasons. First, it assumes that institutions were intentionally created to serve the purposes which they serve at the moment in time when the research is conducted. This assumption overestimates the ability of political actors to know in advance what the results of their choices will be, while it simultaneously underestimates the strength of the constraints which the institutions impose on these actors. There has also been a tendency for this research to set out with the preconceived notion that the roles performed by the institutions at the time of research are the roles that they have, and will always, perform. This has caused researchers to disregard evidence which is not supportive of their conclusions. It has also resulted in research that does not recognize the volatility of institutions. An institution does not necessarily perform the same role at all times of its existence, nor is it necessarily the intentional creation of political actors. Institutions can change to serve various functions at times of need, and will often be the result of the constraints placed on political actors by other institutions (Krauss & Pekkanen 2011, p. 7, 10, 26). To avoid these tendencies, Krauss and Pekkanen have employed the previously mentioned core concepts of historical institutionalism: institutional complementarity, sequencing and path dependency, this approach will also be adopted for this thesis.

The thesis will, however, be more than a rehashing of the arguments provided by Krauss and Pekkanen, and will provide further insight into the origins and development of the LDP factions and, in particular, to the state of the factional make-up at the time of party dissolution in 1993. To this end the concept of critical junctures, as used by Capoccia and Kelemen (2007), will be employed. This concept is not used by Krauss and Pekkanen in their book. It is however a concept which attempts to further the understanding of institutions by looking at so called critical junctures, meaning moments in time when otherwise stable institutions are brought into a state of instability. Critical junctures are the points in time when the path dependent processes which are so important in historical institutionalism begin (Capoccia & Kelemen 2007, p. 342). As explained by Pierson "[j]unctures are 'critical because they place institutional arrangements on paths or trajectories, which are then very difficult to alter" (2004, p. 135). Capoccia and Kelemen emphasize that critical junctures are periods in which wide-ranging change is possible, but not necessarily occurs. Re-equilibration and a return to the pre-critical juncture status quo can also be the result (2007, p. 352). This is what happened at the critical juncture between 1974 and 1976 studied in this thesis. The LDP experienced great upheaval and change was readily available, but in the end the institutions

re-established their footing, and little actually changed, although the minor changes that did occur would prove to be ruinous in the long run.

Capoccia and Kelemen define critical junctures as "relatively short periods of time during which there is a substantially heightened probability that agents' choices will affect the outcome of interest. By "relatively short periods of time," we mean that the duration of the juncture must be brief relative to the duration of the path-dependent process it instigates. By "substantially heightened probability," we mean that the probability that agents' choices will affect the outcome of interest must be high relative to that probability before and after the juncture" (2007, p. 348). As this thesis will deal with critical junctures spanning years that yielded decades of results, their definition should be well suited.

One other important thing which must be mentioned with regards to critical junctures is the fact that what constitutes a critical juncture for one institution, might not constitute a critical juncture for another (Capoccia & Kelemen 2007, p. 349). This is particularly relevant for this thesis because it is important to remember that what was a critical juncture for the electoral system, was not necessarily a critical juncture for the LDP factions or the LDP, and vice versa. That being said, the junctures studied in this thesis were most likely critical junctures for all of the institutions researched, and all changes affected both the electoral system and the intraparty institutions of the LDP.

Factionalism

Despite the fact that this thesis will be a study of factions and factionalism, it will not rely heavily on theoretical frameworks developed for the study of factionalism. The reason for this is two-fold. First, the thesis will not be a comparative analysis of the LDP factions and those in other Japanese or foreign parties. Second, the LDP factions were highly uniform. There existed a limited number of factions that were not based on the personal relationships of the members in the LDP, but these never accrued much in the way of power and were of negligible importance. The factions that consistently retained and consolidated their power in the party were the ones founded on the personal relationships of the members (Park 2001, p. 433).

However, as factionalism is the focus of this thesis it is appropriate to give an, however brief, introduction of theories regarding factionalism. This thesis uses Alan Zuckerman's definition of factions, which is also suitable for the factions of the LDP: "I define a political party faction as a structured group within a political party which seeks, at a minimum, to control authoritative decision making positions of the party. It is a ‘structured

group' in that there are established patterns of behavior and interaction for the faction members over time. Thus, party factions are to be distinguished from groups that coalesce around a specific or temporarily limited issue and then dissolve" (Zuckerman 1975, p. 20). Zuckerman distinguishes these groups, also dubbed, "factions of interest", from "factions of principle" which are factions that centres on a certain policy objective. These definitions are more or less perfectly adoptable to the case of the LDP factions, which most definitely were factions of interest rather than factions of principles. The so called study groups (*kenkyūkai)* and *kondankai* of the LDP can be said to have shared traits with the latter, but these were never a serious arena for policy making, nor vested with any real political power. Kim Eric Bettcher's further elaboration on the clientilistic nature of factions is well suited if one wants to understand the LDP factions, and also provides some insights into the reasons for the gradual instability of the factions caused by the retirement of their original founders from political life: "clienteles have a pyramidal structure built up from patron-client relationships. In a political party, clienteles organize vertical relations among elected politicians and party officers, and these relations may extend outward and downward into different levels of government and party organization. The relationships—and thus the overall structure—are maintained through exchanges among individuals at different levels. Lower members (clients) deliver votes to their superiors (patrons), and in exchange receive selective incentives such as money, jobs, and services. . . . Members join and remain in the clientele for particularistic, self-interested reasons. Continued membership in the clientele also depends on an ongoing relationship with a particular patron. Consequently, clienteles are not firmly organized and become vulnerable to collapse if key patrons are lost" (2005, p. 343-344). This definition also helps to explain the incentives that the individual LDP MPs had for joining factions and why factions persisted over time. By delivering their votes to a factional leader (patron) when the party elected its leader, an individual LDP MP (client) was able to receive intraparty promotions, Cabinet posts, endorsements at election time and, most importantly, campaign funding.

Although this is a very brief introduction of factionalism, it should be sufficient for the purposes of thesis. The main thing I would like to emphasize is that the factions which had power in the LDP were factions of interest, or personality-oriented (Olsen 1979, p. 258), and that this heavily influenced the way in which factionalism developed in the LDP and the way in which this factionalism influenced other institutions both inside and outside the party.

CHAPTER ONE:
THE HUMBLE ORIGINS OF A POLITICAL MACHINE

[T]he emergence of the LDP in 1955 had its origin in the "reverse course" policy of the post-WWII occupation-period. […] The socio-ideological perspective touting a fundamental shift in Japan's underlying societal and ideological configuration toward the US led liberal camp did not precede the 1955 system as evident in the resurrection of the JSP as well as the Japanese attitude toward alignment.

Yong Wook Lee, 2004 (p. 402)

Although the main purpose of this thesis is to understand the developments within the Liberal Democratic Party between its formation in 1955 and its split and subsequent election loss in 1993, the events in the post-war years, especially the establishment of the single non-transferable vote, multimember district electoral system is highly relevant for this thesis and will therefore be dealt with in this, the first, chapter. As the Cold War is a factor which will be used to explain how both the LDP and the other Japanese political parties developed in the period in question, an explanation of the influence of the Cold War on the burgeoning Japanese democracy, manifested particularly in the so called reverse course, is also required, and will be presented in this chapter. This chapter will then look at the LDP institutions around the time of the merger, and finally explain why the post-war years contained critical junctures both for the LDP and the Japanese electoral system.

Japan Between 1945 and 1956

SCAP and the Reverse Course

This thesis will examine how the development of the Cold War world order, with its polarization between the Capitalist West lead by the United States on the one side and the Communist East, led by the Soviet Union on the other, would come to greatly influence the post-war political development in Japan. The influence of the Cold War on Japanese politics in particular, and society as whole in general, can best be seen in the so called reverse course which the Occupying forces led by the United States embarked upon in 1947-48. As this thesis is primarily a study of the factions of the LDP, and although the reverse course certainly had an impact on these factions, this thesis will not attempt to contribute anything new regarding the causality behind the reverse course, as this would be a topic of better suited for its own thesis. Therefore this thesis will simply contain a summary of the most common

arguments for why and how the reverse course occurred and how this affected Japanese politics, as presented by Yong Wook Lee in his paper *The origin of one party domination: America's reverse course and the emergence of the Liberal Democratic Party in Japan* (2004). Lee's overview of the discussion regarding the reverse course, and his own arguments and conclusions, serve to back the argument which will be presented in this thesis regarding the Cold War's impact on Japanese politics.

Lee argues that the emergence of the LDP can be traced back to the post-war occupation period, specifically the reverse course, a period in which policy-makers in the US abandoned their more radical democratic ideals and reforms. This policy change led to the emergence of the LDP, as well as the decline and subsequent resurrection of the Japan Socialist Party (JSP) (2004, p. 371). These two parties would be the two major players in what is often referred to as the *1955-system*, a moniker that will be used sparingly in this thesis as it is seen as an over-simplification of a very complicated period, and which when used will simply refer to the period between 1955 and 1993.

In his paper Lee presents a historical overview of the emergence of the Japanese electoral system which was established in 1947 and which remained largely unchanged until 1993. Lee proposes that one should regard the US occupation, which lasted from September 2, 1945 to April 28, 1952 as being divided into two distinct phases; the first running from the start of the occupation until October 1948, the second from the end of 1948 until the end of the occupation in 1952. The reverse course was embarked upon in late 1948 and resulted in the US adopting vastly different policies in Japan than it had done previously (Lee 2004, p. 375-76). According to John Dower, the Occupation force's policies during the initial phase of the occupation had been founded on the notion that the repressive structure of Japanese society had created a "will to war" and that wide-reaching democratization and demilitarization, resulting in a democratic state with a thriving middle-class would curb this will (1993, p. 155-169). On October 2, 1945 the General Headquarters (GHQ) of the Supreme Commander of the Allied Powers (SCAP) was set up and put under the leadership of General Douglas MacArthur. The initial directives for democratization issued by SCAP before the end of 1948 were "extensive, progressive and somewhat revolutionary even from a Western perspective" (Lee 2004, p. 376). Those deemed to be responsible for the war were brought to trial; vast purges of some two hundred thousand nationalists were conducted; land reforms aimed at ending feudalism were passed; labour unionization and the right to strike was promoted; and a variety of economic policies aimed at dismantling the structures responsible for causing and sustaining the war were passed before the years end. Political reforms

decriminalizing the Communist party, and reforms aimed at promotion of grass-roots democracy were also implemented (Lee 2004, p. 376-77). The seed of what was to become a divisive political issue for decades to come, and which is still unresolved at the time of writing, was sown with the inclusion of Article 9 of the constitution, which renounces the right of Japan to wage war (Lee 2004, p. 377). The inclusion of this article would both divide the conservative parties before the 1955 merger, and continue to divide the conservatives and the opposition in the decades to come, although its saliency as a political issue would differ greatly during different periods of time. The political climate at the time was described by Ashida Hitoshi, who participated in the founding of the Democratic Party, and was the leader of the second post-war coalition government with the Socialists in 1948, as such: "[t]he Socialist and Communists in the radical camp plead for "revolution", the former for "bloodless revolution", whereas the conservative camp advocates "renovative" policies. Policy differences between the Socialists and the conservatives are not apparent. In a year and a half after our defeat in the war the two governments that belonged to the conservative camp have accomplished most of the policies that would have been carried out by a revolutionary government in Europe and America" (quoted in Tsuzuki 2000, p. 346).

Considering this apparent harmony, what prompted the Occupation forces to do an about-face and reverse its previous, seemingly successful, reforms? To quote Lee "[w]hat induced the US government to run the "reverse course" that jettisoned many of its more radical democratic ideals and reforms characterizing its initial occupation period? […] Why did the US government or SCAP shift its emphasis from political reform to economic reconstruction?" (2004, p. 378). As explained by Lee, there are three contending explanations for what motivated the reverse course. The "standard view", represented by former US ambassador to Japan Edwin Reischauer and others, is that the reverse course was a move by US policy makers to shore up already completed reforms by strengthening the economy, and that the "loss of China" and the Cold War played a lesser part. The other side is represented by "revisionists" such as John Dower and Howard Schonberger who argue that the Cold War, and the emerging crisis for the capitalist nations in their struggle against the communists, was the main impetus for the reverse course. Lee explains that the two school's views are largely derived from their opinions regarding the state of progress of the already implemented reforms (2004, p. 378). Before delving into a recapping of the arguments presented by the two sides, it would be prudent to point out that this thesis is written on the basis that the so called revisionists version of events is the correct one, and that the reverse course therefore is highly important if one wishes to understand both the origins, and subsequent development of the

1955-system as it was motivated by a desire to change course, regardless of how this would affect previous reforms.

Lee explains that the first school regards the initial stages of the Occupation's democratization of Japan to have been largely successful, and that this in turn influences the way in which they regard the reverse course. Reischauer regarded the policy maker's shift of focus to economic policies as a natural progression as he deemed the initial reform program to be nearing completion. He also regarded the strengthening of the economy as inevitable if the reforms were to gain foothold and endure. Reischauer saw the successful adoption of the new constitution and its empowering of the Diet, as well as its emphasis on guaranteed civil rights as the cornerstone of reform. He saw the continued dismantling of the *zaibatsu*, large industrial combines, which were regarded as having been integral to the Japanese war machine, as unnecessary, and detrimental to economic growth (2004, p. 378-79).

The revisionists on the other hand, believe that the post-war reforms were some way of resulting in the complete democratization of Japan. Dower contends that the US, by 1950, were openly allied with anti-reformist elements that both opposed dismantling of *zaibatsu* and proselytized a ban on labour unions for public servants, despite the fact that many sectors of Japanese society had been developing their political awareness following the initial reforms introduced by the Occupation authorities. Dower argues that the consequence of these alliances was the abandonment of initial reforms, and that the reverse course was the Occupation authorities' acceptance of the fact that the *zaibatsu* and monopoly capitalism represented the way forward (Dower 1993 in Lee 2004, p. 379). Howard Schonberger sees the Occupation authorities' actions as even less benevolent than Dower. Schonberger regards the reverse course as being a part of the US attempt at building a dominant position in the international economy in which Japan is linked to the "US-dominated capitalist system". Schonberger sees the reverse course as the US attempt at re-establishing social control to a pro-American capitalist class. To achieve this goal the US was willing to restore the Japanese capitalist class in order to ensure a conservative government, and also regarded containment of the Socialists as essential (1989, p. 175-189).

The third school of thought, which aims to be a middle position between the two aforementioned extremes, is one that regards the reverse course as an adaptation of US policy to a deteriorating international situation for the US in the late 1940's which resulted in some kind of reverse course, but which did not cause the reversal of previous reforms (Williams 1988, 184). Proponents of this theory disagree with the so called revisionists in that the reverse course was a policy for discarding implemented reforms, and rather see it as a part of

a larger trend which saw the US enact policies aimed at responding to international events such as the victory of the Communists in China, the Korean War, and the menace of Soviet-backed communism and other highly active leftist movements in Japan (Schaller 1986). They thus regard the reverse course as being motivated by the desire to keep Japan from turning left, entering the Soviet sphere and becoming a tool of Soviet aggression. The safest way of ensuring this was by bolstering the Japanese economy, while also suppressing leftists in Japan. Suppressing the left while strengthening the economy would create a strong capitalist Japan which would provide a bulwark against communism in Asia following the fall of China to the Communists. Proponents of this theory also contend that further dismantling of the *zaibatsu* was not needed as most of the larger *zaibatsu* had already been through this process. Lee summarizes this "third position" as seeing the reverse course as a part of US global foreign policy, and a changed US position of financing the cost of the occupation of Japan (Lee 2004, p. 380-82). The difference between the so-called revisionists and the middle position of the third school of thought appears to be mainly with regards to what they judge to have been the US' motivation for reversing the course, rather than any fundamental difference of opinion regarding the subsequent policy changes and actual results.

Without necessarily fully committing to all of the arguments presented by any one of these schools of thought, this thesis will be based on the notion that the reverse course caused the US to abandon its aims of vast and radical social and political reforms in Japan, in favour of strengthening Japan's economy in an attempt to secure a strong capitalist outpost in East-Asia, and that this greatly influenced who they perceived as suitable for leadership of the country. Basically the thesis will be founded on the notion that the US regarded a Socialist government in Japan as unacceptable, at least, during the initial stages of the 1955-system, and that this view was shared by most of the Japanese political elite, at least until the end of the Cold War. Whether or not this view was shared by the majority of the populace is unclear, but the strong post-war support of the JSP suggests that the populace was more positively inclined toward socialist policies than the elites.

The ramifications of the reverse course were far reaching and long lasting. Pro-labour legislation was watered down after several strikes; economic democratization was scaled back in 1949, effectively ensuring the survival of many *zaibatsu*; and the financial structure remained largely untouched although there had been proposals to democratize it. Lee credits the latter move as having laid the foundation for the "developmental state" and the Japanese economic miracle (Lee 2004, p. 382). The pre-war bureaucracy remained largely intact due to the Occupation force's need for an instrument with which to implement its indirect rule; and

several previously purged individuals were let back into the fold after the reverse course. Lee states that all of these moves helped the old conservative elites to regain or retain their old positions of power in economic and political life, at the expense of the liberals and progressives which had thrived during the first couple of years of the occupation. The so-called "red purge" between 1949 and 1950 when twenty-two thousand leftists were fired from the public and private sector is perhaps the most poignant example of this, particularly as it coincided with the removal of "political extreme right as a purge category" (Lee 2004, p. 383). Baerwald states that the shift in occupation policy had "the ultimate effect of switching the objective of the purge from removing militarists and ultranationalists to removing Communists and their sympathizers" (1977, p. 99).

The Political Impact of the Reverse Course

The immediate post-war year produced five political parties. First, the Japan Socialist Party was established in 1945 by leaders of all the non-communist leftist parties. Second, Hatoyama Ichirō, who had been a politician of some stature in the pre-war era, united with several former *Seiyūkai* Party members and organized the Liberal Party. The founders of the Liberal Party had not been members of the Imperial Rule Assistance Association (IRAA), which had been constructed by, and actively supported the wartime government. Members who had been active in the IRAA united and formed the Progressive party shortly after the organization of the Liberal Party. These two conservative parties were then joined by a third union of conservatives: the Japan Cooperative Party. The last of the five parties to form was the Japan Communist Party (JCP), which was resurrected after having been illegal since 1922. These five parties were all organized within year's end in 1945 (Lee 2004, p. 384).

In July of 1946 the first post-war election was held, and the Liberal Party led by Yoshida Shigeru, after the purge of Hatoyama, emerged with a plurality and was able to form a conservative coalition government with 272 seats in the lower house. Despite this, Lee regards the Socialist party, which had no political power under the former regime, and therefore no political infrastructure as the real winner with their capture of 94 seats in the Diet (Lee 2004, p. 386).

SCAP enjoyed a great deal of control over Japanese politics during the immediate post-war phase, and after a brief stint supporting the Communist Party in an attempt to institute a complete reform of the political and economic system, the JCP's radical and progressive nature soon proved too much to handle, and the SCAP turned their attention to the Socialist Party for help. The Socialist's electoral victories rather surreptitiously coincided with

SCAP's attempts at establishing a moderate force in Japanese politics. The initial purges of the political right were also motivated by this desire for a moderate force to emerge. The purges of the political right gutted many of the conservative parties as more than 70 percent of pre-war politicians found they were ineligible to seek office after having been purged. Lee regards the purges of the political right as having played a major role in the strong showing of the JSP and credits these purges with having enabled the JSP to win a plurality, with 143 seats, in the first election under the new constitution in 1947 (Lee 2004, p. 386-87). Having gained a plurality of seats the JSP was able to form a government, led by Katayama Tetsu. Lee does however emphasise the difficulties encountered by the JSP when attempting to form a coalition government. The largest conservative party, led by Yoshida Shigeru, outright refused to cooperate with the Socialists, and although the second largest grouping of conservatives, the Democratic Party, was open to the notion of forming a coalition government, they also insisted that they should get the prime minister post. The problem was solved by General MacArthur's decision to voice his endorsement of Katayama as the new prime minister. This decision was based on MacArthur's desire for a "middle of the road" force, which could temper the pre-war conservatives, to emerge in Japan. It did however also mean that the JSP led government was beholden to SCAP, a situation that would prove untenable and the government soon collapsed. Lee cites a dismal governing performance, coupled with Katayama's weak leadership, and an increasingly confrontational relationship with SCAP as the main causes of the fall of his government (Lee 2004, p. 387-38).

The reverse course was to have a more direct impact on the Ashida government, who chaired a coalition government with the Socialist- and Democratic Party following Katayama's resignation in 1948. By the time of his ascension to the premiership the reverse course was well under way, and the economic reforms implemented by the occupation authorities, aimed at reducing the rampant inflation and shoring up the economy, wreaked havoc on the Japanese economy. The Ashida government was unfortunate to find itself in office during this period, and the brunt of the Japanese population's anger, which periodically manifested itself as social unrest, fell on the government. A combination of the Ashida government's inability to implement the reforms insisted upon by SCAP, and the fact that these policies greatly undermined the JSP's own support base as they deprived public sector workers of the right to collective bargaining and to strike, caused the JSP to lose support both from the public and SCAP. SCAP closed the curtain on its attempt at using the JSP to establish Japan as a bulwark against communism, and started to look for another viable political alternative which could fulfil this role. This then subsequently led to the de-purging

of formerly purged rightists, which was also accompanied by the red purge of leftists. These events caused the resurgence of the conservatives, and the dismal showing of the JSP in the 1949 election marked the beginning of a period of forty-four years without any socialist party in government in Japan (Lee 2004, p. 388-89).

The resurgence of the conservatives, and the subsequent conservative party merger which produced the Liberal Democratic Party in 1955 was not a smooth process regardless of the weakness of the leftists. As mentioned earlier the immediate post-war purges of the political elites had resulted in a high number of conservatives being unable to seek political office. The purges had however left the pre-war bureaucratic elites largely intact as they were needed to implement the Occupation force's policies in Japan. This had caused many bureaucrats to take up an interest in political life and office seeking. As a result of this the new conservative parties had a large number of former bureaucrats turned politicians, perhaps chief among who was Yoshida Shigeru. Following the de-purge of the political right, many de-purged politicians joined the conservative parties, these previously purged individuals greatly resented the bureaucrats who had escaped the purges untouched, and this caused friction within the parties. This division deepened in 1949 after Yoshida Shigeru reneged on his promise to step down as prime minister and leave the reins of the government to the previously purged Hatoyama. The relationship between the two leaders gradually deteriorated, and finally Hatoyama led a group of supporters out of the Liberal Party and formed his own party, the Japan Democratic Party. A united conservative front seemed highly unlikely. This changed following the 1953 election when the JSP performed remarkably well and regained almost all the seats they lost between 1947 and 1949, winning 138 seats in the Lower House. This strong showing would provide the impetus needed for conservative unity, and in 1955 the LDP was created following a merger of the Liberal- and Japan Democratic Party (Lee 2004, p. 390-91).

So what had caused the JSP to regain the ground lost four years earlier? According to Lee the main cause for the JSP's strong election result was its decision to oppose the demands made by the US government following the emergence of the polarized Cold War world order and the subsequent reverse course. Although the US had included article 9 in the 1947 constitution, it soon after attempted to impose rearmament on the Japanese after developments on the Asian mainland. The loss of China caused US policy makers to regard Japan as the main bulwark against communism in Asia. This meant that they needed to tie Japan into a US-led global security system. This need was further emphasised by the outbreak of the Korean War, after which the US Occupation forces jettisoned policies aimed at establishing a

Japan without military capabilities and started to insist on the need to remilitarize in earnest. The JSP strongly opposed this move, and had the support of large parts of the electorate who still vividly remembered the ravages that war had brought upon them. The conservatives on the other hand, were in favour of rearmament, although the most powerful conservative politician of the time, Yoshida Shigeru, strongly opposed this as he feared rearmament would interfere with his economic programs. Security- and foreign policy came to replace economic policy as the most prominent policy issues at election time, something which greatly aided the left, and hurt the conservatives. In the 1953 election the JSP captured the more than one-third of seats it needed to block constitutional revision. The JSP was also aided by an influx of former Communist party voters who were without a party following the collapse of the Communist party as a result of the red purge (Lee 2004, p. 392-95).

The strong showing of the JSP worried the conservatives who saw their mandate weakened, and who became even more divided following Hatoyama's split with the Liberal Party in 1954. The rapprochement between the left and right wings of the Socialist party preceding the 1955 election was also a cause of concern as a united Socialist party stood to gain even more seats, perhaps even enabling them to seek office as a part of some sort of coalition. The division of the conservative camp and the unity of the socialists was a source of concern for the financial elites, who were the main sponsor of the conservative parties at the time. They feared that the Socialists, if they were to regain power, would embark on a second reverse course and re-implement the reforms which had been abandoned following the reverse course. To avoid this they put a great deal of pressure on the conservative parties to reconcile their differences and form a united front against the Socialists. Under the slogan "abandon small differences and concentrate on the large similarities" (Kohno 1997, p. 76-77) the business elites sought conservative unity. The two major obstacles for conservative unity, which in essence meant a merger of the Liberal- and Democratic Party, were the rivalry between bureaucrats-turned-politicians (Liberal) and professional politicians (Democratic), and the personal antagonism between the two party leaders, Yoshida and Hatoyama. Yoshida was seen by the financial elites as the main obstacle to the merger; they regarded him as a corrupt and selfish politician who was most concerned with maintaining his grip on power by blocking the merger. This obstacle disappeared in 1954 when Yoshida decided to step down as prime minister (Lee 2004, p. 397-98).

As Lee explains Yoshida's decision to resign was also heavily influenced by, if not a direct result of the reverse course. Yoshida and his factional acolytes had represented the sole voice of conservative opposition to the US insistence on Japanese rearmament. This

opposition was founded on the principles of what was later to become known as the Yoshida doctrine, which emphasised the need for a close alliance with the United States; a close security alliance with the United States and the maintenance of military forces solely geared toward defence; and, economic growth (Akaha & Langdon 1998). Yoshida envisioned Japan's future as that of a merchant nation which relied heavily on international trade and spent a limited amount of money on the military. He regarded article 9 of the constitution to be a blessing in disguise as it gave the Japanese a solid argument against the US in the discussion regarding rearmament (Lee 2004, p. 398). Yoshida regarded rearmament as impossible as it was both economically unviable, and as it was heavily opposed by the Japanese populace (Yoshida 1962, p. 192-193). Yoshida did, however, suffer politically as a result of his intransigence in the rearmament issue, whereas the JSP made large gains from their opposition to Japanese remilitarization. The Japanese business elites were in favour of both rearmament, as they would make an economic wind-fall on the increase in military expenditures, and a conservative merger, as this would provide a bulwark against the pro-labour Socialists. Yoshida's firm stance against rearmament was seen as blocking both of these developments from coming to pass; faced with the loss of the backing from both the economic elites, and the US, which was the guarantor of Japanese security and its most important international partner even after the end of the occupation, Yoshida found that his position as prime minister had become untenable and resigned (Hiwatashi 1990, 113-118). This paved the way for the LDP merger in 1955, constitutional revision and rearmament would, however, prove to be elusive as the strong electoral showing of the JSP meant that the LDP was unable to secure the supermajority needed for constitutional revision (Lee 2004, p. 400-401).

As mentioned, this thesis is sympathetic to the notion that the reverse course was the shift from idealistic policies aimed at creating a more or less ideal democracy, to policies aimed at turning Japan into an anti-communist, capitalist outpost in East Asia with a solid economy and a political class sympathetic to the US side in the Cold War. This meant that the main objective for any Japanese government following the reverse course was to ensure economic growth, while remaining loyal to the United States in international relations, a role the conservatives were willing to play. The JSP on the other hand became antagonistic to the LDP and to the former occupier, and became doctrinaire in ideological questions.

The LDP Institutions

Having looked at the development of the Japanese political system between the end of the Second World War and the foundation of the Liberal Democratic Party, the origins of what would become the three major institutions for the LDP, PARC, *kōenkai* and the factions, will now be explained. As this is a chronological study of the factionalism in the LDP between 1955 and 1993, this chapter will limit itself to a description of the state of these three institutions during the period covered in this chapter, i.e. until around 1956, while also providing an overview of the most frequently presented explanations for the existence of these institutions.

Policy Affairs Research Council

The Policy Affairs Research Council (*Seimu Chōsakai*) (PARC) was one of the major institutions of the LDP before 1993, and it has been blamed for being the main institution responsible for the decentralization of decision making within the LDP, and the institution responsible for promoting and facilitating pork barrel politics in Japan (Krauss & Pekkanen 2011, p. 154). PARC is perhaps the institution that underwent the greatest change both with regards to degree of institutionalization and importance within the party, after the merger, but like both *kōenkai* and factions, PARC also existed in the conservative parties before the foundation of the LDP in 1955. The impetus for PARC becoming the main institution for policy-seeking within the LDP, and thus Japan, came in 1962 with the Akagi memo (Krauss & Pekkanen 2011, p. 165). The background for the Akagi memo and its subsequent impact will be covered in the next chapter. This chapter will merely contain a short description of the pre-merger and immediate post-merger status of PARC. The importance of PARC was miniscule before the Akagi memo, and it does not therefore require a lengthy explanation.

The causes for the development of PARC in post-war Japan can be pinpointed rather precisely. After the new constitution mandated the creation of various permanent committees in the Diet, the Liberal and the Progressive (later Democratic Party) created PARC divisions for each committee aimed at carrying out legislative activities (Murakawa 1984, p. 48). The precursors to the LDP PARC can be found here. The broadening and reorganization of the bureaucracy, which shaped the Diet committee structure, also influenced the creation and development of PARC (Krauss & Pekkanen 2011, p. 161).

PARC also helped facilitate the merger between the Liberal and Democratic Party. In 1953 Yoshida found himself the leader of a minority government and had great difficulties getting his budget and other important pieces of legislation passed. This resulted in pressure

by backbenchers in his own party, among them Satō Eisaku, to allow greater policy coordination between the Liberal Party PARC and the Democratic Party PARC (Krauss & Pekkanen 2011, p. 161). The Liberal Party PARC was also used in order to limit requests from backbenchers for additional budgetary spending intended for pork barrel or credit claiming. This increasingly became a problem after 1952, when the occupation ended and the US imposed restrictions on budget spending were lifted. The resulting wrangling over the purse strings between the government and party backbenchers was a recurring problem for the conservative governments after the war. In 1955 the Diet law was revised in attempt to limit these types of proposals. After the revision no bill could be introduced without the backing of twenty Diet members in the House of Representatives (Krauss & Pekkanen 2011, p. 162).

After a short period of transition the newly-formed LDP established its own PARC divisions in 1955. The LDP also adopted a party rule stating that no policy could be submitted to the Diet before going through PARC (Krauss & Pekkanen 2011, p. 162). As stated above, PARC was not yet the institution it would later become during the 1955-system era, and only infrequently held meetings (Satō & Matsuzaki 1986, 84-85, 88-89). In 1957, the PARC structure was also far less complicated than it would later become. Although it consisted of fifteen divisions, it only had six research- and special committees (Asahi Shimbun, September 12, 1957, p. 2). This apparent insignificance is also echoed in statements made by participants in the PARC meetings at the time. Yonezawa Michio, a junior bureaucrat in the Finance Ministry, described the PARC discussions as "amateurish", and his senior, Iwao Hajime, stated that PARC had been inconsequential at this time (Satō & Matsuzaki 1986, p.90).

So how do the various researchers explain the existence of the LDP PARC? As this will be one of the questions that will be attempted answered in this thesis, it is important to first present the explanations which researchers have presented for PARC's existence to date. First, there is the ever present cultural explanation for the existence of PARC and the decentralized decision making process in the LDP. Some researchers point to the tradition of ringisei (bottom-up system of making decisions) which is often employed in Japan in favour of a more top-down decision making process, and which, according to these researchers, is an example of the Japanese compunction to seek consensus rather than to make decisions based on formal-legal and conflict-prone processes (Ward 1978, p. 71-72). The second frequently presented explanation contends that PARC was created to perform the functions it did due to the nature of the Japanese single non-transferable vote, multimember district electoral system (Rosenbluth & Ramseyer 1993, p. 32-34; McCubbins & Rosenbluth 1995, p. 48-52). Under the SNTV MMD system each voter cast one vote, and two to six MPs were elected from each

district. Rosenbluth and Ramseyer compare Japan to Britain and argue that the differences between the two systems are due "primarily to the electoral rules that underpin the two systems" specifically the fact that the Japanese system pits politicians from the same party against each other in the same electoral district; they further argue that "to facilitate the necessary vote division among these candidates, the LDP allows its members to use the policymaking process to secure private benefits for their constituents to a greater degree than is customary in Britain" (1993, p. 30-31). These researchers further claim that "PARC committee assignment patterns show evidence that systematic care is taken to separate the committee assignments of LDP members from the same district". They also back their claims by empirical evidence that purportedly proves that these appointments were not random, and that intentional differentiation when assigning members to PARC divisions occurred (McCubbins & Rosenbluth 1995, p. 50-51). This argument is also backed by Yoshioka Masatsugu who sees the whole organization of PARC and its decentralized policymaking process as an intentional rational calculation on the part of the LDP, aimed at "universal distribution of welfare" that contributes to party unity (2007. p 11).

This thesis will also present the argument of the historical institutionalists Krauss and Pekkanen who argue that PARC was the result of the intraparty factional politics of the LDP. The evaluation of these explanations will be presented in the final chapter

Factions

So how do various scholars explain the factionalism within the LDP? Like with *kōenkai* and PARC, factions are also seen to be a result of the Japanese electoral system or of Japanese culture by many scholars. These two schools of thought will also be complemented by the explanations presented by the historical institutionalists, here represented by Krauss and Pekkanen.

Cultural determinists posit that the factions are an expression of the Japanese culture of organization (Nakane 1967, Hoffman 1981, Curtis 1988, Scalapino & Masumi 1962). They assert that LDP factionalism tend to fit a more general Japanese social pattern of small, hierarchically organized groups in which seniority is used to determine rank within the group.

Explanations using the electoral system, so called electoral determinist explanations, are also often presented when explaining the factions of the LDP. Researchers like Kohno (1997) and Ramseyer and Rosenbluth (1993), argue that the electoral system is the primary cause of the factionalism in the LDP.

Third, we have the theories of the historical institutionalists, Krauss and Pekkanen. They concede to the influence of the electoral system, but argue that "the internal struggles for power among the LDP leaders and between the leaders and the rank-and-file representatives were at least as important [as the electoral system] and that these struggles then became intertwined with the electoral system, producing the nature of the factions under the '55 system" (2011, p. 105). As with PARC and *kōenkai* they also attempt to avoid the problems of "actor-centred functionalism", and argue that the explanation for the factions becoming a defining characteristic of and most important institution in the LDP is found in the origins of the party and the leadership election process adopted before the 1956 leadership election.

To become the leader of the LDP, which also meant that you became the prime minister of Japan during all of the period covered in this thesis, you needed to win the biennial election of the party president. This was decided by vote at the national convention in which the candidate that managed to accumulate the largest amounts of votes emerged victorious. In reality the candidate with the most votes would be the factional leader who managed to form a coalition with other factions in support of his candidacy (Leiserson 1968, p. 770). As no woman ever ran for the leadership of the LDP during the 38 years studied in this thesis, the male personal pronoun will be used when referring to individuals involved in the political process within the LDP.

So what is a LDP faction? "Historically there has been little distinction between party and faction in Japanese politics. Parties have been nothing more than a complex arrangements of factions in a continual state of flux, absorbing one another and subfactions only to split again and yielding "parties" in name only. The three basic types of factions in Japanese politics are ideological factions, issue oriented factions, and personality oriented factions" (Olsen 1979, p. 258). Although it is outside of the confines of this thesis to pass any judgment regarding the historical accuracy of this statement, it is certainly correct with regards to the LDP. These factional coalitions were, following the adoption of the electoral system used for the election of the LDP leader in 1956, formed on the basis of compromises between the factions, where the larger, and thus more powerful factions, made concessions to the smaller factions, giving them Cabinet-, and other posts, in return for their votes at election time (Leiserson 1968, p. 770). This system originated in 1956, but underwent great changes before the LDP lost power in 1993. This chapter will limit itself to a description of pre-merger factionalism in the conservative parties, and a description of the election of Ishibashi Tanzan in 1956.

Ellis and Pekkanen list nine fundamental ways in which the factions of the pre-merger parties differed from the factions of the LDP: 1. the parties tended to be split into two groups vying for the leadership, each consisting of multiple, fluid factions, 2. These groups tended to differ on ideology and policy, contributing to the conflict between them, 3. Factional membership was loose and non-exclusive, 4. Factions dissolved in the event of the leader's death. 5. Factions did not control distribution of posts, 6. Factions did not form the basis for leadership or candidate selection, 7. Factions did not have any influence in the electoral districts, 8. Factions did distribute some funds, but due to the centralized nature of the pre-merger parties, their ability to do so was limited, and, lastly 9. They did not select the party president (Krauss & Pekkanen 2011, p. 106-107). Although the factions performed few of the roles which they would later come to perform, appreciating the mere fact that they existed is of vital importance if one wants to understand the post-merger factionalism of the LDP.

As mentioned the LDP factions underwent a fundamental reorganization, and their role and importance, within the party also changed greatly after the 1956 election, but they were in no way created during this period. All of the 1956 factions within the LDP were remnants of factions from the pre-merger conservative parties (Farnsworth 1966, p. 501-502). Although the first LDP leader, Hatoyama Ichirō, was also elected at the party convention, his election did not form precedence for how leaders of the LDP would be chosen. He was chosen as the first LDP leader in 1955 after his opponent Ogata Taketora passed away, and he therefore ran more or less unopposed receiving 394 of the 413 votes cast at the party convention (Krauss & Pekkanen 2011, p.108). The incumbent Hatoyama resigned following the successful establishment of relations with the Soviet Union (Thayer 1969, p. 496), but declined to name a successor to run for his faction in the next leadership election (Leiserson 1968, p. 781). This resulted in the first proper election under the new system in 1956 fought by eight powerful candidates: Kishi Nobusuke, Kōno Ichirō, Miki Takeo, and Ishibashi Tanzan of the former Democrats; and Ikeda Hayato, Satō Eisaku, Ōno Banboku, and Ishii Mitsujirō of the former Liberals (Kohno 1992, p. 371). Under this new electoral system the LDP president was chosen by the party's parliamentary members and 47 "prefectural" delegates (Tsurutani 1980, p. 844). This meant that the electorate consisted of about 450 people, although the number varied depending on how many MPs the LDP had in the Diet. This election gave a highly unexpected result and fundamentally altered the organizational structure of the LDP factions, resulting in them performing some of the functions associated with parties in a coalition government (Leiserson 1968, p. 770-71). Before the 1956 election it was widely expected that the "strongman" Kishi Nobusuke would emerge victorious, his

electoral hopes were, however, dashed when Ishibashi Tanzan was able to form a coalition of five factions behind his candidacy, and was elected LDP leader. This election resulted in the division between the so-called mainstream (*shuryū-ha*), or the leadership coalition, versus the anti-mainstream (*han-shuryū-ha*) (Farnsworth 1966).

Michael Leiserson explanation is appropriate if one wants to understand what constituted a successful leadership bid during the period between 1956 and 1978, when an attempt at mass membership participation by all members of the LDP in the leadership election was made: "[a] prime minister will have a winning coalition in support of him if, by his distribution of rewards to the factions, he has kept the allegiance of enough of his old support coalition and earned the allegiance of enough of his old opposition that the two together constitute a majority of electors in the party presidential election" (1968, p. 779). Leiserson also explains how distribution of posts was used actively to co-opt, placate and even weaken other factions (1968, p. 779), although, as will be explained later in the thesis, this became more difficult as the way of distributing posts both between factions, and within factions became increasingly institutionalized and based on seniority. During the earlier stages of the LDP's rule factional leaders and the party leader had more freedom when distributing posts for the Cabinet and within the LDP. The factions also performed, or would come to perform, various other functions. "[t]he functions performed by factions within the LDP are to solicit and distribute funds, select the party president (who automatically becomes prime minister), and act as brokers within the LDP (a brokerage party) for the purposes of reaching consensus on normative issues and trading support in elections for funds and cabinet and party posts" (Olsen 1979, p. 259-60).

The 1956 election changed the LDP factions from organizations characterized by "a nucleus of a few lieutenants around a leader with a rather unreliable following", into "army divisions" headed by a "general" who was advised by his "General Staff". There were "line officers", fixed and known memberships, offices, publications, regular sources of funds, and so forth" (Leiserson 1968, p. 770-71). Farnsworth also notes that "[t]hese earlier factions were based on personalities, school ties, geographic orientation, and, to a small extent policy differences" (1966, p. 501). The factions did undergo changes after the 1956 election, but they still remained first and foremost personality-oriented factions, or factions of interest, rather than factions of principle, ideological factions, or issue-oriented factions.

The pattern of factionalism produced by the 1956 election had four lasting legacies: ideology became unimportant as a means of office-seeking, tensions between bureaucrats-turned-politicians and professional politicians weakened, antipathy between MPs based on

which pre-merger party they had been a member of lessened, and fundraising ability became the chief way of courting members to your faction (Krauss & Pekkanen 2011, p. 109-111). The 1956 election caused factions to scramble for votes for the leadership election. Although factions to some extent had an ideological foundation at this time, this was not strong enough to court new members, nor strong enough to dissuade new members from joining, and this caused factions with members ranging over the entire centre-right divide of the political spectrum to form. Factions also courted former bureaucrats and professional politicians alike, and the post-war division between the two quickly disappeared as the factions willingly accommodated both. Pre-merger party affiliation also played little or no role when joining a faction. As factional leaders did not rely on any sort of ideological or political consensus when recruiting members, the most important recruitment device quickly became electoral support in the shape of fund raising. As will be explained later in this chapter *kōenkai* were already used for vote-seeking by individual MPs, and the ability of the factional leader in helping the MP maintain his *kōenkai* became the determinant factor when MPs chose which faction they would pledge their allegiance to.

In short, the 1956 leadership election in the LDP helped sow the seed of money politics driven by relatively non-ideological factions. Although this change did not occur over night, the 1956 election would result in all of the three major political functions of vote-, office-, and policy-seeking coming under factional control, little actual vote- or policy-seeking occurred in the factions.

Kōenkai

Kōenkai were not particularly important until after the LDP merger and they will therefore not be described at length in this chapter, there are however some fundamental facts regarding the pre-merger history of *kōenkai* that are important to grasp if one wants to understand why, and how, they developed, and a short description of the *kōenkai* before 1956 will therefore be given in this chapter. Finally a presentation of the most commonly given explanations for the existence of the *kōenkai* will be given.

Much like factions *kōenkai* had also existed in Japanese politics well before the Second World War, and they also re-emerged under the new electoral system before the merger of the LDP (Krauss & Pekkanen 2011, p. 48-52). In fact the first post-war *kōenkai*, the *Seiunjuku* (Blue cloud school), was established by Nakasone Yasuhiro in 1946 (Satō & Matsuzaki 1986, p. 115). Due to the need for individual candidates to cultivate a personal vote some MPs established *kōenkai* to secure votes and also to skirt campaigning laws (Krauss &

Pekkanen 2011, p. 49-50). *Kōenkai* were, however, not as important before the creation of the LDP as they would later become. Before the LDP merger local notables had a fair amount of influence in elections, and many regarded endorsements from these local leaders as the most important asset for any candidate for office (Krauss & Pekkanen 2011, p. 51). Before the merger *kōenkai* "were in existence but with a slow development, weak and sporadic distribution, and more amorphous form until a sudden increase in numbers, consolidation of form, and importance after the merger that formed the LDP" (Krauss & Pekkanen 2011, p. 107). From the time of the merger in 1955, and until the split of the LDP in 1993, and perhaps even after this although that is of little importance to this thesis, the *kōenkai* was the main organization with which individual LDP MP's won votes from the electorate (Krauss & Pekkanen 2011, p. 51). It must, however, be pointed out that the *kōenkai* were the personal support groups for the individual MPs and therefore not technically a part of the LDP's party organization (Krauss & Pekkanen 2011, p. 30). The *kōenkai* were, however, inextricably linked to the LDP as the MP's were dependent on support from the factions to maintain their *kōenkai*. This relationship between the factions and the *kōenkai* gradually developed and deepened over time, and the origins for this relationship lay in the 1956 leadership election.

After the election of Ishibashi, factional leaders, as explained previously, realized that any successful leadership bid depended on their ability to garner votes from those eligible to vote at the LDP national convention, and a fierce struggle for these votes broke out. This struggle was fought between the factions, which attempted to recruit new members by providing them with funds to be used in their elections campaigns (Krauss & Pekkanen 2011, p. 41). The importance of the *kōenkai* in the electoral successes of LDP politicians under the SNTV MMD-system cannot be understated. MP's that created and maintained numerous and tightly knit *kōenkai* were almost guaranteed electoral success in the general election, and were also insulated from the electoral misfortunes of their party as the *kōenkai* was an organization built on personal bonds, also open to members who were not LDP voters, or who were even antipathetic to the LDP (Reed & Thies 2001, p. 390). Maintaining a *kōenkai* was, however, incredibly expensive as the MP was expected to give gifts in relation with funerals or weddings, while also sponsoring social activities like trips to onsen, for all of the *kōenkai* members on a regular basis (Krauss & Pekkanen 2011, p. 40-42). MPs who had some source of personal wealth could dip into this to provide the funds needed to maintain their *kōenkai*, but others who did not have this option relied on their factional leader for a large part of these funds (Krauss & Pekkanen 2011, p. 108-111). This relationship between the factions and *kōenkai* is explained quite adequately as such "[c]andidates were mobilizing personal votes

[in the SNTV MMD], which were not particularly based on ideology or policy, so what was the incentive for them to join a leadership faction based on such considerations? The factional leaders and their recruits' incentives were aligned, both were more concerned with building up numbers (either faction members or voters) based on personal allegiance than with any ideological or policy considerations" (Krauss & Pekkanen 2011, p. 110).

Although *kōenkai* existed, and played a role before the foundation of the LDP, it would grow to become an essential institution in the years after the foundation of the LDP, and this had certain ramifications for the development of other LDP institutions, and for the actors operating within these institutions. The fundamental logic underlying the relationship between the *kōenkai* and the factions did not change before the LDP split in 1993.

So what does the academic literature say about the reasons for the existence of *kōenkai*? One frequently presented explanation for the development of *kōenkai* in Japan is the urban village explanation. The urban village explanation sees *kōenkai* as social mobilization networks that developed due to the nature of Japanese social networks or due to the transformation of these networks resulting from economic growth, urbanization, and political changes in the post-war period. Much of the literature promoting this view implicitly states that *kōenkai* are efficient because Japanese democracy is stunted or because Japanese voters are more willing to be influenced by social networks when making decisions than people elsewhere (Krauss & Pekkanen 2011, p. 44).

Soma Masao was one of the first to analyse *kōenkai* in post-war Japan. He argued that urbanization and agricultural mobilization had weakened the traditional community-based relationships, which had provided communal services. The *kōenkai* was one example of a new type of network that had emerged due to the structural transformation of society (1963). Kitaoka Kichiya adds that the rapid economic development after 1955 transformed the rural Japanese society structure. The rapid changes caused by economic growth destabilized and undermined the local networks established by local bosses. This caused Diet members to create *kōenkai* as their own personal networks. *Kōenkai* began as small groups immediately after the Second World War, but grew rapidly. *Kōenkai* first expanded in small and medium-sized cities, but then spread to larger cities and rural areas (1982).

Fukuoka Masayuki sees *kōenkai* as being partly caused by the nature of Japanese society, constituting "a peculiar Japanese "society of connections" that utilizes blood and regional ties based on the family and including in-laws, neighbourhood groups, trade unions and so on as mediums to create a supportive social network centred on the Diet Member (1983, p. 38). *Kōenkai* are seen as being the political equivalent to Japanese neighbourhood

associations, which have been heavily studied by sociologists, and which are thought to the result of the same causes that supposedly brought about *kōenkai*, namely that they provide a sense of belonging in a rapidly changing world (Kikuchi 1990, p. 221; Falconieri 1990 p. 34; Dore 1958, p. 258, 264).

Other frequently presented explanations for the existence of *kōenkai* are those using the Japanese electoral system. In contrast to the urban village explanation these explanations do not look at the major societal changes that occurred in Japan during the period after the war, but rather focus on the peculiarities of the SNTV MMD electoral system to explain the development of *kōenkai*. The SNTV MMD system is strife with challenges for any political party intent on acquiring a majority. Primary of which is the need to win multiple seats in a single district, thus requiring the party to divide the vote between its own candidates. However, if one candidate wins a disproportionately large share of the votes at the expense of another candidate from the same party, this will probably mean that the party fails to maximize its share of the votes. Proponents of electoral explanations see the *kōenkai* as the solution to this distribution problem caused by the Japanese electoral system (Krauss & Pekkanen 2011, p. 46).

Some of the arguments for the electoral explanation are as follows, "[b]uilding personal loyalty is the key to the LDP electoral strategy. The personal bonds that develop between support group and members and their Dietmembers aid the LDP in apportioning the vote efficiently among competing LDP candidates" (Ramseyer & Rosenbluth 1993, p. 26), "[u]nder the multiseat district system, which was in place from 1925 to 1994, a local branch of a major party that ran more than one candidate in the same election district could not campaign for one at another's expense and, therefore, the *kōenkai* replace party organizations as a candidate's primary campaign organization" (Fukui & Fukai 1996, p. 284).

According to Abe Hitoshi, Shindō Muneyuki and Kawato Sadafumi, the poverty of local finances in the 1950s created acute problems for local politicians, which caused them to offer national politicians an exchange which cemented the importance of the *kōenkai*. The local politicians traded access to their voting base to the national politicians in exchange for government largesse (1994, p. 174).

Although electoral explanations are founded on sound reasoning, and a close connection between the electoral system and the *kōenkai*, which after all is a vote-seeking institution, is to be expected, the explanations often suffer from "actor-centred functionalism- that is the claim that a particular institution exists because it is expected to serve the interests of those who created it" (Pierson 2004, p. 104-22). This means that the clean logical links

between the coordination problem caused by the electoral system, and the persuasive conclusion that *kōenkai* solve this problem are not in themselves evidence of causality, but rather form the foundation for a plausible hypothesis, which must be proven by conducting a study of the historical record (Krauss & Pekkanen 2011, p. 44).

This brings us to the third explanation presented for the existence of *kōenkai*, that of the historical institutionalists. Historical institutionalists, like Ellis Krauss and Robert Pekkanen, emphasise that a combination of contingent and institutional factors led to the establishment, development and supremacy of *kōenkai* for the LDP. They operate on the notion that causality foregrounds time as a variable, and thus emphasize sequence, in particular the fact that the establishment of *kōenkai,* the factions, and electoral campaign laws and other positive returns that reinforced the development of the *kōenkai* came underway before the merger of the LDP. By performing a causal process tracking the problems of actor-centred functionalism might be avoided. They also focus on the relationship between the factions, the restrictive campaign laws, and *kōenkai*, as these three institutions reinforced each other. The factions work well with *kōenkai* as the separate electoral, bases that the *kōenkai* represents, gives the factions greater independence from each other. The *kōenkai* also allow factions to sponsor new factional members. The development of factions also coincided with the development of *kōenkai* in the late 1950s and early 1960s. The importance of the restrictive campaigning laws in japan in contributing to the significance of *kōenkai* is also widely recognized by scholars. Krauss and Pekkanen do not, however, regard campaigning laws as a part of the electoral system. Campaigning regulations in Japan have severely limited the ability of the politicians to deliver their message to voters. The laws include prohibition on canvassing door to door, signature campaigns, and dispensing cash, food, or drink to voters. Campaign materials are also prohibited unless expressly permitted by law, and the officially approved materials may only be exhibited in previously designated areas, or distributed to a limited number of voters. Campaigning in the media is also heavily restricted. To avoid these restrictions politicians engage in "organization activities" with their *kōenkai*, rather than "campaign activities". The restrictions on other avenues of vote-seeking augment the importance of *kōenkai,* and make the campaigning laws a complementary institution to *kōenkai*. The restrictions also serve as entry barriers to new candidates seeking election as politicians who already have built up strong *kōenkai* have a great advantage against new politicians seeking to enter the electoral race (2011, p. 47-48).

A complete evaluation of the explanations of *kōenkai* will be given in the final chapter of this thesis. Suffice it to say that the *kōenkai* were an important complimentary institution to the factions, and vice-versa.

1945-47 and 1955 as Critical Junctures

As defined by Capoccia and Kelemen "the duration of the [critical] juncture must be brief relative to the duration of the path-dependent process it instigates" (2007, p. 348). It should therefore be self-evident that the period between 1945 and 1947, which resulted in a new electoral system that endured for almost fifty years, and the period which ended in 1955 and produced the LDP, which remained in power for thirty-eight years, were indeed critical junctures. These events, in particular the merger of the LDP in 1955 produced path dependent processes that induced the complimentary relationships between the factions, PARC and *kōenkai*, relationships that enabled the LDP to stay in power for as long as it did, but which ultimately also resulted in an institutional structure which resulted in its split and loss of power. As these processes were in their infancy during the period covered in this chapter they have not been described exhaustively here, but will be dealt with in the next chapters.

CHAPTER TWO:
ORGANIZATION AND CONSOLIDATION

[T]he more unseemly aspects of the LDP worsened in the 1960s and would plague the party for three decades. During the Ikeda and Satō years, personalized factions became entrenched in the LDP, and a miasma of corruption and illegality enveloped them.

Dennis B. Smith, 1995 (p. 104)

The structure of this chapter will be the same as the previous one. First, there will be a brief recap of relevant events which occurred between 1956 and the critical juncture studied in this chapter, which began in 1974 and ended in 1976. Then, there will be a brief discussion regarding why Kōno Yōhei's attempt at causing a split by bolting the party in 1976 failed; followed by a look at the development of the three most important institutions for the LDP leading up to this critical juncture. Finally an explanation for why the years 1974-76 constituted the first critical juncture for the LDP will be presented. As explained by Gaunder "a window of opportunity for reform opens when the level of government support decreases and at the same time the salience of political reform increases. Political scandals have the unique feature of creating this set of circumstances. Two such scandals occurred in 1974" (2007, p. 26). What these two scandals consisted of, and how this window gradually closed as the scandals faded from the public's mind will be described in this chapter. The importance of the Cold War in sustaining the LDP's grip on power will not be dealt with extensively in this chapter, but the role that the economic downturn and resurgence played in the opening and closing of this window of opportunity, or beginning and end of this critical juncture, will be presented in this chapter. The events of the mid-seventies did not occur in a vacuum, and so a brief description of the relevant political developments that occurred between the election of Ishibashi in 1956, and the resignation of Miki in 1976, will be given in the first part of this chapter.

LDP Leaders 1956-1976: From Ishibashi to Miki

As this thesis' main objective is to study of the intra- and supraparty institutions of the LDP before 1993, there is not necessarily a great need to study the individual political actors operating these institutions thoroughly. It is, however, important to understand the societal and economic changes which occurred in Japan, and this will therefore be explained against

the background of the tenures of the Japanese prime ministers who served in the era covered this chapter.

As covered in the last chapter, the second leader of the LDP, and the first elected by the factions at the national convention was Ishibashi Tanzan in December of 1956. Ishibashi's tenure in office would prove to be short-lived as he fell ill less than two months after taking office and had to resign in late February 1957 (Smith 1995, p. 80, 170). Kishi Nobusuke, who had lost to Ishibashi in the leadership election two months earlier, replaced him as leader of the LDP and as prime minister in early 1957 (Leiserson 1968, p. 771).

Kishi was the older brother of another prominent post-war politician, and Yoshida Shigeru protégé, Satō Eisaku (Baerwald 1964, p. 650). Kishi is also the maternal grandfather of the incumbent Prime Minister, Abe Shinzō, this sort of family presence spanning over several generations in Japanese politics is far from unheard of. Due to the way in which vote-seeking in the LDP is conducted through *kōenkai*, many politicians choose to leave these to a successor when they retire, sometimes creating political dynasties spanning generations. Unlike his predecessor Kishi would have a lasting legacy in Japanese politics. He served as prime minister during a period of intense ideological conflict between the LDP, who favoured the renewal of the US-Japan Mutual Security Treaty which guaranteed military protection of Japan by the US, and the Socialists, who were strongly opposed to this treaty and arranged large scale demonstrations to show their objections to it being renewed in 1960. Although Kishi was able to force through the signing of the treaty, this came at a high political cost, and he had to resign in 1960 shortly after the renewal passed both chambers of the Diet (Masumi 1988, p. 288). Kishi is blamed for having contributed greatly to the divisive factionalism within the LDP. After having been unsuccessful in the election battle against Ishibashi, despite outspending him by a factor of 2 to 1; Kishi spent ¥300 million on the election; Ishibashi ¥150 million, Kishi realized the importance of forming a coalition of factions, and successfully did this before assuming office (Smith 1995, p. 77). Kishi is also seen as having contributed to the polarization of Japanese politics in the late 1950s. He was a staunch anti-communist and nationalist, and was tarnished by his involvement with the war time government. He had in fact been held on suspicions of war crimes, but was released when the reverse course came into effect. Kishi wanted to reassert Japan's role in the world, and favoured traditional conservative policies, while also being positively inclined toward programs of social welfare. His use of confrontational parliamentary tactics stirred up conflicts between the opposition and the LDP, and his ramming through of the revision of the

Security Treaty in the Diet unleashed the most severe political turmoil since the end of the occupation (Smith 1995, p. 81-82).

In the only Lower House election contested under Kishi's rule, the 1958 election, the LDP won 298 seats, out of 467, with 59 per cent of the popular vote securing them a majority (Nohlen, Grotz, Hartmann 2001, p. 369, 381). In terms of economic performance the 1950s was a successful decade for Japan. In the interim between 1951 and Kishi's resignation the size of Japan's national income doubled (Smith 1995, p. 85), to what extent the economic growth presided over by the LDP was a result of intentional policy choices by the LDP, or the result of fortuitous events that had little or nothing to do with the LDP, is outside of the purview of this thesis, but the very fact that the LDP, and its pre-merger parties presided over almost all of the post-WW2 economic growth would link the LDP and economic growth in most voter's minds, contributing to the LDP's vote-seeking efforts.

Ikeda Hayato became prime minister after Kishi's resignation. Ikeda's faction had been a part of the factional coalition that had brought Kishi to power, and following Kishi's resignation the coalition gathered behind Ikeda for his leadership bid in 1960 (Leiserson 1968, p. 771). Learning from the mistakes of his predecessor, Ikeda opted for a policy of "income doubling" which was aimed at producing rapid economic growth while also avoiding too much focus on divisive ideological issues. In the words of Chalmers Johnson "Premier Ikeda has often described his leadership since the Security Treaty struggle of 1960 as "low posture", contrasting the "high posture" of Premier Kishi. By "low posture" Ikeda meant that his administration intended to restore confidence in the Diet, avoiding issues upon which there was no possibility of party consensus; and that by bringing all factional leaders into the government, he hoped to end temporarily the factional warfare within the Liberal Democratic Party" (1963, p. 17). Ikeda attempted to achieve national unity after the polarizing period under Kishi and recognized that focusing more or less solely on the economy, would be the best way to achieve this unity (Smith 1995, p. 97). His decision was an immensely important one as it effectively ended the demand for constitutional revision from the conservatives, as well as the demands for treaty abolition from the Socialists (Masumi 1988, p. 288). The focus on the economy proved to be highly beneficial for the LDP, as it was successful in actually delivering as promised. As expected it also made ideological issues both between the LDP and the opposition, and within the LDP itself, less salient, further undermining the ideological foundation of the LDP (Leiserson 1968, p. 771).

During Ikeda's tenure the LDP consolidated its position as the by far largest party in Japan; the LDP enjoyed majorities in both Houses of Parliament, and received more than 56

per cent of the popular vote in both the 1960 and 1963 House of Representatives election, although their share of the popular vote did decline between the two elections (Nohlen, Grotz, Hartmann 2001, p. 370, 381). The LDP's election performances under Ikeda were relatively stable, and its majority position in the Lower and the Upper House was not threatened during his time in office from 1960 to 1964. Considering the instability and polarization during Kishi's time in office, this must be said to be quite a remarkable turnaround. Although Ikeda was highly successful in reducing tensions nationally by forming a consensus around his economic policies, this unity did not extend into the LDP itself. During Ikeda's time in office the factional struggles within the LDP became even more confrontational and combative, and the funds used for leadership elections increased. When Ikeda ran for a third term in 1964 this caused alarm among other factional leaders, particularly Satō Eisaku, who feared that they would not get to serve their "turn" as prime minister. Ikeda beat Satō with a mere four votes in the presidential election, despite the fact that two of the factions supporting his leadership abandoned him before the election. Shortly after the election Ikeda was diagnosed with terminal cancer, and in order to avoid another costly and divisive leadership election the factions gathered around Satō as the next leader (Smith 1995, p. 98).

Satō Eisaku would become the longest serving prime minister of the post-war era serving a total of 2,797 days from 9 November 1964 to 6 July 1972 (Smith 1995, p. 170). Satō, like Ikeda preferred to focus on economic growth rather than ideological issues. Satō's tenure was initially successful, he re-established diplomatic ties with the Republic of Korea, and established the Asian Development Bank which was meant to help Japan take a leadership position in East- and Southeast Asia. This initial period of tranquillity ended abruptly in 1967 when Satō, together with many other LDP politicians became embroiled in the Black Mist-scandals. It was alleged that they had engaged in practices which "include extortion, abusing the privileges of ministerial rank, and certain financial speculations which, even by Japanese standards, have reached rather spectacular heights" (Baerwald 1967, p. 31-32). Despite his involvement in the Black Mist-scandals Satō comfortably won re-election as LDP leader in 1967 (Baerwald 1967, p. 34). The Satō-era further entrenched the image of the LDP as the party for social stability and economic growth, and the electorate seemed willing to re-elect a party and a prime minister linked to corruption as long as the economy kept growing. Economic performance was excellent during Satō's time in office, and by 1965 Japan had become the world's second largest economy. Between 1960 and 1969 Japan's GDP averaged 12.1 per cent of growth per year, more than twice that of the second most successful nation. Although there was a decline in annual growth to 7.5 per cent between 1970 and the

first oil shock in 1973, this was still the highest in the world (Smith 1995, p. 106-107). Understanding the concomitant nature of Japan's economic growth and the tenure of the LDP is important to understand the longevity of the LDP's rule. Satō is, perhaps, best remembered for his successful work for the reversal of sovereignty over Okinawa back to Japan, which was completed in 1972 (Curtis 1970, p. 863), and for his work on making Japan a signatory to the Nuclear Non-Proliferation Treaty, for which he was awarded Nobel's peace prize in 1974 (Johnson 1975, p. 25). Satō also left an indelible mark on the factional politics of the LDP; mostly by the way he used the personal antipathy between Tanaka Kakuei and Fukuda Takeo to divide and conquer his most serious intraparty competition, pitting the two against each other to ensure that his position as party leader was not threatened (Smith 1995, p. 98-99).

Unlike under his predecessor, the LDP's portion of the popular vote dropped sharply, and stayed at under 50 per cent under Satō, but due to the Japanese electoral system, this loss of popular support did not translate into a substantial loss of seats in any of the chambers of the Diet (Nohlen, Grotz, Hartmann 2001, p. 370, 382).

After Satō's long rule ended one of the most famous, or rather infamous, post-war LDP leaders, Tanaka Kakuei, won the LDP leadership election and became the prime minister of Japan. The resignation of Satō sparked a fierce battle between Tanaka Kakuei and Fukuda Takeo, and they reportedly spent over ¥5 billion to persuade the 487 member constituency in the LDP leadership election to vote for them (Smith 1995, p. 121). Tanaka's tenure in office was marred with difficulties from the onset. Even before he took office Japan's economic growth had begun to stall, and the oil shock in late 1973 symbolically ended the era of high growth, and the Japanese "economic miracle". Anti-pollution and other pressure groups were also not content with the rate at which the problems they had identified were being remedied, and other groups which demanded a more uniform distribution of the economic development, as well as groups that sought stronger social welfare programs were increasingly demanding reform. Tanaka attempted to meet these demands by implementing his "Japan Archipelago plan", which aimed for a massive restructuring of Japan. This was to be done with deficit financing, meaning that the budgets would no longer be balanced. Public expenditures would be increased, and taxes slashed. This caused massive inflation, and Tanaka's plans for a major physical restructuring of Japan also drove real estate prices up, while the increased public spending caused major budget deficits. Tanaka's initial popularity quickly evaporated and his failed economic policies greatly contributed to his downfall. Tanaka was forced to resign as prime minister when it was alleged in November 1974 that he had received illegal payments

from real estate and construction firms. His troubles worsened in 1976, when his involvement in the Lockheed affair was revealed, and he was arrested (Smith 1995, p. 122-23, 125).

The Lockheed affair was the biggest corruption scandal in post-war Japanese history and the fundamental issue was the structural corruption inherent in the Japanese political system. It was alleged that Lockheed, a major US aviation manufacturer, had bribed Tanaka in exchange for his assistance in ensuring that All Nippon Airways would buy Lockheed aircrafts. Tanaka had assisted Lockheed by putting them in contact with the appropriate people, a service for which he had been rewarded monetarily to the tune of ¥500 million. The Lockheed case was problematic for Tanaka, and the LDP, as it revealed the close connection between the LDP and certain parts of the criminal underworld, and as it revealed the unsavoury nature of the Japanese political world. A world in which pay offs and bribes were commonplace and were structural corruption was the norm (Johnson 1986). Tanaka's resignation would have far-reaching consequences as Tanaka, for various reasons, chief among which his desire to remain out of jail following his 1976 indictment on criminal charges, greatly expanded his faction, causing it to become by far the largest in LDP history (Krauss & Pekkanen 2011, p. 117).

Due to the short nature of Tanaka's reign few elections were held during his leadership. He did however have time to preside over one election for each of the houses. Shortly after his election as LDP leader the LDP fought a general election for the Lower House in 1972. Tanaka was unable to turn the tide and the LDP again suffered a loss of the popular vote, winning 48.4 per cent, although it again won a comfortable majority of 284 seats (Nohlen, Grotz, Hartmann 2001, p. 371, 382).

Tanaka's premiership marked the end of the stability enjoyed during the tenures of Ikeda and Satō, and caused the Japanese people to start questioning whether or not economic growth had come at too high a price (Smith 1995, p. 118). The economic downturn, and the instability and insecurity it spawned in Japanese society, combined with the uncovering of a deeply entrenched system of structural corruption in the LDP, reaching to the very tops of the party, marked the beginning of a critical juncture that seriously threatened the LDP's grip on power in 1974. Tanaka's resignation also threatened to trigger a fierce battle for the LDP leadership between Ōhira Masayoshi, who had inherited Ikeda's faction, and Fukuda Takeo. The LDP leaders feared that this battle could cause a split, and this fear, coupled with the need for a leader with a clean public image a prompted the LDP leadership to select Miki Takeo, who headed one of the smaller factions within the LDP, but who had the reputation of a

reformer and whom it was hoped would placate the electorate's demands for reform, as the new party leader (Johnson 1975, p. 31).

Miki was indeed an earnest reformist and attempted to implement wide reaching reforms to lessen both the structural corruption inherent in the LDP, and the power wielded by the factions. Miki also refused to hold his hand over Tanaka Kakuei, and did not intervene in the legal proceedings against his predecessor. This greatly angered the Tanaka faction, which Tanaka still controlled despite no longer being a part of the LDP (Smith 1995, p. 127). This internal opposition to Miki, coupled with unravelling revelations of corruption related to the Lockheed case, and the economic downturn made Miki's attempts at reform largely unsuccessful, although the Electoral Funds Law which he managed to get passed in 1975 would come to have a lasting impact. Miki was ousted from office after the LDP performed poorly in the 1976 Lower House election, but the fact that he actually attempted, and somewhat succeeded in implementing reforms in no way aided his position as LDP leader (Nam 1977). Miki's will to attempt reform also shows his lack of understanding of the role he was intended to fill at the time. Until Miki came to power LDP leaders had been strong factional leaders who had been able to manipulate the factional politics of the LDP to attain retain their positions of power. This power did in no way give them dictatorial powers, but it ensured that they could set the agenda and get policy passed if it did not conflict too much with the interests of other factional leaders. Miki was the first LDP leader who was selected by the other factional leaders for reasons unrelated to his factional strength, and the first who relied on the factional backing of other stronger factions for his leadership. The resignation of Miki marked the end of the critical juncture which the LDP had found itself at since the economic downturn of the early 1970s, and the resignation of Tanaka Kakuei had destabilized the political climate in Japan, threatening its position. The economy had started to slow down already before the oil shock, and the growth rate was substantially lower in the 1970s than it had been before. Japan did, however, bounce back from the oil shock relatively rapidly, and by 1976 the economy was growing at a rate of 4.8 per cent (Smith 1995, p. 134). The fact that the economy did not flounder, but that the oil shock provided only a temporary setback before growth was achieved again contributed to the LDP being able to maintain its grip on political power, and also meant that it was able to continue to rely on pork-barrel distribution, and contributions to *kōenkai* for electoral support in general elections. The 1976 leadership election marked the return to business as usual in the LDP, and the factions again chose the party leader after factional infighting that led to the establishment of a leadership coalition that supported Fukuda Takeo.

The Opposition Between 1956 and 1976

The make-up of the Japanese opposition changed greatly between 1956 and 1976. Whereas elections in the mid-1950s had been a contest between the LDP and the JSP, and the two parties won 99.5 per cent of the votes combined. This was not the case in 1972, when their combined share of the votes had declined to 81.5 per cent after the emergence of several smaller parties (Smith 1995, p. 99).

As mentioned earlier, the Union of the Socialist Party in 1955 is often stated as one of the primary causes for the merger of the Liberal- and Democratic Party in the same year, and the Socialist Party is also seen as the "other" party in most definitions of the two party "1955 system". It is, however, important to note that the union of the Socialists was short lived, and that it split rather quickly into two parties. After the brief period of amicability and cooperation, the Socialists grew increasingly divided over ideological issues, and this division, coupled with the lack of electoral success after the foundation of the LDP, caused the moderate Socialist MP Nishio Suehiro to lead a group out of the party in late 1959. In 1960 these defectors formed the Democratic Socialist Party (DSP), which was staunchly opposed to the JSP, whom it regarded as being overly dependent on support from the unions, and unrealistic in its political platform, as it rejected the notion that socialism could be achieved through parliamentary, democratic means (Smith 1995, p. 84). The DSP won between 6.9 and 8.7 per cent of the popular vote, and between nineteen and thirty-one seats in the Lower House between 1960 and 1972, largely at the expense of the JSP. The founding of the *Kōmeitō*, which was the political wing of the religious sect Sōka Gakkai, in 1964 also eroded the JSP's electoral support and further ate away at their return of the popular vote in this period. The DSP and *Kōmeitō* were seen as having "positive images with their committed, focused and active organisations and rapidly growing memberships" (Smith 1995, p. 100). This was in stark contrast to the JSP who were increasingly seen as being the tool of the unions. The JSP also suffered as high economic growth eroded its traditional electoral base of blue collar workers (Smith 1995, p. 100). After a period in the "electoral wilderness" during which it did not win more than 4.7 per cent of the popular vote, or had more than five representatives in the House of Representative, the Japanese Communist Party was revived in the late 1960s. In the 1969 election it received 6.8 per cent of the popular vote, and in 1972 it beat its own best post-war election result winning 10.4 per cent of the popular vote. This did nothing more than to further splinter the JSP vote, thus dividing the opposition even more (Smith 1995, p. 102-3).

Although the political climate changed greatly between 1955 and 1976 one fact remained the same: the political opposition in Japan was not a viable alternative for most voters, nor a viable alternative for any LDP MP's, regardless of factional strength, who wished to form a non-LDP coalition government. The opposition was internally divided, the DSP and *Kōmeitō* relied on electoral support from former JSP voters for their electoral fortunes, and the DSP and JSP had a highly antagonistic relationship due to their ideological differences. The *Kōmeitō* was also viewed with suspicion by large parts of the Japanese electorate due to its affiliation with the Sōka Gakkai. The Japanese Communist Party won a fair amount of the popular vote, but was rewarded with few seats. It is also important to note that all of these parties, with the possible exception of the *Kōmeitō* were distinctly leftist. Before the establishment of the New Liberal Club the LDP monopolized the conservative vote. The opposition parties were seen as a threat to the power balance in the Cold War world order, due to their opposition to the US-Japan Security Treaty, and the LDP were favoured by the US as it guaranteed a US friendly pro-capitalist government, and precluded more radical political elements from getting political power in Japan (Gaunder 2007, p. 3). Until the mid-1970s the LDP's consistent majorities in the Diet had also greatly limited its need to cooperate with the opposition, and there existed few bonds between the LDP and the opposition.

The Establishment of the New Liberal Club

"The first major challenge to the LDP's system of factions came in mid-1976 when several young LDP Diet men bolted the party and formed a rival conservative political group, the New Liberal Club (NLC). Kōno Yōhei and five others contended they left the LDP to escape the heavy hand of outdated factions and the money-oriented politics of the LDP elders" (Olsen 1976, p. 262). In the summer of 1976, one and a half year after Tanaka's resignation, and half a year after the revelations of the Lockheed Scandal, Kōno Yōhei, along with five other Diet members of the LDP formed the New Liberal Club (NLC), a party founded on a platform of political reform. In the period before the split, public support for the Miki government had been waning, and the foundation of the NLC again brought political reform to the centre stage. Kōno and his fellow would-be reformers, however, ultimately failed, mostly due to their lack of political capital due to their status as junior politicians within the LDP.

At the time of his defection Kōno had only been elected to the Diet three times after inheriting his father's *kōenkai* and political network, but being a junior politician, his prospects for promotion within the party were still in the seemingly far off future. He would

need to be re-elected at least two more times, and wait perhaps up to ten years before he would receive any of the higher posts in the party. During this time he was expected to toe the party, and factional line, and vote as instructed. Kōno did not relish in this prospect and rather opted to take his chances outside of the party. Already before his defection in 1976, Kōno had proven himself as a risk taker; he had abstained from voting in a no-confidence vote brought against Foreign Minister Fukuda in 1971, over the latter's opposition to the expulsion of the Republic of China and acceptance of the People's Republic of China to the UN (Gaunder 2007, p. 109), and he had also run as a candidate in the LDP leadership election in 1974, although he was roundly defeated as he ran without factional support. Feeling disenchanted with the strict seniority rules of the LDP, Kōno founded the NLC with the hope that he could break the LDP's majority, thus forcing them to look for a coalition partner. At this point the NLC members would negotiate a deal with the LDP, promising to rejoin the party in exchange for major reforms. Other defectors wanted to force the LDP to the negotiation table by forming a coalition with another party, although their ultimate goal was the same as Kōno's: reform of the LDP. What united all of the defectors was the acceptance of the fact that reform of the LDP could not be achieved from within, and that defection and negotiation as an outside entity was the only viable alternative. The defection of Kōno and his fellow junior politicians was a gamble, and also the first case of defections from the LDP in its twenty year history. The fate of the defectors should their gamble fail was thus unknown. The move by the NLC did in fact cause the LDP to lose its majority in the House of Representatives after the 1976 election, but the LDP was able to recruit sufficiently many candidates who had run as independents to secure a majority, and in the end did not need the help of the NLC to form a government. Kōno Yōhei and his fellow defectors had failed, despite winning seventeen seats in the election, a tidy number considering that it ran only twenty-five candidates. Ultimately the NLC failed because it lacked access to important institutions of power both inside and outside of the LDP. Kōno did not have patron-client ties within the LDP, he did not have connections to opposition leaders, and he did not have access to the policy-making-process. The only resources available to him were media exposure and public opinion. Due to Kōno's political lineage he was able to receive more media coverage than similar junior politicians would have been, but this ultimately proved to be insufficient for his effort to succeed. Kōno is described as a politician with a sincere desire for political reform, lacking the abilities as a negotiator, and the aforementioned political capital to succeed in making the NLC a coherent proponent for reform (Gaunder 2007, p. 107-114)

To put it succinctly, "Kōno's bid to see party reform enacted did not fail because he was not a leader with vision and commitment who was willing to take risks; it failed due to his lack of resources, something that was directly related to his junior status in the political world. While Kōno, as a second generation politician had enough personal resources to secure his own re-election independently of the LDP, he did not have enough financial backing or elite connections necessary to create a viable opposition party" (Gaunder 2007, p. 113). This was the main difference between the would-be reformer Kōno, and his abortive attempt at splitting the LDP, and the successful reformer Ozawa Ichirō, who succeeded in splitting the party in 1993. There were also other fundamental differences which lessened the probability of a split, as will be argued in the next chapter.

The LDP institutions

Political Affairs Research Council

As mentioned in the previous chapter PARC remained a largely inconsequential part of the LDP until the penning of the Akagi memo in 1962. Before this PARC was regarded as lowly posts for those outside of the mainstream of the party, and those who had failed to receive Cabinet posts, where they could try to gain some sort of influence (Krauss & Pekkanen 2011, p.163). This chapter will describe the pre- and post-memo structure of PARC, and will show how PARC was institutionalized and became the most important policy-seeking institution inside the LDP after 1962.

In the initial post-merger years PARC was largely ignored by the bureaucracy, and had little or no influence on policy-making. This was despite the fact that many of the members of the PARC committees were themselves former bureaucrats. The lack of activity in some PARC committees may help explain why they were not taken into consideration by the bureaucracy, but even PARC with former bureaucrats who actively lobbied to be included in the policy-making process found themselves ignored, and often did nothing more than convert the bureaucracy's proposals directly into approved bills. Even when the PARC committees were allowed to have a say in the policy-making process they had to accept that bureaucrats would revise their proposals. The fact that PARC appointments were made with regards to factional balancing, combined with a strong bureaucratic presence in the LDP factions meant that many bureaucrats found themselves assigned to PARC dealing with their former employer, further augmenting the influence of the bureaucracy on policy-making. The PARC committees were poorly staffed, and lacked expertise and financing and where thus ill equipped to challenge the bureaucracy's policy proposals (Krauss & Pekkanen 2011, p. 163).

The top party leadership was also less than eager to devolve any of its authority to PARC. They were suspicious that backbenchers were attempting to usurp their power over key policy-making issues such as the budget. The party leadership wanted to focus on the tax burden of the tax payer rather than the individual needs of the backbenchers for pork-barrel or credit seeking. In 1957, this resulted in the top party leadership deciding that any bill presented by the LDP to the Diet had to be proposed by the government, not individual Diet members. This was done to avoid proposals aimed at enhancing the popularity of individual members. Six months later the ability of individual members to propose policy was further weakened after the party leadership decided that the proposal of any bill or resolution that would undermine the budget, or was "aimed at election", was not permissible. In 1960 the LDP Executive Council, consisting of the top leadership in the LDP prohibited the proposal of any bill that would require revising the budget (Krauss & Pekkanen 2011, p. 163-64).

This sort of conflict between the party leadership and the backbenchers is not surprising in a SNTV MMD electoral system where politicians cultivate a personal vote. The ability of the individual politicians to bring public spending to their electoral district is of greater importance to the electorate than overall performance of the government.

By 1961 PARC had grown into sixty units (division, research committees, special committees, etc.) and had become more specialized, without having the power that it would later come to wield. It was also criticized by the party leadership for being inefficient, and for focusing on the needs of special interest and petitioning to the bureaucracy on their behalf rather than focusing on policy creation. There existed few institutional norms for policy-making within the LDP, and there existed a deep division between backbenchers and the government over how policy should be formulated and by whom. Up until this time the LDP leadership had fiercely resisted sharing power with PARC, and attempted to retain as much control over policy-making, especially the budget, as possible (Krauss & Pekkanen 2011, p. 164-65).

This changed dramatically in the early 1960s. After the conflict surrounding the US-Japanese Mutual Security Treaty had polarized the nation the LDP found that the policy-making process in the Diet had become more challenging, and were compelled to create a more streamlined process within the party. In 1962, Akagi Munenori, the Executive Council chair, sent a memo to Chief Cabinet Secretary Ōhira Masayoshi, demanding that all government bills should be referred to the Executive Council for approval before being submitted to the Diet. This meant that all bills now had to go through PARC, giving the government control over the proposals of individual politicians, while also giving these

politicians a channel with which to propose their bills. This meant that for the first time since the LDP-merger intraparty organs had gained influence in shaping government-sponsored legislation, including the budget (Krauss & Pekkanen 2011, p. 165-66). This was a decisive step toward the institutionalization of PARC as the main arena for policy-seeking in the LDP, and this would reduce the power of the party leadership, delegating more power over policy-making, although indirectly, to the factions.

After the alterations suggested in the Akagi memo were implemented, PARC gradually became a more influential institution within the LDP, LDP politicians became able to deliver constituency services by providing policy benefits to their constituency, in particular their *kōenkai*. By 1964 it was apparent that the Diet members had become increasingly concerned with the particular interest of their constituency, and that the policies they favoured were a result of this (Krauss & Pekkanen 2011, p. 166). The fact that the LDP had been in power for a decade, and enjoyed a secure majority in the both houses of the Diet further contributed to this development. During this period the personnel appointments to PARC also indicated its increased importance. A string of future prime ministers, amongst them Fukuda Takeo and Tanaka Kakuei, served as PARC chairs during Ikeda and Satō's tenures as prime minister (Krauss & Pekkanen 2011, p. 166). Due to the restraints on policy-seeking and proposal of bills to the Diet by individual MPs, imposed by the LDP leadership, a situation had by 1966 arisen where most bills introduced by Diet members were introduced by the opposition. These bills were naturally opposed by the LDP, and the main job of LDP Diet members had become to block these proposals from ever leaving the Diet committees. The chair of the LDP Organization Research Committee was not content with this state of affairs, as it worked to the advantage of the bureaucracy and the government, and not individual MPs or the LDP as a whole, and he therefore proposed to the LDP leadership that PARC should be used more actively for policy creation. Instead of regarding PARC as an agent used by various interests groups intended on busting the budget that had to be restricted, the leadership should view it as an institution that could be used to train policy experts who could hold their own against the bureaucracy (Krauss & Pekkanen 2011, p. 166-67).

The contours of an "agricultural tribe" could also be seen among LDP Diet members who attempted to help their farm constituencies by setting higher rice prices in the highly regulated Japanese market (Hoshi 2004, p. 415). The central role of *zoku giin* in pork-barrel distribution and in the collusion between the bureaucracy, political elites, and big business is a favoured area of study for those who propose that a so-called "iron triangle" was responsible for controlling Japanese politics and society for much of the post-war era (Bowen 2003;

Pempel 2010; Iida 1994). Without necessarily passing judgement on the veracity of this theory, one can say that the *zoku giin* certainly helped facilitate the relationship between the business community and the bureaucracy, and that LDP PARC was the institution through which this contact was maintained. This also contributed to the phenomenon called *amakudari*, cushy post-bureaucratic careers in government related corporations and institutions for former bureaucrats (Pempel 2010, p. 230).

So what are *zoku giin*? There are many definitions of *zoku giin*. Satō and Matsuzaki, discuss several definitions before establishing one that includes the central trait of the *zoku giin*; that they have a strong connection to the bureaucratic agency specifically related to their areas of policy expertize. They define a *zoku giin* as such "[p]ersons who are, prior to their first entry into the Cabinet of first term ministerial experience (you can say that these are largely mid-level representatives), among those representatives who are exercising a strong daily influence concerning policy areas that are compartmentalized with the bureaucratic agency as the basic unit" (1986, 264-65). So how were *zoku giin*, or prospective *zoku giin* appointed to the PARC divisions and committees? In short, the LDP party vice secretary-generals negotiated and decided who would be appointed to the various positions of LDP PARC. The deputy chairman of the Diet Affairs Committee was responsible for distributing the posts of the various Diet committees. The personnel decisions were, however, in effect decided by the factions after factional negotiations. The sub-Cabinet posts were determined by the prime minister and party secretary-general, at the same time as the cabinet posts, on the basis of factional strength (Krauss & Pekkanen 2011, p. 170).

Tanaka Kakuei, who regarded PARC as a means of establishing legislative politics, which roots he regarded as shallow in Japan, continued doing as his mentor Satō Eisaku and appointed talented politicians to PARC with the hope that they would become *zoku giin*. This was not done to usurp the power of the interests group, nor the bureaucrats, but rather to facilitate the linkage of the three through PARC, thus making the LDP a key cog in the political and financial wheels of Japan. By doing this Tanaka greatly contributed to, and exacerbated the "structural corruption" that was to characterize the 1980s (Johnson 1986, p. 222-23).

The changed role and perception of PARC was caused by the changed economic realities in Japan between the end of the war and the 1970s. During the 1950s Japan still had to recover from the devastation caused by the war, and governments were eager to curtail wasteful spending. The amount of funds available for pork-barrel distribution or constituency services was thus low, or non-existent. This changed starting in the 1960s as Japan's economy

grew rapidly, causing the amount of funds available for these sorts of activities to also grow. It was in the interest of the factions, and also backbenchers, to see to it that this distribution did not fall solely to the government or the bureaucracy, but that they could also get a piece of the pie. The long reign of the LDP produced a virtuous or vicious cycle, where LDP incumbents enjoyed a strong advantage due to the strong *kōenkai* they had already established in their districts, and were able to use constituency services and pork-barrel funds to support their *kōenkai*, strengthening their electoral advantage. By doing so they increased their re-election chances, thus ensuring that they were able to be reappointed to PARC, where they could consolidate and broaden their connections in the bureaucracy and business community (Krauss & Pekkanen 2011, p. 167).

During this period there was one other important development, which would come to greatly contribute to the intraparty stability of the LDP in the short term, while also sowing the seeds for a split in the long term. During the immediate post-merger period PARC had been an arena where factions who found themselves in the anti-mainstream could build some sort of power base with which to attack the mainstream. As a part of the institutionalization of the seniority rule in the factions, seniority also gradually became important with regards to PARC appointments, and a norm of all-faction participation also for appointments to PARC emerged. The institutionalization of all-faction participation and seniority dictating eligibility to PARC, gradually weakened the tensions between anti-mainstream and mainstream, to the point that it had largely disappeared by the 1980s (Krauss & Pekkanen 2011, p. 168). In the early 1980s, the future prime minister, Mori Yoshirō stated that "[i]n PARC, policy is the priority not factions" (Nihon Keizai Shimbunsha 1985, p. 123). PARC thus played an important role in ensuring that the divisiveness and conflict caused by factional politics did not impinge on policy-making.

The compromise between anti-mainstream and mainstream, and backbenchers and government, that had been the Akagi memo, the economic growth producing ever increasing budgets, the longevity of LDP rule and the benefits it entailed, and the dispersion of tension through seniority rules deciding appointments to PARC, produced an institutional structure that was highly beneficial for everyone involved: bureaucrats got bigger budgets, politicians were able to provide constituency services and pork-barrel distribution ensuring their re-election, and interest groups were able to influence policy and earn more money in exchange for campaign funds or votes. This development strengthened the *kōenkai* and PARC, but weakened the government's control over policy creation and implementation. Politicians used

kōenkai to ensure their re-election, and their *zoku giin* status through PARC to provide funds for their electoral districts (Krauss & Pekkanen 2011, p. 168).

Factions

Like PARC and *kōenkai*, the factions also became institutionalized within the party in the period before the critical juncture studied in this chapter. From being a lose gathering of individuals gathered around a leader for reasons of either ideological or political unity, or personal affinity, with limited influence on vote-, policy- or office-seeking, the factions gradually transformed into strictly hierarchical organizations which controlled access to all of these three functions. This development started with the election of Ishibashi Tanzan, but there were several other important events which shaped the factions, and which caused them to become the most important institution for any ambitious LDP politician. This chapter will look at how the factions within the LDP developed between the election of Ishibashi in 1956, and the critical juncture in the mid-1970s.

The factions continued to develop as described in the previous chapter after the election of Ishibashi. Former party affiliation, ideology, whether one hailed from the bureaucracy or was a career politician etc. became increasingly irrelevant as the factions scrambled to recruit votes for the party presidential election. "By the late 1950s, factions were being transformed and consolidated from loose-knit, nonexclusive, and partially policy-seeking groups into the more cohesive, exclusive, and office-seeking party units they continued to be for nearly four decades, although other dimensions of their organization changed greatly over time" (Krauss & Pekkanen 2011, p. 111). LDP members joined factions because this provided them with access to funding and other aid at election times, and factional leaders distributed funds for these purposes with the expectation that this favour would be repaid in the form of a vote come election time at the party's national convention. The LDP factions of the late-1950s and early 1960s had, however, still not developed the strict hierarchical form, or the rigid seniority rules that would come to characterize them in the future. Nor did they exert the same degree of influence over the careers of their members (Krauss & Pekkanen 2011, p. 111).

According to Krauss and Pekkanen the development of this pattern of factionalism happened in three stages: The first stage was the development of strict seniority rules within the factions, making them strictly hierarchical. The second stage was the extension of factional competition into the electoral districts, with each faction minimizing the number of candidates it ran in each district. And the third, and final stage, was the application of

seniority rules to the party as a whole, and the application of these rules to when deciding appointments to various posts within the party, parliament, and government (Krauss & Pekkanen 2011, p. 112). This development was not a smooth process with stages that can be clearly delineated in time, but rather processes which occurred gradually.

Factions were not organized hierarchically according to seniority in the first years after the LDP merger. This was due to the varied background of the LDP politicians at the time. The LDP leadership consisted of pre-war politicians who had served multiple terms in the Diet before the war, bureaucrats recruited by Yoshida Shigeru, and politicians who had only been elected after the end of the war. Due to the vested interests and the varied backgrounds of the actors the establishment of seniority rules was difficult. By the late 1960s this situation had changed as a result of the deaths or retirements of many of the pre-war politicians, coupled with the ascension to power by many former bureaucrats. This facilitated the gradual establishment of a seniority system and more hierarchical factions (Kawato 1996 (1)).

The implementation of a similar seniority system within the LDP itself took even longer. During the first decade of the LDP's rule the party was split in two, the mainstream, which consisted of the factions who supported the leader, and the anti-mainstream, which consisted of the rest of the party. Due to the LDP's overwhelming majority in the Diet the mainstream did not have to worry unduly about a defection by the anti-mainstream. The mainstream consistently monopolized the best and most important posts within the LDP, giving them to the most senior members of its factions. The norm of distributing posts equally among all factions based on their proportional strength, regardless of whether or not they were in support or opposition to the leading coalition had not yet been instituted and this was a frequent source of conflict (Krauss & Pekkanen 2011, p. 112). This was particularly evident at the time of the US-Japanese Mutual Security Treaty, when intraparty factions helped undermine Kishi Nobusuke's premiership (Bouissou 2001, p. 591).

The first move towards avoidance of this form of conflict was made by ensuring representation by all factions in the Cabinet (Krauss & Pekkanen 2011, p. 113). There exists some dispute regarding when this was first done, some argue that it became an institutionalized norm during Satō Eisaku's period in office (Satō & Matsuzaki 1986, p. 67; Kohno 1997, p. 97-98, 110-13; Ramseyer & Rosenbluth 1993, p. 64). Others argue that it did not occur until the late 1970s (Kawato 1996 (1); (2), p. 943,), and that it in some areas was not fully implemented even after the 1980s (Bouissou 2001, p. 593-96). The mainstream was incentivized to share party- and Cabinet-posts as the number of factions grew smaller following the dissolution or incorporation into larger factions, of the smaller factions. By the

late 1970s, the combination of fewer and larger factions, and a decreasing majority enjoyed by the LDP in the Diet made the threat of defection more credible, and as a result the leadership factions gradually relinquished control over office-distribution in order to maintain party unity and prevent a split (Krauss & Pekkanen 2011, p. 113).

The distribution of other party, parliamentary, and government posts was also decided in similar ways. Satō and Matsuzaki describe three types of factional distribution of these posts in their 1986 book *Jimintō seiken* (1986, p. 63-66). The first type was the "faction power proportionality" method, according to which factions were given posts based on their proportional strength within the party. This method was used for distribution of Cabinet posts, and the chairmanships of the LDP executive council and PARC. Another method was the "factional representation" method, which meant that each major faction provided a representative. The deputy secretary-general position of the party and the vice chairs of PARC, the Executive Council, and the House of Councillors Members Committee was decided using this method. The last method was the "all members participation" method, which guaranteed that all members of the LDP were at some point eligible, by seniority rules, for the posts of parliamentary vice minister, PARC division chair, and, prior to Cabinet experience, Diet permanent committee chair. According to Satō and Matsuzaki, these methods were institutionalized in the 1960s.

Kawato, however, finds that although the "all members participation" method was institutionalized fairly early in the history of the LDP, the other two methods were not implemented until much later. He puts the institutionalization of these two methods, which does not preclude that they were used before this, but that they were not used at a rate which warrants calling them institutionalized, to the tenure of Nakasone Yasuhiro, in the early to mid-1980s (Kawato 1996 (1), p. 95).

Others argue that the career norms and patterns of LDP politicians were not institutionalized until the 1970s, at the earliest (Krauss & Pekkanen 2011, p. 114). In the words of Krauss & Pekkanen "[t]he role of factions in personnel appointments in the party, parliament, and government did not originate early or evenly within the LDP; the process was checkered and did not settle into the pattern most analysts identify as the typical '55 system until the late 1970s or early 1980s" (2011, p. 114). As will be shown later in the thesis, the fact that this institutionalization had not yet been fully completed by the mid-1970s, contributed to the unity of the LDP through the critical juncture studied in this chapter.

The institutionalization of hierarchical factions and factional norms and rules for promotion based on seniority was not the only process which began during this period. The

linkage of the factions to the electoral districts of factional members had also started to become institutionalized during the period before 1976, although not as completely as it would later become after the 1978 LDP leadership election.

The factions did not start to link up to the individual Diet member's electoral districts until after the 1956 party leadership election. As described in the previous chapter the election caused the factions to consolidate, and to expand their membership if possible. This also meant that the factions were disinterested in the establishment of local party branches, as these branches could undermine their ability to funnel money directly to their factional members in the various districts. The conflict between the former Liberals and the former Democrats and subsequently between the mainstream and the anti-mainstream factions spread to the local assemblies between 1956 and 1960, and effectively blocked the LDP's efforts at opening local party branches tasked with the training of party activists who could recruit new voters (Krauss & Pekkanen 2011, p. 115).

Factionalism also exhibited itself in the 1960 election, when some factional members chose to change their factional allegiances in order to avoid running against members from their own faction in the same electoral district (Krauss & Pekkanen 2011, p. 115). Factional leaders were responsible for providing their members with funds for campaigning, and it makes sense that they did not want to run two candidates in the same district as this meant that they ran the risk of using more money to win fewer seats. If the two candidates ended up sharing the vote, winning for example 50,000 votes each, this could mean that they both would end up not winning a seat from the multimember district if the amount of votes needed to win a seat was 70-80,000. This is called *tomodaore*, or friend fall, and was a peculiar feature of the SNTV MMD-electoral system (Cox, Rosenbluth & Thies 1999, p. 36). The factional leader would be better served spending his money to win 100,000 votes for one candidate rather than 100,000 votes distributed over two candidates. The link between the factions and the *kōenkai*, and thus the importance of the factions in the vote-seeking efforts of individual Diet members was explained as such by Tanaka Hajime, a first-term LDP representative from the Satō faction in 1970 "[y]ou have to get monetary support from party leaders, or the power of a faction" to maintain, and activate a *kōenkai* (Krauss & Pekkanen 2011, p. 115).

In the mid-1970s the factions also began performing constituency services for Diet members at the behest of voters, or the *kōenkai* of its members. PARC had facilitated the specialization of Diet members, and this meant that most factions consisted of policy experts who could curry favour with the bureaucracy and ensure that money went to where it would

aid the members of the factions (Krauss & Pekkanen 2011, p. 115). Tanaka Kakuei was perhaps not the first, but certainly the most prolific in employing this strategy. He referred to his faction as a "general hospital" and boasted that it could perform any service that its members required (Satō & Matsuzaki 1986, p. 61).

During the last years of the period studied in this chapter one piece of reform which would prove to have a massive impact on the factions of the LDP, and which, as will be argued in the conclusion of this thesis, massively contributed to the split of the LDP in 1993, was implemented. This happened in 1975 when Miki Takeo succeeded in revising the Electoral Funds Law, this represented Miki's only successful reform, although the consequences of it would prove to be very different than he had intended. Miki intended the reform to ensure that money was channelled directly into the LDP's central organization, circumventing the factions and thus loosening their grip on the LDP (Krauss & Pekkanen 2011, p. 117-18).

The Electoral Funds Law was heavily diluted as Miki met with fierce opposition from his own party. Finally "Miki agreed to unrestrained individual donations to the party, retreated from his insistence that corporate contributions be drastically reduced over a three-year period (substituting a five-year time frame), and relented in his pressure for sharp restrictions on corporate financial largesse-in return for weak stipulations concerning the type of contributors (no government-subsidized firms), the amounts that could be contributed (a maximum of ¥-100 million depending upon the size of the firm or union), and the purposes of the funds (regular operating expenses of the party only)" (Olsen 1979, p. 262).

The reform resulted in the factional members having to take more responsibility for fund raising, and they became more dependent on local businesses than had previously been the case. Although the reform put the onus for fund raising on individual Diet members, factional leaders were still expected to aid their factional members in this endeavour, and also to provide a substantial amount of funding themselves (Curtis 1988, p. 83-84, 176-87). As with PARC and *kōenkai*, the factions continued to develop and become institutionalized over several decades, not attaining their final "55' form" until the late 1970s or 1980s in many cases (Krauss & Pekkanen 2011, p. 118), at the end of the critical juncture studied in this chapter the factions had become deeply entrenched in the LDP and controlled access to vote-, policy- and office-seeking, by controlling allocation of PARC posts, funds for *kōenkai*, and the leadership election in the LDP.

There was, however, one vital difference between the factions of 1976, and the factions in 1993, namely there were more of them. In 1956 there had been eight factions in the

LDP; by 1976 these had increased to nine. These factions were all remnants of the original eight factions. The Kishi faction was led by Fukuda Takeo, the faction had split into three over who should become leader after Kishi, Fukuda had retained control of the main faction, and by 1976 one of the post-split factions had disappeared, whereas the other still endured and was led by Shiina Etsusaburō. The Satō, Ikeda and Kōno (Ichirō) factions had all survived leadership changes without splitting and were being led by Tanaka, Ōhira and Nakasone respectively. After the death of its leader, Ōno Bamboku, the Ōno faction split into two new factions led by Funata and Mizuta. The factions of Miki Takeo and Ishii Hitsujirō had remained under the leadership of these men since the merger. The faction of Ishibashi Tanzan had ceased to exist when he resigned as prime minister due to illness (Fukui 1984, p. 398).

Thus, by 1976 there were nine factions, the smallest one, the Ishii faction consisting of a mere four Lower House MP's, and the largest one, the Tanaka faction comprising forty-three Lower House and fourth-one Upper House MP's. The faction of Prime Minister Miki was interestingly enough only the fifth largest factions with thirty-two Lower House, and nine Upper House MPs (Olsen 1979, p. 268). Interestingly enough, Chalmers Johnson does not include the incumbent Miki as one of the four most influential members of the LDP in his review of the year 1975. Rather he lists: Shiina Etsusaburō (vice-president of the LDP), Hori Shigeru (former LDP secretary general), Nadao Hirokichi, (chairman of the LDP's Executive Council), and Maeo Shigesaburō (speaker of the lower house of the Diet) as the most influential men in the LDP at the time, writing about them "[t]hey are the current "seniors" of the ruling conservative party, the power brokers who exercise a dominant influence from behind the scenes over the factions of the LDP" (Johnson 1976, p. 31).

Miki was thus able to become prime minister despite representing a smaller faction due to certain qualities he possessed as an individual that were needed by the LDP leadership at the time. This was unprecedented in the LDP, all of the post-Hatoyama prime ministers had been elected after forming factional coalitions to support their candidacy, sometimes causing serious intraparty instability and acrimoniousness. These leaders had, however, also been strong leaders who had been able to enjoy fairly stable tenures in office before succumbing to illness (Ishibashi and Ikeda) or retiring voluntarily after serving for a very long time (Satō). The two exceptions were Tanaka Kakuei, who was forced to resign due to financial irregularities, and who subsequently was unable to return as the leader of the LDP due to his indictment and subsequent conviction of corruption (Johnson 1986), and Kishi Nobusuke, who was forced to step down after having polarized the nation with his heavy handed "high posture" politics. Compared to these strong leaders Miki was a weak and ineffectual prime

minister, beholden to the larger factions for support, and without much mandate to implement policy apart from the leverage afforded to him due to his image as a reformer, a leverage that gradually disappeared as the demands for electoral reform subsided as the economy once again started to grow. Although Miki was an uncharacteristically weak leader during the period covered in this chapter, the problems that beset his tenure in office would come to plague most of the LDP leaders between 1976 and the party's split in 1993.

Lastly it is worth noting that there was in fact an attempt made at ending factionalism in the LDP as early as the early-1960s, this attempt was not genuine in any way shape or form, and it is largely ignored in the literature pertaining to factions, but it still warrants mentioning as it could be construed as a critical juncture for the LDP.

By 1962 the factionalism within the LDP was seen as having played a negative role with regards to forming party unity, and responsible and effective government. The problems of ineffective governance were seen as being exacerbated by the factional politics of the LDP that meant frequent Cabinet reshuffles caused by the prime minister's need to reward as many of his supporters as possible. The "Miki Committee" was appointed by Prime Minister Ikeda to find solutions to these problems, and presented six proposals aimed at modernizing the party in 1963. This committee proposed to; 1. Unify political funds, 2. Change the LDP leadership election process, 3. Make Cabinet posts dependent on merit rather than factional membership, 4. Streamline election campaigns, 5. Strengthen local party branches, and 6. Dissolve the factions (Farnsworth 1966, p. 502-503). These recommendations were, naturally, met with scepticism by the factional leaders, who recognized that these efforts could undermine their positions of power. Nevertheless, some factional leaders acquiesced and disbanded their factions, although these were quickly replaced by "support" factions or "study groups" that took over the functions of the factions (Farnsworth 1966, p. 501-505). The attempt at liquidation failed, and Masumi describes the Miki Committee's endeavours in this way: "To liquidate factions is analogous to trying to defy Newton's Law. Within several months, all the factions were back in business, and no one would take seriously subsequent calls for faction liquidation. Since factions could not be eliminated, the business community again joined them. Funds were once again channelled and factions utilized. The bureaucracies, interest groups, and voters all have contributed to turning factions into the linchpins of the political system." (1988, p. 301)

The Miki Committee's proposals never amounted to much in the way of reform, but they are important as they show that the LDP factions were not seen as institutions worth maintaining, but which endured due to the vested interests of the participants in the political

system. Between 1956 and 1976 the factions thus came from the brink of being abolished, at least in theory, to enjoying a status as the most central institution of the LDP, controlling access to vote-, policy-, and office-seeking in the party.

Kōenkai

As with PARC and the factions, the *kōenkai* also developed a great deal before the critical juncture covered in this chapter. At the time of the LDP merger *kōenkai* had filled the role as the main vote-seeking institution for some Diet members, both conservative and socialist. In the years after the merger, primarily spurred by the leadership election-system adopted by the LDP leaders in 1956, the *kōenkai* of individual LDP MP's would become the most important vote-seeking institution for LDP politicians. This development was supported by the factions, who in their attempts to recruit new members, or votes in the leadership election, found funding for *kōenkai* the most effective way of recruitment. This does not, however, mean that the LDP leadership saw *kōenkai* as an ideal institution for vote-seeking, and there were, failed, attempts at establishing party branches that would perform this function within the LDP.

Before the 1958 election, which was the fifth held under the new electoral system, some politicians on both sides of the political spectrum had created *kōenkai* to aid them in their vote-seeking efforts in general elections. This development had, however not been uniform, and *kōenkai* had not played a major role in the elections up to that point. In the run-up to the 1958 election, this changed dramatically; *kōenkai* activities increased substantially, and Tanaka Kakuei's Etsuzankai, for example, which was the prime example of a professionalized *kōenkai* with a vast membership, became much more sophisticated organizationally. In 1959 it created a liaison council to oversee and organize the various *kōenkai* under its purview, and in 1960 the headquarters for the whole operation was opened. In this period it also adopted a "competition rule" to spur the various *kōenkai* to achieve higher vote shares in every election (Krauss & Pekkanen 2011, p. 53). The networks centred on local notables, who had previously been important electorally, became unstable during the rapid transformation resulting from economic growth, and politicians increasingly used *kōenkai* for electoral support (Kitaoka 1965, p. 50-53). Despite the fact that the LDP MPs had over three years to prepare their campaigns, the *kōenkai* were still not completely dominant (Krauss & Pekkanen 2011, p. 53).

At the time of the LDP merger, one of the major goals was to develop local branches. As early as December 1955, the LDP decided to fulfil this ambition. This effort failed due to

the fact that *kōenkai* already existed and performed a vote-seeking function for some members at the time of the merger. The effort to establish local branches was seen as important by the LDP leadership in order for the LDP to compete effectively with the JSP. Starting in 1956 the establishment of local branches was also accompanied by an effort to train local party leaders by conducting workshops. The efforts to establish local branches were sincere efforts by the LDP leadership, as the training of 22,000 local leaders between 1955 and 1964 attests to. These efforts were, however, hampered by the intransigence and uncooperative stance adopted by the national Diet members, who resisted the growth of a centralized party organization. This resistance was a result of lingering pre-merger tensions and conflicts between the former members of the Liberal- and Democratic Party. Before the merger the conservatives had not coordinated their electoral efforts, and there had been fierce clashes between them. The Liberal- and Democratic Party had run candidates in all electoral districts but one in 1955, meaning that they had representatives running against each other in almost all districts. This greatly hampered the efforts to establish local branches as no consensus regarding who should run the branches could be achieved. The existence of *kōenkai* in some districts further exacerbated the difficulties of the LDP in establishing local branches. The MP's who had cultivated *kōenkai* were less than enthusiastic about sharing access to their own personal vote-seeking machine, and the existence of *kōenkai* in a district meant that networks aimed at winning the conservative vote were already in place, further hindering the establishment of local party branches (Krauss & Pekkanen 2011, p. 54). During the mid- to late-1950s the integration of the *kōenkai* of local assembly members and national Diet members started to occur in many places. By cooperating the local assembly member could get access to the national Diet member's political network, and also the prestige of the endorsement of the Diet member at election time, and vice versa (Krauss & Pekkanen 2011, p. 54). This "conglomeratization", also extended the influence of the factions into the local assemblies (Masumi 1964). All these factors doomed the establishment of strong local party branches under the direct control of the LDP's central organization.

By the 1960s *kōenkai* had extended their roots even deeper into the electoral districts, and before the 1960 election, the Asahi Shimbun ran a story featuring a Tokyo-area Diet member who seemed relaxed and confident in the run-up to the election, safe in the knowledge that his *kōenkai* strength was sufficient for him to win a seat in the Diet come election time. The article proclaimed that strong ongoing *kōenkai* were more beneficial than a vast amount of campaign funds. The *kōenkai* were still performing the same functions that they had done previously, and would continue to perform for all of the period covered in this

thesis; they arranged drinking parties, dinner parties, etc., often in conjuncture with group meetings of various kinds. At this time it was reported that LDP members typically had *kōenkai* consisting of 10,000-20,000 members (Krauss & Pekkanen 2011, p. 55).

During this period the *kōenkai* grew in number, size and influence not because of the efforts of the LDP leadership, but rather in spite of these efforts. The LDP tried to establish local branches, to be tasked with electoral mobilization, several times in the first five to six years after the merger, but all these efforts failed (Nonaka 1995, p. 51-55). Far from embracing *kōenkai* and seeing them as a way to solve the vote-distribution problem in the SNTV MMD-electoral system the LDP leadership actively opposed the *kōenkai* and tried to replace them with local party branches. These attempts failed due to the existence of *kōenkai* in the electoral districts, and due to the factional politics in the LDP itself. The factional leaders were more interested in supporting their own factional members, thus securing their position in the leadership election of the LDP, than seeing a LDP candidate win if he was not a member of their faction (Krauss & Pekkanen 2011, p. 57).

In 1963 the fatal blow for the local party branches came. As mentioned the Miki Committee presented a comprehensive plan aimed at reforming the LDP in 1963. This proposal was clearly aimed at centralizing party control. A central piece of the proposal presented by the committee was to subjugate the local party branches to the centralized party by forcing it to report directly to party headquarters, the plan also included a provision calling for *kōenkai* leaders, and at least five hundred *kōenkai* members to register with the local branch and to cooperate positively in party efforts (Krauss & Pekkanen 2011, p. 57). This would have meant that the *kōenkai* would become less of a personal support group for an individual Diet member, and rather a part of the LDP itself. The effort quickly failed due to intraparty opposition. As a compromise the LDP established liaison councils which would work as a go-between between the *kōenkai* and the local branches, distributing press releases and engaging in some election activities. This was a political defeat for the leadership as it gave the central party a minimal role, and miniscule influence, in local elections (Krauss & Pekkanen 2011, p. 58).

The failure of the 1963 reform effort was a turning point for the LDP in its effort to get establish local party branches to replace the *kōenkai*. Having launched numerous efforts over almost a decade to undermine the *kōenkai* and to centralize control over vote-seeking to the LDP, the LDP finally declared defeat. After 1963 no new efforts to establish local branches would be undertaken, and the LDP rather opted to use the *kōenkai* to serve in their place (Nonaka 1995).

From the 1960s and onwards *kōenkai* membership in the LDP grew steadily, and the *kōenkai* became the primary vote-seeking institution for individual LDP MPs. The growth of the *kōenkai* also coincided with the repeated failures of the LDP to centralize the party by creating local party branches. In the period between 1956 and 1976, *kōenkai* had become one of the three vital institutions which LDP MPs needed in order to be successful both within the party, and in national elections (Krauss & Pekkanen 2011, p. 62-64).

The Miki Premiership as a Critical Juncture

The period between 1974 and 1976 represented the first critical juncture encountered by the LDP after is foundation. The period during the early 1960s when factions were dissolved and reformed did not represent a critical juncture as it occurred during the period dubbed "Period one: perfect insulation (1955-67)" by Bouissou, a period in which no single LDP faction could break the LDP's absolute majority in the Diet, and where no workable coalition partner was available to any LDP defector (2001, p. 589-90).

Thus for the first time the LDP in 1974-76 ran an actual risk of losing political power, and acted accordingly. In an attempt to prove its willingness to enact reform the LDP appointed the reformer Miki Takeo as prime minister. Miki subsequently attempted to enact reforms, but was met with staunch internal opposition, and was ultimately only able to his Electoral Funds Law revision passed. Having secured a majority after the 1976 election the LDP again went back to business as usual and allowed the factions to hash it out for the leadership of the LDP. This was possible as the political scandals had started to fade from the voter's consciousness, and as the economy had again started to grow after the 1973 oil shock.

In 1976 LDP politicians were still best served by staying in the LDP. Their vote-seeking efforts were dependent on funds for *kōenkai* provided by the factions, and the performance of constituency services facilitated by their PARC positions. Office-seeking was also dependent on PARC position as well as their re-election to the Diet, as seniority was already heavily used to decide promotion within the party. This promotion was also dependent on factional membership as the factions controlled post distribution for PARC, the Diet committees, and the Cabinet. Lastly politicians' policy-seeking was dependent on winning re-election as this enabled them to attain re-appointment to PARC committees and subsequently attainment of *zoku giin* status. The LDP had retained power for twenty years, and although its majority in the Diet grew ever smaller, the opposition was still too divided to be a viable option for the electorate. Junior politicians in the LDP were assured promotions as long as they could win re-election and remained loyal to their factions, and the continued

growth of the economy also meant that the budgets were increasing and pork-barrel funds were still readily available. Senior politicians in the LDP also found their interests best served by staying in the party. Having attained seniority they had access to ample political resources, and campaign funds. This access was, however, dependent on them retaining control over policy creation through PARC, as this was the tool with which they performed political favours for the companies that supported them. They also needed political resources such as PARC and Cabinet posts to distribute to their factional members in order to assure their loyal allegiance. Thus both senior and junior politicians in the LDP were disinclined to leave the party to seek their fortunes as a part of a coalition with the opposition. This also explains why so few MPs chose to follow Kōno Yōhei out of the party, and why the NLC ultimately failed.

The critical juncture between 1974 and 1976 produced three lasting legacies which would greatly affect the organization of the LDP institutions. First, Miki Takeo became the first prime minister who had to rely on other stronger factions to support his premiership. He also became the first in a long line of weak and ineffectual prime ministers unable to affect the policies they strove for due to factional opposition. Second, the Electoral Funds Law would prove to greatly affect the factional structure of LDP, as will be described in the next chapter. Thirdly, Tanaka Kakuei began greatly expanding his faction after his arrest for corruption, and this also greatly affected the way in which the factions developed following this juncture, and would contribute to the eventual split of the LDP in 1993.

The period of "loosening insulation", which had begun in 1967 ended at this critical juncture, and was replaced by a period of "near-parity in the Diet" (1977-80). During the former period the LDP had seen its Diet majority shrink to the point where any of the larger factions could break its absolute majority, which gave it complete control over the Diet committees, and a coalition of factions could break its working majority. As the latter period started the LDP found itself without an absolute majority, barely retaining a working majority in the Diet (Bouissou 2001, p. 591-93).

CHAPTER THREE:
THE POLITICAL MACHINE STALLS

Ozawa was the one who was responsible for saying that reform is something that we have to do. I do not believe that Ozawa is completely responsible for the passage of reform. Everyone still had to vote for it. Ozawa, however, created the opportunity. He had the courage and confidence to try to make this happen.

Matsuda Iwao, a senior LDP politician, quoted in Gaunder 2007, (p. 2)

As in the previous two chapters this, last, chapter will first look at the economic, political and societal changes that Japan underwent before and during the critical juncture studied, set against the backdrop of the tenures of the LDP leaders of the era. Japan's position in world politics and economics had changed between the end of the war and the late 1980s, and would change even further during the period studied in this chapter. Japan's increasingly tense relationship with the US, the bursting of the economic bubble in 1989, scandals related to corruption involving LDP politicians, and the end of the Cold War were all factors which greatly contributed to the LDP's split and loss of power in 1993. Following a discussion of domestic and foreign political developments between 1976 and 1993, the defection in 1993 by several LDP MPs led by Ozawa Ichirō, which ultimately led to the LDP's loss of power, will be examined. Then, there will be presented an explanation of the developments in PARC, the *kōenkai* and the factions. The chapter will be concluded with a discussion regarding why the defectors of 1993 succeeded where those of 1976 had failed.

LDP Leaders 1976-1993: From Fukuda to Miyazawa

Having put factional politics aside in the election of Miki in 1974, the factions again took centre stage and vied for a numerical superior coalition in order to ensure their election victory following Miki's resignation. The winner of this factional struggle was the former bureaucrat and Satō Eisaku protégé, Fukuda Takeo. Fukuda had been the heir apparent when Satō stepped down in 1972, but was outmanoeuvred by Tanaka Kakuei, and in the end did not inherit the premiership or Satō's faction, both of which went instead to Tanaka (Smith 1995, p. 121-22). This deepened the animosity between the two men, and launched the so-called Kaku-Fuku war within the LDP. This war greatly contributed to the polarization of intraparty politics and is one of the reasons why the LDP struggled to unite behind any one leader after the resignation of Satō (Bouissou 2001, p. 582), with the possible exception of Nakasone. By

1976 Fukuda had been able to regain a firm foothold within the party, and he managed to win the leadership election in the winter of 1976, thus succeeding Miki as both party leader and prime minister (Smith 1995, p. 127). Fukuda's tenure as prime minister was continually undermined by the factions of his erstwhile enemy Tanaka, and Ōhira, who was in cahoots with Tanaka, and this greatly limited Fukuda's scope of action. This opposition did however spur him to conduct procedural changes to the electoral system within the LDP, in an attempt to strengthen his own position (Smith 1995, p. 128). These changes would come to greatly impact the institutional nature of the factions, although it did little to change the power balance in the party. Fukuda stepped down as prime minister in 1978 after having surprisingly failed to win the first LDP leadership election where an attempt at mass participation was undertaken (Tsurutani 1980). The only election held during Fukuda's time in office was the 1977 House of Councillors election, were the LDP again proved unable to reverse its electoral slump, losing two seats, and just barely retaining a majority with 125 out of 249 seats (Nohlen, Grotz, Hartmann 2001, p. 385).

The man to beat Fukuda in the LDP leadership election was Ōhira Masayoshi, a factional boss who, with the backing of Tanaka Kakuei, won the newly adopted mass membership election, which was supposed to serve as a sort of primary election before the traditional election by the LDP MPs at the LDP convention, by such a large margin that Fukuda, and the other candidates, admitted defeat and withdrew from the race before the ballots were cast by the MPs, thus allowing Ōhira to run unopposed (Tsurutani 1980, p. 850). Ōhira first faced a national election slightly over six months after taking office, in the summer of 1979 (Baerwald 1980 (1), p. 265). The LDP proved to be unable to win back any of the seats it had lost as a result of the corruption scandals of the mid-1970s, and lost a further two seats, leaving it with 258, out of 511, seats in the Diet, and a slender majority of .5 per cent (Nohlen, Grotz, Hartmann 2001, p. 382). In fact the LDP had fallen eight MPs short of a majority, and had only been able to secure a majority by allowing ten candidates who had run as independents to join the party (Baerwald 1980 (1), p. 257). The tensions that still lingered after Ōhira's victory in the LDP election, and the poor result of the LDP in the first election under his leadership, had greatly destabilized the party, and within less than two years of his victory in the LDP primary, in the summer of 1980, he was forced to call an election after a number of his party's contingency in the Diet failed to show up to vote against a motion of no-confidence presented by the opposition, causing the motion to pass. Ōhira decided to dissolve the parliament and call a general election, rather than to resign as prime minister. This

election was to be held in the spring of 1980, barely half a year after the previous one held in the in the summer of 1979 (Baerwald 1980 (2), p. 1169-70).

Shortly after calling the election Ōhira fell ill, and then died on the 12th of July, ten days before the election was to be held. The LDP used his death heavily in the election campaign, and an outpouring of sympathy votes helped it reverse its electoral losses from two years earlier, regaining 26 seats in the Diet, giving it a secure majority with 284 MP's, which was further bolstered by the joining of five independents after the election giving the LDP a total of 289 MPs in the Lower House (Baerwald 1980 (2), p. 1170-71). The LDP also regained 12 seats in the Upper House election (Nohlen, Grotz, Hartmann 2001, p. 385), which fortuitously enough for the LDP was held at the same time as the Lower House election.

The 1970s had seen a shift in focus from heavy industries, which had become less competitive due to the increase in energy prices, high Japanese wages, and the reduced technology gap between Japan and the rest of the world, to research and development and technological innovation. Until 1973, Japan's economic growth had been driven by domestic investment and the domestic market, but after the aforementioned shift in focus the balance between the domestic and foreign markets changed dramatically, and from the 1980s the balance of payments surplus grew rapidly and the contribution of exports to economic growth soared. The Japanese trade surpluses caused political friction with its trading partners, and would greatly affect foreign and domestic policy in the years before the LDP split. By 1980 the Japanese economic miracle had effectively ended, but Japan still produced high growth, and the economy proved resilient and flexible enough to overcome times of crisis. During Ōhira's time in office the second global oil shock occurred in 1979. Although this shock somewhat set back the Japanese economy, which was heavily dependent on import of energy, it was not as dramatic as the one which had preceded it in 1973. In 1979 prices increases two-fold, whereas they had increased five-fold in 1973-74, the shock did, however, reduce Japan's GDP from 5.3 per cent in 1979, to 3.7 per cent in 1980, but the economy again recovered and grew by 5 per cent in 1984 (Smith 1995, p. 154-155). Following the end of high economic growth a debate regarding the quality of life, and the cost of economic growth, joined economic growth and political reform as the hot button issues in Japan (Smith 1995, p. 134-136).

Following the divisive leaderships of Fukuda and Ōhira, the LDP gathered behind the candidacy of Suzuki Zenko, a Ōhira-lieutenant, who had become the faction's new leader after Ōhira's untimely demise (Baerwald 1980 (2), p. 1181). Suzuki is today first and foremost remembered for his leadership style, which heavily relied on consensus-making, and which

was at times heavily criticized for being too lackadaisical and unresponsive. In the words of former Prime Minister Kishi, "almost anyone would be better". Characteristically Suzuki met this comment by saying that he would be pleased to implement any policies that would solve Japan's fiscal problems (Baerwald & Hashimoto 1983, p. 54). Unfortunately for Suzuki his tenure in office was marred by problems related to both domestic and foreign policy. The business community, which was an important backer of the LDP, heavily opposed the proposed implementation of a sales tax, although fiscal conservatives in the LDP regarded this as indispensable. Japan also continued to record large trade surpluses with both the US and Western Europe, drawing the ire of its trading partners, without being able to take steps to remedy the situation. Above all the "do nothing" or "do the absolute minimum" posture of Prime Minister Suzuki was roundly criticized. Faced with this unending list of problems, in addition to personal criticism, Suzuki declined to stand for re-election as LDP leader and resigned as prime minister in 1982. This re-launched the Kaku-Fuku war and intraparty factional battles again erupted (Baerwald & Hashimoto 1983 p. 54-55).

The three first, highly, forgettable prime ministers of this period, were to be followed by one who was highly successful, both in terms of his ability to win re-election, and in terms of policy making, who would serve for almost five years, Nakasone Yasuhiro. Although Nakasone lead one of the smaller factions, he had been an active politician since the immediate post-war era, and was well versed in the political games one needed to play to become a prosperous LDP politician. Nakasone curried the favour of Tanaka Kakuei, who was arguably the most powerful politician in the LDP, and who also lead the biggest faction, and he was highly dependent on Tanaka's support, so much so that his Cabinet was often referred to as the Tanakasone Cabinet, a play on words facilitated by the fact that they both write their name with the same Chinese character (Johnson 1986, p. 17). Nakasone's time in charge epitomizes much of the factional politics of the LDP during the period discussed in this thesis. His rise to power was the result of old fashioned LDP factional power politics. His supporting coalition consisted of the Tanaka faction, which was the largest in the LDP, the Suzuki faction, and Nakasone's own faction, and controlled enough votes to win the election outright if the election was held in the usual way among the LDP MPs and prefectural representatives. They were therefore keen to avoid a mass membership election like that held in 1978. The factions opposed to his leadership, led by Fukuda, who wanted to undermine Tanaka's position by refusing him control over the election, on the other hand, pushed for a primary election hoping that they could unite behind one candidate and defeat Nakasone in the primary. Although a primary was held, these factions failed in uniting behind a candidate,

and Nakasone won 58 per cent of the votes, causing his three opponents to declare defeat. This election was also important as it forced Fukuda to back Abe Shintarō as the representative of his faction, paving the way for Abe's ascension to the factional leadership, and marking the end of Fukuda's time as one of the most powerful power brokers within the LDP, thus also ending the Kaku-Fuku war which had intermittently broken out over the last decade. In the end almost one million ballots were cast in the election, and it cost upwards of ¥600 million ($2.25 million) in administrative expenditures alone. What the costs were for the factions is unknown (Baerwald & Hashimoto 1983).

Nakasone became highly popular with the public, and was also able to form strong relationships with foreign leaders, especially Ronald Reagan. Nakasone was in fact so popular that the LDP's electoral laws were altered to allow him to serve a third term in office. Nakasone attempted far-reaching reforms and attempted to be a "presidential" prime minister, utilizing television, and his skills as a public orator, combined with his charisma to push through his plans. Nakasone was successful in his attempts to privatize several large public companies, such as the Japan Telegraph and Telephone Corporation, and the Japan National Railways, along with Japan Air Lines, but his attempts to reform the tax- and educational systems were bogged down by opposition from both back-benchers and from the opposition, and he was ultimately unsuccessful in implementing reform in either of these areas. Nakasone also reinterpreted the role of Japan in global security, and he both ended the ban on the exports of arms, and increased the spending on the Japanese Self-Defence Forces to more than one percent of the GDP for the first time. He also actively sought to strengthen his position within the LDP, raising ¥507 million in legal contributions alone in 1984, and increasing the size of his faction from fifty-two members in 1981, to eighty-seven in 1986, making it the second largest after that of Tanaka's (Smith 1995, p. 141-143).

Nakasone served as party leader for three election campaigns as the 1986 Lower and Upper House elections were held at the same time. The 1983 Lower House election was called after the opposition parties stalemated the Diet following the conviction of Tanaka Kakuei for corruption in 1983 (Smith 1995, p. 143). In the election the LDP predictably lost some of the sympathy votes it had won after Ōhira's untimely death, and it suffered further setbacks as political morality had found its way to the centre stage of the political agenda after the conviction of Tanaka. After the election the LDP found itself without a majority in the Diet. Nakasone, however, quickly moved to rectify this by adding a number of incumbents to the LDPs ranks, and he also invited the defectors from seven years earlier, the New Liberal Club, to form a coalition government (Johnson 1986, p. 17). This was the first time the LDP

had ever shared power during its almost thirty years in power, and the decision was prompted by "the LDP leadership's desire to control as many of the House of Representatives standing and special committees as possible" (Baerwald 1984, p. 271). The fact that the LDP allowed the former defectors back into the fold, a mere seven years after their defection, would also serve as a powerful precedent for future would-be defectors, and would contribute to the split of the party in 1993. On a side note it is interesting to note that Tanaka Kakuei in fact won re-election by a wide margin in the first election after his conviction. The voters of Niigata Third District re-elected him for the fifteenth time with 220,761 votes, which greatly surpassed his previous best showing of 182,681 votes, achieved in 1972 when he was prime minister. The electoral turnout was also among the highest in the nation with 87 per cent, nearly 20 per cent higher than the national average (Johnson 1986, p. 17).

After the 1983 election, Nakasone's position as the nation's leader was bolstered by the improved economic performance, and his position within the party was also further strengthened by the fact that his most important supporter, the Tanaka faction was suffering from great internal divisions (Smith 1995, p. 144).The fact that Tanaka Kakuei remained as leader, despite being unable to run for the leadership of the LDP, meant that no one from his factions could challenge for the party leadership as this would require Tanaka to relinquish control of the faction. By 1985 the Tanaka faction found itself in the peculiar position of having continually been the biggest faction in the LDP, by far, without having launched a leadership bid for over eleven years. The Tanaka faction, under Tanaka Kakuei's leadership, was thus unable, and unwilling, to challenge Nakasone's leadership, and the numerical superiority enjoyed by the two factions also meant that a leadership bid by any of the other factions was doomed to failure. This situation was reminiscent of the situation which allowed Satō Eisaku to remain at the helm for as long as he did, although unlike Satō, Nakasone did not actively pit his potential usurpers against each other, but was able to rule due to fortuitous circumstances that were not of his own making. Whereas Satō had pitted Fukuda Takeo and Tanaka Kakuei against each other in order remain in power, Nakasone could rely on Tanaka himself to divide his own faction, allowing Nakasone to remain in power.

Takeshita Noboru was the senior member of the Tanaka faction, and Tanaka's natural successor, Tanaka was not, however, keen on supporting Takeshita's bid for the premiership, as this would mean relinquishing control over the faction to him. Tanaka planned to promote Miyazawa Kiichi, leader of the former Yoshida faction, and Abe Shintarō, leader of the former Kishi faction, and father of the current incumbent Abe Shinzō, to the leadership before letting Takeshita have his turn at the helm. Under this plan Takeshita would have to wait until

1990, and he ran the risk of being leap frogged by someone from the younger generation in his own faction (Smith 1995, p. 145). Tanaka's plan failed in 1985, when Takeshita, established a "study group", in a de facto attempt at taking control of the faction. Tanaka refused to relinquish control of his faction, but shortly after suffered a massive stroke, and was left physically and perhaps mentally, incapacitated (Smith 1995, p. 144). This resulted in the gradual takeover of the faction by Takeshita, together with Kanemaru Shin, and Ozawa Ichirō (Schlesinger 1997). Takeshita was not able to launch an immediate bid for the leadership of the party, but rather needed time to consolidate his control over the faction to ensure that he would be successful once he eventually launched his bid. In the interim he, and his faction, continued to support Nakasone.

After three years as partners in a coalition government the LDP and the NLC went to the polls together in 1986. The strong economic performance coupled with Nakasone's own personal approval ratings (Smith 1995, p. 144), resulted in the best election in LDP history with regards to the number of seats won. The LDP also won, for the last time during its first period as the ruling party of Japan, a majority of the popular vote, winning 50 per cent (Nohlen, Grotz, Hartmann 2001, p. 371, 382). Despite the landslide for the LDP, the NLC suffered an electoral setback; the six remaining NLC candidates did, however, continue as a part of the coalition, and were ultimately absorbed back into the LDP (Gaunder 2007, p. 113).

Between 1984 and 1987 a huge Japanese trade surplus had changed the nature of the conflict between the US and Japan. The 1984 Japanese surplus of $49.2 billion had grown to $87 billion in 1987. The 1985 Plaza agreement went some way to rectify the trade imbalance, but the intense demands for Japanese consumer goods in the US continued to contribute to the Japanese surplus. In 1985 Japan was labelled an "unfair trading partner" by the US senate, and intense US pressure forced the Japanese government to again impose export restrictions on electronics and automobiles. In this period the US also shifted its demands from mere quotas and pricing agreements, and started to lobby for a fundamental change of the Japanese economy. The US argued that a "level playing field" in US-Japanese trade could only be achieved if these reforms were implemented. The criticisms of the Japanese system levied by the US were varied and bountiful. The US argued: that the Japanese rate of savings undercut consumer spending and decreased the demand for US goods; that Japanese regulations hindered the penetration of US companies in Japan; that the interconnectedness of Japanese financial institutions hindered penetration of US companies into the Japanese market; and, that the Japanese worked too much and therefore had insufficient leisure time in which to consume goods. The Nakasone Cabinet was willing to attempt to remedy the trade surplus

problem, and in order to do so the government both urged consumers to buy more US produced goods, and also embarked on a policy of *endaka*, thereby appreciating the yen against the dollar, making Japanese goods more expensive in the US, and US produced goods cheaper in Japan. This worked on the trade imbalance, and by 1988 it had been reduced to $79.6 billion, and by 1990 the imbalance was $35.8 billion (Smith 1995, p. 155-158).

After the election in 1986 Takeshita still felt unprepared for the task of challenging for the leadership and he allowed Nakasone to extend his period in office by one year, despite a change of the party bylaws stemming from the Satō era which limited the number of leadership terms to two two-year terms. In his last year in office Nakasone attempted to implement drastic changes to the tax system, but as he was on his way out of office his position was weak, and he ultimately failed in implementing the changes he had sought. Nakasone resigned as prime minister in 1987, but would continue as the leader of his faction (Smith 1995, p. 145-146).

In July of 1987 Takeshita successfully moved against the incapacitated Tanaka, receiving pledges of loyalty from 113 of the faction's 141 members, thereby gaining control of the faction. Weary of another contentious and potentially divisive, not to mention expensive leadership election the LDP's factional leaders again preferred to form a consensus regarding who should become leader, thus avoiding another mass membership election. Following Nakasone's resignation the leaders arranged a deal whereby Takeshita would serve a two-year term, to be followed by two-year terms for Abe and Miyazawa (Smith 1995, p. 147). These plans were, however, quickly ruined when the Recruit Cosmos scandal broke in the fall of 1988. The Recruit Scandal, much like the Lockheed Scandal before it, revealed a system of structural corruption which pervaded most of Japan's political and economic elites. The scandal showed how the Recruit company, a small corporate group (*keiretsu*) of twenty-eight firms worth $3.28 billion in 1988, with interests in information services, real estate, and magazine publishing had used vast sums to buy its way into the political-, financial-, and even bureaucratic elites of Japan. Recruit had made payments in various ways, most commonly by offering unlisted stocks at below market price to members of all the political parties, but most notably to the LDP, in return for political favours. The gradual revelations of the depth and scope of the Recruit Scandal rocked the Japanese political world, and lead to resignations by members of the LDP, as well as representatives from the opposition parties (Nester 1990). The scandal revealed the seedy underbelly of Japan's economic miracle, and brought political ethics and the need for reform to the forefront of the political debate yet again. The Recruit Scandal marked the beginning of the period that would ultimately lead to the LDP's loss of

power. Takeshita's tenure in office was marred by scandals, and ended in June 1989 with his resignation following the revelations of his involvement in the Recruit Scandal (Smith 1995, p. 148). No elections were held during Takeshita's brief stint in office.

During Takeshita's time in office the so-called bubble economy collapsed, and the Japanese post-war economic miracle effectively ended. The second half of the 1980s had seen an abundance of cash in the Japanese economy. This money had resulted in a high level of company investment, and had helped sustain economic growth, maintained high levels of foreign direct investment, and bought foreign bonds and securities. These funds had in turn helped sustain the so-called bubble economy, in which banks loaned huge amounts of money to finance the purchase of lands and stocks. It seemed as if Japan was out of reach of the economic ills that beset other nations. The Tokyo Stock Market fell by 15 per cent in one day in October 1987 when the world's major stock markets crashed, but it then steadied and continued its unstoppable rise. Between October 1987 and December 1989, the Tokyo Stock Exchange grew by 120 per cent, and land prices sky rocketed. The increase in land prices allowed companies, corporations and individuals to borrow more against their holdings, and these loans frequently went to buy more land, further increasing prices. Japan also experienced a boom in credit financed consumer spending. This resulted in increased imports, which somewhat alleviated the calls from abroad for economic reform. Domestic capital investment, heavy consumer spending and the bubble economy sustained economic growth. When the bubble burst in 1989 the Tokyo Stock Market lost 48 per cent of its value in the first half of the year, banks were left with as much as ¥20 000 billion in bad debt, and individuals were also left with crippling debts, leading to decreased consumer spending (Smith 1995, p. 159-161).

After the turbulent period under Takeshita, came that of the shortest serving, and arguably least successful prime minister in Japanese history, Uno Sōsuke. Uno was chosen by LDP leadership because he was largely unknown, and without power within the party, meaning that he had not been deemed important enough to bribe by Recruit and was therefore relatively clean (Smith 1995, p. 148). Uno had time to oversee the LDP's catastrophic 1989 Upper House election, in which it lost 34 seats and found itself without a majority for the first time since its inception (Nohlen, Grotz, Hartmann 2001, p. 385). Shortly after the election, revelations regarding Uno's marital infidelity and, what was worse, alleged niggardliness towards his mistress appeared, and he was forced out of office in the fall of 1989 after serving slightly more than two months (Nester 1990, p. 92).

By the end of the 1980s the relationship between the US and Japan had deteriorated even further. The economic quarrels of the Nakasone era had gained a new dimension due to an unintended consequence of his *endaka* policies; the policy had made US property and corporations relatively cheaper to Japanese financial interests, and in the late-1980s several high profile acquisitions of US cultural icons such as the Rockefeller Centre and the Columbia Picture Corporation by Japanese companies had raised the emotional temperature in the United States (Smith 1995, p. 158). The phenomenon of Japan bashing became common in the U.S, particularly amongst conservatives, and forces in Japan conversely used this phenomenon to push for a more independent Japan, less reliant on the US, which would also take a more leading position in the world (Murata 2009, p. 167-68). Following the end of the Cold War Japan became less strategically important for the US, and this combined with the deterioration of the relationship between the two nations produced demands from the United States that the Japanese take on more of the economic burden related to the maintenance of the security infrastructure that had kept Japan safe after the Second World War. Nakasone had succeeded in increasing the spending on the Self-Defence Forces, but this was still seen as insufficient by the US (Smith 1995, p. 158-59). Despite ultimately footing much of the bill for the first Gulf War, the Japanese suffered diplomatically as their response to the conflict was seen as evasive and insufficient, the Japanese paying the bill for the attack on Iraq was seen as a case of "cheque book diplomacy", and was widely criticized internationally (Iokibe 2009, p. 175-76).

After the abject failure of Uno the LDP leaders again attempted to appoint a Miki-style reformer. Kaifu Toshiki had worked together with Miki in the 1970s and had credible credentials as a reformer. At 58 years of age he was also relatively young, and he did not control a faction, which was a big plus for the leadership of the LDP as this limited his power and influence. Kaifu proved to be a popular choice with the electorate and despite having had less than six months to prepare before the general election, which was held in the spring of 1990, he led the LDP to win 286 seats (Nohlen, Grotz, Hartmann 2001, p. 382), which was still a sound majority despite being a loss of nearly thirty seats compared to the previous election. Like Miki, Kaifu exceeded his mandate, which was to be a symbol of reform without actually doing anything, and attempted to actually rectify some of the problems which plagued his party. This resulted in staunch opposition from within the LDP, and although he was ultimately able to present a reform proposal to the Diet, he did not have the backing of the party. Some elements from his own party lobbied against the proposal in the Diet committees, and ultimately brought it down. Taking responsibility for his inability to

implement reform Kaifu announced his resignation on 4 October 1991. As a parting shot he threatened to dissolve the Diet thereby triggering what would effectively be a referendum on political reform, but ultimately did not follow through with his threat (Gaunder 2007, p. 54). At the time of his resignation Kaifu had personal approval ratings which even surpassed the highest recorded by Nakasone (Smith 1995, p. 150).

Kaifu's successor was to be Miyazawa Kiichi, who was firmly a part of the LDPs system of money politics. Miyazawa was reliant on the support of the Takeshita faction for his leadership, and this was readily apparent as he appointed six members from the Takeshita faction to his twenty-one member cabinet, and only four from his own faction (Smith 1995, p. 150). Miyazawa's tenure in office was marred by yet another scandal revealing corruption in the higher strata of the LDP. In August 1992 Kanemaru Shin, a kingmaker in the Takeshita faction, was arrested on suspicion of accepting large illegal campaign contributions from Sagawa Kyūbin, a parcel delivery company. Kanemaru was later indicted on criminal charges, and ultimately sentenced to pay a risible fine for having accepted these contributions, which had totalled an estimated ¥500 million. Although the only one indicted Kanemaru was not the only LDP politician tainted by the scandal; a total of eleven MPs including Nakasone, Takeshita, Uno and Ozawa were implicated in the scandal, although only one MP, Fujinami Takeo, lost his seat in the first election after the scandal (Gaunder 2007, p. 99-100). The continuing recession and the LDP's inability to enact reform to end political corruption also made Miyazawa's stint in office difficult (Smith 1995, p. 150). By the early 1990s "reform" of the political system, most commonly sought through reform of the electoral system, was at the forefront of the political debate, but the LDP proved unwilling and unable to deliver anything in terms of actual reform. In 1993 forty-four members from the Takeshita faction, led by Ozawa Ichirō, defected, and these defections were soon followed by members from other factions. These defections produced the *Shinseitō* (Japan Renewal Party) and the *Shintō Sakigake* (New Harbinger Party). These defectors voted with the opposition in a no-confidence motion against Miyazawa on 18 June 1993, thus forcing him to call a general election. The LDP fell more than thirty seats short of a majority and lost power for the first time in its existence (Smith 1995, p. 150-51).

The importance of the economic recession in the split of the LDP is not to be underestimated, although it is seldom the focus of research focusing on the LDP. The bursting of the bubble in 1989 had seriously hurt the Japanese economy, and the situation had only grown worse by 1993. Due to the rise in the value of the yen Japanese goods had become more expensive abroad, and exports had declined, this had been counter-balanced by domestic

spending during the bubble era, but when the bubble burst domestic spending contracted and the economy deflated. By the summer of 1993 Japan was in a serious recession, and was threatened with a real decline in the GDP (Smith 1995, p. 160-161). In the words of Dennis B. Smith "[t]he certainties of Japanese political, economic and even social life were threatened by developments in the five years before 1993. A combination of economic recession and outrage at continued scandal ended the LDP's monopoly of power in August 1993 […] The economy fell into recession in 1990-91 and by 1993 commentators were ruminating on the collapse of the banking system and the end of the lifetime employment system. Japan's most important ally, the United States, increasingly demanded fundamental changes in the structure of the Japanese economy […] Life as an economic superpower had truly become complicated" (Smith 1995, p. 161). Iida paints and even more gloomy picture "[w]orse yet, compounding the excessive multiple bankruptcies, employment adjustments, and unemployment, the "engine" of Japan's economy the automotive, electrical machinery, and semiconductor industries has fallen into doldrums even during Endaka (strong yen) recessions. Lacking a "boom" industry, today's Heisei great recession has lasted over 34 months [...] Negative growth has been registered year after year and we are about to witness a "double-dip" decline in the market" (1994, p. 56).

Naturally the LDP institutions were heavily impacted by the problems faced by Japan in the 1980s and early 1990s, and the organization of the intraparty institutions of the LDP heavily contributed to, and as this thesis will argue, caused, the LDP split in 1993.

The Opposition Between 1976 and 1993

The LDP was not the only party to undergo changes between the mid-1970s and the early 1990s, the opposition also realigned internally, and in relation to the LDP, producing a climate conductive for the broad coalition that ultimately took power after the LDP's election loss in 1993.

After the mid-1970s the Japanese opposition underwent several changes. The JSP still remained the largest opposition party, but the *Kōmeitō*, DSP and JCP also garnered a fair amount of votes and seats. The opposition's main problem, disunity, however, still lingered; "[a]s is obvious by now, the LDP's opposition is heterogeneous. It also tends to be disunited, the limited coalition tactics of the DSPers and *Kōmeitō* notwithstanding. Any proposal for a broad-based coalition of oppositionists suffers from the long-term enmity between the JCP and (at a minimum) the DSP, a situation that continues to be to the LDP's advantage" (Baerwald 1980 (1), p. 264-65). This gradually changed, and by the time of the 1989 Upper

House election the same author goes as far as claiming that "[o]ne of the principal tactical reasons for the opposition parties' success in the July 1989 House of Councillors election was their pursuit of an effective joint candidate strategy. […] only by cooperating with each other was it possible for them to win in 23 of the 26 single-member, prefecture-wide constituencies and thus to reduce the LDP to minority status in the Second Chamber", he further writes that "[t]his is a strategy they have tried to pursue in House of Representatives elections since 1972, with varying degrees of success. In the 1983 election, 46 of 59 jointly backed candidates won. That has been the high water mark thus far" (1990, p. 552). The opposition had thus increasingly started to cooperate with each other in their efforts to dethrone the LDP, and this cooperation finally paid off with the elimination of the LDP's majority in the Upper House in 1989. The opposition had thus managed to become more of a productive force in Japanese politics, and had rid itself with some of the stigma caused by its destructive and largely negative parliamentary practices employed previously (Pempel 1975).

The opposition had also changed their election strategy in the mid-1970s. Finding their prospects of electoral success in the national elections frustrated by the strength of the LDP they shifted their focus to the local elections, resulting in the rise of "leftist governments in such major urban areas as Tokyo, Osaka, Kyoto, Yokohama, Kobe, etc." (Muramatsu 1986, p. 325) this then also meant that "[p]artisan competition at the local level increased as the LDP's unilateral dominance of local government was broken, first by the rise of leftist local governments and more recently by the resurgence of the LDP in alliance, in many cases, with centrist opposition parties" (p. 304). The LDP had thus been forced to create bonds with the opposition due to its poor performances in local elections. The LDP's marginal majority in the Lower House for much of the period after the mid-1970s also meant that the LDP was forced to be more cooperative and constructive in their interactions with the opposition, and during 1977 and 1980 "[t]he party sealed an informal or "partial" coalition with the opposition parties that allowed these a say in budget-making and a de facto veto upon any piece of legislation" in this period the "JSP itself entered into coalition with the Conservatives at the local level. In the Diet, lawmakers interacted in a friendly way in a "grey area" of hidden compromises, inebriated conviviality and secret money" (Bouissou 2001, p. 592). This increased interaction and easing of tensions between the LDP and the opposition also helped prepare the ground for the LDP split.

Regarding the changed relationship between the LDP and the JSP Tadokoro states that although the initial 1955 system period had indeed seen the JSP and LDP strongly divided and on opposite sides of the political spectrum, this had greatly changed over the decades, and

by the end of the 1955-system period the two parties had largely converging policy objectives, "characterized by strong consensus on the combination of a passive or "dovish" foreign policy and corporatist economic policies" (Tadokoro 1994, p. 1005). The JSP was no longer a highly doctrinaire party spouting anti-American rhetoric and promoting revolution, but rather a moderate, although leftist party presenting a viable alternative to the LDP. In 1990 LDP and JSP voters also had largely similar interests "JSP supporters listed, in order: price stability, lower taxes, social welfare, political reform and land/housing policies. LDP voters wanted lower taxes, social welfare, price stability, political reform and land/housing policies" (Donnelly 1990, p. 319). It is worth noting that although both parties' voters list political reform, it is far down the list, being seen as less important than economic reforms. A survey conducted at the same time also showed that the electorate was greatly in favour of the formation of a coalition government "a large number of voters did not want to see their party govern alone! Only 34 percent of JSP supporters wanted a JSP-led opposition coalition and slightly over 50 per cent preferred an LDP-opposition party coalition. On the other hand, only 29 per cent of LDP supporters favoured an LDP single-party government and about 58 percent expressed a preference for an LDP-opposition party coalition" (Donnelly 1990, p. 319) this reflects the impact of the Recruit scandal, which had tainted all of the political parties.

Although the LDP lost its majority in the Upper House in 1989, this was not seen as the result of increased support for the JSP, but rather "the election was a backlash against the LDP and not a massive move into the socialist camp or an expression of faith in a potential JSP-led coalition government" (Donnelly 1990, p. 308). This is also supported by the fact that the LDP did in fact retain its majority in the 1990 House of Representatives election. Although this electoral turnaround might seem surprising Baerwald contributes this to one "overriding reality: Japan's voters may be far from overwhelmingly committed to the LDP (over 50% do not support the governing party), but when the chips are down […] they are not as yet prepared to displace the LDP in favor of some kind of coalition among its opponents-principally, the Japan Socialist Party (JSP), Democratic Socialist Party (DSP), and *Kōmeitō*, but not involving the Japan Communist Party (JCP)" (Baerwald 1990, p. 541). This would have changed by 1993 when the LDP lost its Diet majority and a coalition government without it was formed.

The Defection of Ozawa Ichirō and the LDP Split

After several years of recurring scandals, demands from the electorate for electoral reform, the loss of the majority in the Upper House for the first time, and years of economic recession, the LDP finally lost power in 1993 the general election. The real reason for the LDP's loss of power was the defection of several junior members of the party led by the senior politician Ozawa Ichirō, which had deprived the LDP of its majority in the Diet and caused the successful passing of a no-confidence motion against the LDP government, resulting in the general election being called. The electoral loss of the LDP and its first stint out of the government since its creation marked the end of the second critical juncture encountered by the LDP since its creation which the LDP had found itself at since the late 1980s. Over the four decades the LDP institutions had become highly complex and highly rigid, and any attempt at enacting reform from within was hindered and ultimately quashed by this rigidity. This rigidity was a result of the factional politics which controlled the LDP.

Ozawa Ichirō was a second generation politician in his eighth term in office at the time of his defection, he had been one of the leaders of the Takeshita faction, and together with Kanemaru Shin and Takeshita Noburo had masterminded the takeover of the faction from Tanaka Kakuei. Ozawa had also served as the secretary-general of the LDP, and had been given the task of appointing the new prime minister after the resignation of Kaifu (Schlesinger 1997). Due to his senior and central position in the party Ozawa had ample political capital available to him when he decided to leave the party, and this was the main reason that he succeeded where the NLC led by Kōno Yōhei had failed before him. Ozawa had a radical vision for reform; he wanted to change the electoral system from a multi-member district to a single member district system in the hope that this would create a two-party system which would facilitate strong leadership and enable Japan to take leading position in global politics and economics. After the failure of the Miyazawa government to pass reforms in 1993, Ozawa defected from the party and attempted, ultimately succeeding in forming a non-LDP coalition capable of implementing reform. The coalition government took office after the July 1993 Lower House election, and passed a watered down, compromise reform on 29 January 1994 (Gaunder 2007, p. 83-84). As this thesis is interested in what occurred before the LDP split, and not the reform it spawned, the critical juncture for the LDP and the electoral system which opened with the LDP's loss of power will not be devoted any attention here.

Following his defection Ozawa created the *Shinseitō* (the New Renewal Party), consisting of 44 former LDP MPs who were pro-reform, most of whom had been elected once or twice to the Diet and therefore lacked the seniority to qualify for any of the higher positions

in the LDP in the foreseeable future. The leadership was given to Hata Tsutomu, who was regarded as a more palatable figure for the Japanese electorate (Schlesinger 1997). The *Shinseitō* was also accompanied by the *Sakigake* (the Harbinger Party), consisting of about a dozen predominately second-generation former LDP Diet members, led by Takemura Masayoshi; and Hosokawa Morihiro's Japan New Party (JNP), which, despite its leader being a former LDP Diet member, was mostly a grass roots party with few ex-LDPers (Gaunder 2007, p. 85). The reason this thesis focuses on Ozawa is that he was the most influential figure to defect from the party in 1993, and he alone brought with him enough members to ensure that the LDP lost its majority.

Ozawa had a wealth of political capital available to him when he defected from the party. He had been given the responsibility to distribute election funds for his faction, and was thus able to create patron-client ties with the factional members who benefitted from these funds. He also selected new candidates for the LDP, which again created these types of bonds between him and the new members recruited by him. This in turn meant that candidates who were elected felt a personal obligation to Ozawa rather than to the faction, or the LDP. These bonds were highly useful when Ozawa decided to leave the party, as most of the members who followed him out of the party had been the beneficiaries of funds and endorsements given by Ozawa. The fact that Ozawa had so many loyal followers further helped him recruit new members to his new party (Gaunder 2007, p. 87).

As explained the relationship between the opposition and the LDP had become closer ever since the mid-1970s due to the LDP's, at times, razor thin majority in the Diet, and the opposition's increased internal coordination, and focus on local elections. Whereas few points of contact between the LDP and the opposition had existed in 1976, while the opposition had also been internally divided and even antagonistic towards each other, the increased cooperation, and the lessening of ideological tensions as the Cold War wound down had created an environment far more conductive to a broad coalition.

Through the informal and formal positions that Ozawa had held in the LDP he was able to establish connections with the opposition. Ozawa had served as secretary-general during the Kaifu-administration and this had offered him insight into the LDP's policy discussions with the opposition, and the people involved in these discussions. Ozawa's senior position in the Takeshita faction had also given him access to the informal meetings between the opposition and the LDP, and, consequently, the leaders of the opposition. Ozawa had used these connections to build a certain level of trust and familiarity with the opposition, and used this to form a non-LDP coalition. At the time of his defection Ozawa had already reached an

agreement with four opposition parties to cooperate in the upcoming 1993 Lower House election. These four parties did not have sufficient strength to create a government by themselves, but were in a strong position to form the basis of a broader coalition (Gaunder 2007, p. 88).

In short Ozawa succeeded in 1993, where Kōno had failed in 1976, in part, due to his access to resources afforded to him by his senior position in the LDP, and, more importantly, by his senior position in the Takeshita faction. Gaunder concludes that this is the main, if not sole reason that the outcomes differed between the two cases. This does, however, appear to be an oversimplification. As described the political realities, and in particular the relationship between the opposition and the LDP was quite different in the two periods. The LDP's position up until 1976 had been that of a majority party, and even at the higher echelons of the party few points of contact had existed with the opposition. No LDP politician, regardless of seniority, was therefore in a position to lay down the groundwork for a coalition before breaking with the party, like Ozawa had been. At the time the left-right division caused by the Cold War also stood in the way of cooperation between the opposition and the LDP. This division had disappeared by 1993. The distribution of funds in 1976 was also almost exclusively in the hands of the factional leaders, and although a certain delegation of this responsibility to larger tracts of the faction had started to occur after the changes to the Electoral Funds law in 1975, this process was still in its infancy. A mass defection led by anyone else than a factional leader is therefore hard to imagine. Such a defection is also hard to imagine as the possibility of achieving goals related to office, policy-, and vote-seeking were still best accomplished by staying within the party. The promotion of Miki to the premiership showed that promotions based on merit were still possible, although hindsight shows us that such promotions were accompanied with little actual power. The situation for any senior politician wanting to defect in 1976 was thus vastly different than that of one pondering defection in 1993.

Junior politicians also had far stronger incentives to remain loyal to the party in 1976 than in 1993. The LDP did enjoy a marginal advantage in the Diet, but this was largely caused by the various scandals and the economic downturn after the oil-shock. Iy 1976 the economy had already started its way on recovery meaning that pork-barrel funds and campaign contributions still enabled junior politicians to maintain their *kōenkai* and win re-election. The strong electoral performances of politicians like Satō Eisaku and Tanaka Kakuei even after their involvement in scandals clearly demonstrates that economic performance and, more importantly, the pork-barrel distribution and campaign contributions that accompanied it,

could compel the Japanese electorate to re-elect politicians tainted by scandal. To ensure access to this economic growth the junior politicians did, however, need to have access to the LDP PARC system, and have factional backing. It is also worth noting that in 1976 there were fewer senior politicians within the party, and the wait for promotion was shorter than in 1993. The fact that no LDP Diet member had ever defected also meant that the fate of a defector was unknown, and a defection could result in permanent expulsion from Japanese politics. The reacceptance of the NLC to the LDP had showed that this was not the case. Junior politicians in 1976 thus faced far more uncertainty if they decided to leave the party than those who defected in 1993 did. The changes that occurred between 1976 and 1993 were largely a result of the path dependent processes and institutional complementarity produced by the factional politics which ruled the LDP, as will be described now.

The LDP Institutions

Policy Affairs Research Council

This chapter, as the two preceding it, will look at the institutionalization undergone by PARC in the almost twenty years separating the critical juncture studied in the last chapter and the split of the LDP in 1993. Truth be told the bulk of the institutionalization of PARC lay in the period preceding the previous critical juncture, and no truly significant events, which altered or augmented the path which PARC was on, occurred after this. This chapter will therefore mainly consist of discussion regarding the explanations put forth for the existence of PARC, which were presented in the first chapter of this thesis.

As described in the previous chapter, PARC became important after the penning of the Akagi memo in 1962 and the subsequent acquiescence by the party leadership to the demands of the backbenchers that had produced it. Through the 1960s and 1970s PARC grew in importance, and became a vital arena for all LDP Diet members at it gave ample access to pork-barrel funds and constituency services, and as it facilitated fund raising efforts by providing the Diet member with an arena in which to form bonds with the business community. The rise of PARC also meant that power over policy-making was diverted away from the party leadership, resulting in their diminished influence, although factional leaders still had some influence through their ability to demote or promote members of their own factions in the various committees and divisions of PARC. As previously mentioned no major events would occur to alter the path of PARC in the LDP after the period studied in the previous chapter, although its role in structural corruption caused it to be the focus of more media attention and criticism than it had previously been.

PARC had by the mid-1980s grown to become an incredibly complex organization. In addition to the divisions, there had from the beginning of the LDP's existence been a plethora of research- and special committees, which were meant to discuss and initiate policy. In 1955 there were three research- and fourteen special committees, by 1987 these had multiplied in number several times and there were now thirty-two research- and seventy-two special committees. These committees also had subcommittees of their own, which totalled ninety-nine in 1987. The number of divisions had stayed fairly constant at between fifteen and seventeen (Satō & Matsuzaki 1986, p. 263). There had, however, been a trend since the 1970s of a decreasing number of meetings in the various divisions. Satō and Matsuzaki contribute this to the fact that *zoku giin* had gained more power and expertize, and were therefore having more informal meetings to make decisions (1986, p. 93). The role of PARC in policy-seeking has now been thoroughly described, and a look at how selection for, and promotion within, PARC was decided during this period is appropriate. Understanding why and how PARC selection, or access to policy-seeking, was decided is important to understand how the factions retained control over policy-seeking despite delegating much responsibility to PARC after the early-1960s.

The LDP party vice secretary-generals were responsible for negotiating and deciding who was appointed to the various PARC positions, including the division chairs, vice chairs, and key personnel in various special issue-, and research committees; the deputy chairman of the Diet Affairs Committee decided on the distribution of the committee posts of the Diet committees. The men who made these decisions were, however, simply acting as the representatives of their factions, and the factions decided on the distribution of posts on the basis of negotiations (Krauss & Pekkanen 2011, p. 170). The prime minister and party secretary general determined the sub-Cabinet posts along with the Cabinet posts, after having taken into consideration factional balance (Kawato 1996 (1), (2)). This meant that factional affiliation and seniority greatly influenced a Diet member's ability to become a *zoku giin*, and thus his career prospects (Krauss & Pekkanen 2011, p. 170). Some scholars, (Inoguchi & Iwai 1987, p. 26-27; Kohno 1997) consider the institutionalization of seniority rules for the appointment of posts within the LDP as one of the key factors of the development of *zoku giin*. They also contribute the growth of *zoku giin* to the decline in the LDP vote. The decline in the LDP vote made strong ties with special interests groups more important for re-election and thus compelled LDP Diet members to use their PARC position to forge these sorts of bonds. The growth of *zoku giin* also undermined the position of former bureaucrats within the LDP. Previously the bureaucrats had been sought after by the factions as they provided policy

expertize and held some sway with their former colleagues in the bureaucracy, as the *zoku giin* started to develop and multiply in the party, the need for former bureaucrats lessened (Krauss & Pekkanen 2011, p. 170). Due to the regularity, usually once annually, with which PARC, Diet committee, sub-Cabinet posts were rotated, LDP Diet members rarely served in the same position, or even the same area, for two years in a row. This meant that one had to be re-elected numerous times, and receive several appointments in order to attain *zoku giin* status (Krauss & Pekkanen 2011, p. 170-71).

By the mid-1980s *zoku giin* had become institutionalized, and an institutionalized career ladder within the LDP had also been consolidated. LDP Diet members worked their way up the ladder through PARC, parliamentary committees, and government sub-Cabinet and Cabinet positions. This was possible in large part due to the long rule of the LDP, which allowed LDP representatives to serve in the PARC, Diet, and Cabinet and sub-Cabinet positions long enough to acquire the expertize and contacts to make them influential in a particular sector or to, in short, become a *zoku giin*, (Satō & Matsuzaki 1986).

Having now looked at the development of PARC in the period between 1955 and 1993, there should be sufficient background to draw some conclusions regarding the veracity of the most frequently presented explanations for the existence of PARC.

There seems to be very little explanatory power attributable to the explanations promoting the importance of Japanese culture in shaping the development of PARC. Although the impetus for the growth of PARC, was borne out of the desire by the party leadership to ease intraparty conflicts stemming from the friction between the mainstream, which monopolized power during the early period of the LDP's history, and the backbenchers and anti-mainstream factions, which were locked out of power and largely bereft of influence, one would be hard-pressed to regard this as an action that was the result of some sort of particularly Japanese cultural trait. Although the LDP enjoyed a significant electoral majority at the time, it was still a new party, formed by the union of two parties that had not been particularly positively inclined to each, and it could still have suffered a split if some sort of power sharing mechanism was not found. Although the very nature of PARC, with its bottom-up decision making based on consensus, on the surface appears to be the very epitome of a Japanese organization, this thesis has shown that this decision making process, again, was not the result of cultural factors, but rather the response to the factional politics of the party. The factions used PARC as a training ground for their members, and over time PARC became an important asset to all LDP politicians with ambitions for promotion. That PARC went from being an arena for the "losers" of the factional battles to becoming the most important arena

for policy-making, and also came to be indispensable for vote- and office-seeking, also undermines the arguments of those favouring cultural explanations for the existence of PARC. When all is said and done, the cultural explanations are found greatly lacking, although it is impossible to state categorically that culture did not play any part in the institutionalisation of the LDP PARC.

So what about the explanations using the electoral system to explain PARC? As emphasized by Ramseyer and Rosenbluth, PARC did indeed perform vote-seeking functions for LDP politicians. Service on PARC-sub units on areas of no-particular importance with regards to pork-barrel distribution gave LDP members the opportunity to form bonds with particular interests groups and other specific constituency groups throughout their district. Some LDP members also served on committees and sub-committees that were especially ripe for pork-barrel distribution in order to bring benefits to sub-regions of their district, in particular where their own *kōenkai* were located, without necessarily specializing in these fields (1993). Krauss and Pekkanen argue that this was not done in order to distinguish themselves from other candidates in their own district, but rather to get access to pork-barrel funds or constituency services that were indispensable if one sought re-election. This was possible as the LDP allowed so many members to join these divisions to get a piece of the pork-barrel pie, not because of any vote division purpose (2011, p. 178-179).

Another common explanation regarding the existence of PARC is the need for the LDP to divide the vote between candidates running in the same electoral district under the SNTV MMD electoral system. Proponents of this theory claim that PARC allowed members of the LDP to develop varied policy expertize in order to claim credit to different interest groups at election time. Masahiko Tatebayashi (2004), and Tatebayashi together with Margaret McKean (2002) conducted an extensive data analysis, in which they hypothesize a more complicated scenario of specialization strategies. They theorize that rather than only dividing the vote based on policy specialization to allow representatives to differentiate between themselves at election time in a MMD, there were in fact two strategies commonly adopted, one using policy specialization to bring benefits to the entire district, and one based on geography aimed at bringing political pork benefits to a particular sub region within the district. Krauss and Pekkanen have, however, conducted their own analysis of the results presented by McKean and Tatebayashi, and found that, when correcting for other factors, there seems to be little to indicate that these were conscious strategies adopted by LDP Diet members, although there does exist some evidence that vote distribution occurred based on differences in specialization. Their findings rather indicate that appointments to PARC were

not a result of the demands placed on members of the same party for dividing the vote in a MMD-system, but rather that the differences in specialization was the result of the same phenomenon that might be seen in a SMD-system, namely "representatives seeking to be on the committees that might most help them with their constituents or the suppliers of political funding without regard to what other representatives were seeking" (2011, p. 171-178).

Although Krauss and Pekkanen go some way in accepting the argument that the electoral system did indeed contribute to the institutionalization of PARC, they also have several objections to this argument, and especially question the deliberateness with which PARC came to be delegated the roles it did. Krauss and Pekkanen focus on the ways in which PARC developed and gradually became institutionalized due to the intraparty workings of the LDP. The evidence suggests that the function of vote-seeking by dividing the vote has not always been, if it indeed ever was, the primary function of PARC. There exist no clear instances of this empirically or historically. The use of PARC by individual MPs to gain influence within a policy sector in order to bring benefits to their constituents was an oft adopted strategy from the beginning, but this did not occur in order to distribute the vote in a particular district, and is a phenomenon found also in other countries with different electoral systems. Furthermore PARC gained influence due to the intraparty factional struggles of the LDP, not due to the electoral system alone. Krauss and Pekkanen contend that the multifunctional PARC had a very different development than most researchers argue, and that it did not come ready-made at the time of the LDP merger ready to divide the vote among LDP candidates in the same electoral districts. But the SNTV system was important. Had it not been for the electoral system, it is unlikely that PARC would have developed the way it did, although the electoral system in itself in no way guaranteed such a development. Due to the demands for personal vote cultivation backbenchers were compelled to demand access to policymaking, which was ultimately given to them with the Akagi memo. Krauss and Pekkanen, however, contend that this would not have happened had it not been for the divisive LDP factionalism of the time. They also note that the restrictions on campaign funding, and the organization of the Diet committee system helped spur the institutionalization of PARC by incentivizing LDP MPs to bring constituency benefits to their voters, and by causing PARC to be organized like the Diet committees thus causing them to over time become enmeshed with the bureaucracy. As PARC representation meant that you became eligible for promotion in the party etc., it was more important to LDP MPs to belong to a PARC committee than to belong to one that was particularly ripe for pork-barrel distribution, (Krauss & Pekkanen 2011, p. 182-184).

Krauss and Pekkanen also mention a number of other important roles fulfilled by PARC that made it important both to the LDP leadership, and to the rank-and-file of the party. First, serving on a PARC division not only gave access to pork-barrel funds, but also invaluable access to election fund-raising. Maintaining a personal vote in Japan was incredibly expensive, and although the LDP contributed somewhat towards the financing of this, individual MPs also had to rely on their factional bosses for contributions, particularly before the 1975 Electoral Funds Law. After this the Diet members became more responsible for their own fund-raising and PARC appointments became even more important as it gave access to the business community and their political donations. Second, PARC was important for policy-seeking, and any LDP politician with ambitions to affect policy needed to serve on PARC committees and divisions. Attaining *zoku giin* status was also essential if one endeavoured to one day become a member of the Cabinet. Third, the party benefitted from members attaining *zoku giin* status, because strong politicians with a firm foothold in their electoral districts and with strong connections to the business community also produced electoral loyalty to the LDP, and ensured the party's position as the majority party. Fourth, PARC helped the LDP to hold its own against the bureaucracy by providing an arena for the education of policy experts who could initiate policy and influence the bureaucracy. As the LDP retained power for decades, PARC helped the LDP create a close and cooperative relationship with the bureaucrats of the various ministries. PARC also reduced the importance of the opposition in the Diet as the PARC committees corresponded to those in the Diet, and as the majority status of the LDP meant that PARC policy effectively became national policy after passing through the Diet. The longevity of the LDP's rule also provided MPs with the opportunity to form close ties with the business community, allowing it to participate in the formulation of policy that was mutually beneficial. Fifth, PARC gave LDP members a predictable way of attaining seniority within the party, and a "ladder" up the LDP hierarchy gradually developed. Sixth, PARC procedures limited the input on legislation by individual members of the LDP, and thus ensured party unity. Anyone outside of the PARC division was powerless to influence the decisions reached by PARC, and even those inside of the division had a limited amount of say with regards to policy as most of the deliberations took place between the executives of the division behind closed doors. Once the divisions had treated a case and passed it on to the party leadership it effectively became law if the latter did not object to it. This contributed to party unity, but also ensured that the divisions were populated by similarly minded people as opposition to the executives would result in an MP not being re-appointed, or at worst expelled from the division, which again seriously affected that MP's

prospects for promotion in the party. Seventh, PARC fulfilled other policy-seeking goals for the party. Due to the factional nature of the LDP, the party was often in a state of internal turmoil, seriously hampering its ability to affect policy. By delegating decision making to the decentralized PARC organizations that were populated by like-minded people, the LDP was able to coordinate policy effectively. Highly contentious issues were dealt with in the final stages by the party leadership after having been deliberated on by PARC. Eighth, and finally, PARC gave factional leaders a way of rewarding their factional members for their loyalty. PARC appointments were decided by factional leaders, and this arrangement both benefitted the factions and the party, as it gave the factions a means to reward their followers with sub-Cabinet appointments, while also freeing the top LDP leadership from having to single-handedly solve the massive personnel management job that was PARC appointments (Krauss & Pekkanen 2011, p. 178-182).

In sum, all actors within the LDP gained more from participating in PARC than from standing outside it, and this produced path dependency that again strengthened PARC. Individual MPs outside of PARC did not have as good access to pork-barrel funds as those inside of the system; factions that did not send their members to PARC risked that these would not win re-election, and consequently their hopes of maintaining and enlarging their faction would be scuppered; and party leaders benefitted from the streamlining of the policy process which could have resulted in reduced intraparty tensions (Krauss & Pekkanen 2011, p. 185-186).

Krauss and Pekkanen divide the institutionalization of PARC into three stages: The first stage of LDP development (late 1950s-early 1960s) was marked by intense factional conflict causing the losing factions of the LDP leadership election to turn to the local level to establish *kōenkai*, and to increase the numbers and influence of their *kōenkai* as they had little influence on national policy formation. The second stage (1960s-early 1970s) featured the failure of the establishment of local party branches (centralization) due to the existence of *kōenkai*; the Akagi memo moving policy making out of the government, and reducing factional conflict; the gradual implementation of seniority rules; and Tanaka's push to link LDP politicians to the bureaucracy through PARC. The third stage (1970s-early 1980s) resulted in the creation of *zoku giin* after the successful linking of the LDP to the bureaucracy, and also created a PARC which enabled cooperation between the politicians, *kōenkai*, interest groups, and the bureaucracy, resulting in a mutually beneficial relationship. The ultimate form of PARC owes much to this path dependence and institutional complementarity (Krauss & Pekkanen 2011, p. 186).

Krauss and Pekkanen also emphasize the importance of sequencing in PARC's development. Had the mainstream vs. anti-mainstream tensions not run as high in the immediate post-merger years the Akagi memo would not have been penned; had this been written after the institutionalization of the party, its jurisdiction would most likely only have extended to back-bencher's bills; and had the penning of the Akagi memo come at the time of the merger this would perhaps have alleviated factional tensions and given all factions access to policy making, thus lessening the need for *kōenkai*, and resulting in a more centralized vote-seeking institution (Krauss & Pekkanen 2011, p. 186-187). The development of PARC was not the result of the electoral system, neither of any cultural factor peculiar to Japan, rather it was result of the intraparty factional politics of the LDP, and the need for an arena where policy creation was unimpeded by factional conflicts and where both the back-benchers and the leadership would have access to the process.

Kōenkai

Here we will look at the development of the *kōenkai* between 1976 and 1993, and also at the prevailing theories regarding why *kōenkai* developed in the LDP. Much like PARC the bulk of the institutionalization of the *kōenkai* occurred before the period covered in this chapter. The only major event which occurred in relation to the *kōenkai* was the increased tightening of the bonds between the *kōenkai* and the factions that the 1978 LDP leadership election produced.

As described in the previous chapter, the LDP leadership attempted, and ultimately failed, to replace the *kōenkai* with party branches in the early and mid-1960s. The failure of these attempts firmly entrenched the *kōenkai* as the main vote-seeking institution for LDP politicians, and accordingly the *kōenkai* of individual MPs grew in size and number. This relationship was further augmented with the 1978 leadership election of the LDP. The election was meant to reduce the factions' control over the leadership election by introducing a party primary held among all LDP members. The result was, however, the complete opposite as factional leaders instructed their members to enrol members of their *kōenkai*s to the LDP en masse, sometimes without the *kōenkai* member's knowledge. The factions then instructed their members as to whom they should vote for, and these instructions were relayed to the members of the *kōenkai*. In some cases the members of the *kōenkai* were simply instructed to return their ballots empty, and the leaders of the *kōenkai* filled in the name of the candidate which was supported by the faction. The *kōenkai* members were willing to comply with these instructions as doing so could improve the chances for a promotion for their

politician if the faction he belonged to emerged as a part of the winning coalition. LDP politicians and local assembly members were also eager to use the influx of funds provided by the campaign to increase the size and number of their *kōenkai*. Some businesses also enrolled their employees into the LDP as they recognized the opportunity for lucrative public works projects in return for doing so. Due to the strategies adopted by the factions, the 1978 election became incredibly expensive and also deepened the link between the *kōenkai* of individual LDP MPs and the factional politics of the LDP (Krauss & Pekkanen 2011, p. 58-89). The LDP membership increased from around 300,000 in late 1977 to 1.5 million a year later, and the increased income from membership dues helped cover the cost of the party primary, estimated to be around ¥800 million (Tsurutani 1980, p. 849). The leadership election in 1978 ultimately further consolidated the factions' control of the LDP, despite having been implemented to do the exact opposite. The election also meant that factional politics extended into the electoral districts as *kōenkai* members were enrolled into the party en masse, and thus gained a vested interest in the outcome of the election. The *kōenkai* continued to serve as the main vote-seeking institution for individual MPs after the 1978 election and until the split in 1993.

Having now looked at the *kōenkai* of the LDP, and to some extent its pre-merger parties, what conclusions can be drawn regarding the theories presented for the use of *kōenkai* by LDP MPs: the electoral explanation; the urban village explanation; and the historical institutionalist explanation.

As this thesis has shown, the party leadership did not eagerly embrace the *kōenkai* and utilize them for their vote-seeking efforts. Rather they attempted to replace them with local branches in a concerted effort to centralize vote-seeking to the party. This shows that party leaders never accepted *kōenkai* as the effective solutions to problems produced by the electoral system, and that they certainly were not the inevitable result of the SNTV MMD-system (Krauss & Pekkanen 2011, p. 62).

Although the arguments of the urban village variety undoubtedly touch upon some important points, recent scholarship has found that they are insufficient to explain the development of neighbourhood associations as they ignore certain factors, such as the role of the state (Hastings 1995, Tsujinaka, Pekkanen & Yamamoto 2009). The urban village explanation also falls short with regards to explaining the development of *kōenkai*; many societies underwent rapid growth and urbanization in the same period as Japan, without this resulting in the development of *kōenkai*.

Having found these two theories to be lacking we now turn to the explanation presented by the historical institutionalists. Krauss and Pekkanen argue that although the electoral system and its demand for a way to divide the vote was an important factor in the shaping of the *kōenkai*, the research on *kōenkai* which has used the electoral system to explain its existence has misunderstood the *kōenkai*'s role, and therefore arrived at erroneous conclusions. Using the tools of the trade: sequencing, path dependency, and institutional complementarity, they present their own explanation for why *kōenkai* came to enjoy the position it did in the LDP between 1955 and 1993 (Krauss & Pekkanen 2011, p. 62-64).

Kōenkai emerged as a successful institution due, in part, to sequencing. Before the LDP merger individual MPs had already started using personal *kōenkai* for vote-seeking, and were unwilling to allow these to be integrated into the party after the merger. This development did not, however, occur simultaneously with the creation of the SNTV MMD system, but happened slowly over a number of years. Although Krauss and Pekkanen concede to the importance of the electoral system, they find that the fact that several elections had been held, and that *kōenkai* had been found useful for vote-seeking by individual MPs at the time of the merger as more important. They also posit that a SMD system would have eased the merger of local party organizations and thus centralizing vote-seeking. This is also in line with their research into post-reform *kōenkai* which indicates that LDP endorsement has become far more important after 1994, although *kōenkai* are still an important asset for any LDP politician (2011, p. 96-97).

Path dependency also ensured the growth of *kōenkai*. LDP candidates who relied on local party branch support for their re-election lost, whereas those who emerged victorious did so thanks to their *kōenkai*. This meant that *kōenkai* over time grew stronger, while the party branches withered. The existence of *kōenkai* further weakened the party branches in another way. As *kōenkai* were the personal support groups of MPs, their party affiliation was not particularly important when campaigning. MPs also retained control of their *kōenkai* and did not share it with the party. Both these conditions helped weaken the LDP label, further hampering the development of local party branches. This path dependent explanation also explains why *kōenkai* membership over time rose. The gradual rise of *kōenkai* membership also undermines the explanation of those focusing on the electoral system.

The third critical factor, in addition to sequencing and path dependency, was the institutional complementarity that *kōenkai* developed with the campaign restrictions and the factions. Campaign restrictions gave advantages to incumbents, and incumbents with *kōenkai* even more so. The *kōenkai* and the factions over time complemented each other quite well,

and this also contributed to the demise of the LDP's centralization attempts. The *kōenkai* also aided the factions at the time of the 1978 election, which ultimately deepened the relationship between the two institutions while also dooming the effort to curb the power of the factions.

Krauss and Pekkanen conclude that although understanding the peculiar SNTV MMD system is important to understand *kōenkai*, the "division of the vote"-explanation is severely lacking as *kōenkai* did not first come about to perform this task. The theory goes that the LDP needed a vote distribution mechanism, and that *kōenkai* fulfilled this task, but the fact that *kōenkai* pre-date the LDP makes this theory unconvincing. They argue that the incentives for the various political actors resulting from the 1956 election strengthened the bonds between the factions and *kōenkai*, and the previously described feedback loops made the *kōenkai* ever more important. As a result of the strength of the *kōenkai*, vote-seeking was decentralized in the LDP, and became the responsibility of individual MPs. These MPs achieved their vote-seeking through *kōenkai* cultivation and maintenance, along with pork-barrel distribution and constituency services (Krauss & Pekkanen 2011, p. 62-64).

Factions

As mentioned previously the 1978 leadership election greatly contributed to the further strengthening of the bonds between the factions and the *kōenkai* of individual MPs. After the scandals involving Tanaka in the mid-1970s the LDP instituted a new form of leadership election. To supplement the traditional election held among MPs and prefectural representatives, there would now be held a primary election where all LDP members were eligible to vote. The incumbent Fukuda hoped that this would make the LDP more open to grassroots voters and lessen the influence of factional politics in the election, he also stated that should he fail to win the primary, he would withdraw his candidacy. As already described Fukuda both failed in his leadership bid, and in his bid to curb the power of the factions, and the 1978 election ultimately strengthened the factions' control over the party. Krauss and Pekkanen refer to the process which occurred before the election as the "massification" of the factions, as it linked their role in selecting the party leader directly to the *kōenkai*; reports even showed that the factional leaders purchased votes directly from followers' *kōenkai*. The election caused intense intraparty conflict, culminating in the no-confidence vote against Ōhira in 1980, and also signalled the culmination of the institutionalization of factions into the electoral districts. From the late 1950s until the late 1970s the factions had used nomination and distribution of campaign funds to secure their followers' re-election bids in order to consolidate and expand their factions. After the 1978 election the connection became two-

way, with the grassroots support of the *kōenkai* shaping the intraparty rivalry of the factions for the leadership at the centre. The linkage between the factional rivalry at the national level and the competition between the *kōenkai* at the district level, and the institutionalization of the role of the factions at all levels of LDP politics was now established (Krauss & Pekkanen 2011, p. 116-17).

The 1970s also saw a consolidation of the factions, and the way in which they funded their members, which ultimately would come to lay much of the ground work for Ozawa Ichirō's successful splitting of the party in 1993. From the mid-1970s until the split in 1993 the number of factions shrank from eight or nine, among which were also medium- or small-scale factions, down to four or five, very large factions. One catalyst for this consolidation was Tanaka Kakuei's expansion of his faction after his indictment on criminal charges in 1976. This expansion was motivated by his desire to stay out of jail, a desire he saw as most likely being fulfilled were he to become so powerful within the party that no prime minister could come to power without his support. Another catalyst for change was the 1975 revision of the Electoral Funds Law made by Miki. This law provided incentives for individual Diet members to raise more funds (often with the aid of their faction) and to rely on money raised locally rather than nationally. Factional leaders were also expected to still contribute a great amount of funding for their members, and this allowed successful factions to expand their membership, whereas the smaller factions perished. By the mid-1980s the responsibility for fund raising had also been delegated to middle and senior factional members, and they were expected to raise money both for the factions, and for their more junior peers (Krauss & Pekkanen 2011, p. 117-18). The institutionalization of the factions was completed in the mid-1980s and they were highly involved in vote-, policy- and office-seeking for their members. We now turn to the theories for LDP factionalism introduced in chapter one; cultural determinist, electoral determinist, and historical institutionalist, and evaluate these based on the evidence presented in this thesis.

Krauss and Pekkanen conclude that there are several faults with the commonly presented assertions regarding LDP factionalism. The cultural explanations are unable to explain why the type of factions found in the LDP did not emerge until ten years after the war, right after the LDP merger and presidential election; neither can they explain why the LDP factions did not attain their final form until thirty years after this. Other researchers, like Ramseyer and Rosenbluth, criticize these theories, claiming that they are tautological, and that explanations which explain factions and other Japanese political institutions simply as an expression of some sort of Japaneseness caused by them being formed in Japan by Japanese

offer little or no added insight into the questions at hand (1993, p. 2-3). This thesis is also based on the premise that cultural explanations hold little explanatory power, as the development of the various LDP institutions can be more than satisfactorily explained without having to resort to explanations which rely on culture as the defining feature.

As explained by Krauss and Pekkanen "[o]ne problem with the cultural explanation of factions, much as with the urban village explanation of *kōenkai*, is that it assumes all causal explanation as bottom up (i.e., society determining politics) rather than considering any of the possible causes that are top down (i.e. the role of the state in politics)" (2011, p. 103). This view is also shared by Kohno Masaru who argues against the cultural explanations for factions; finding that the major changes to the organization of the factions in the last two decades before 1993 cannot be explained by a constant such as culture (1997, p. 91). Cox, Rosenbluth and Thies' research on differences in factional membership among Lower- and Upper House MPs, and the subsequent increase in factional membership by Upper House MPs following changes to their electoral incentives also undermine the arguments of those favouring cultural factors as the cause for factionalism (2000). Cultural explanations are found lacking as they cannot explain differences in factions over time or variations across space. Countries with cultures different from Japan have also developed similar factionalism as that found in the LDP (Zuckerman 1975, Bettcher 2005). Conversely other political parties in Japan have not developed the same type of factionalism, despite a shared culture (Krauss & Pekkanen 2011, p. 103).

The electoral explanations are more convincing, but have some shortcomings. The SNTV system did indeed shape the factions by making factional leaders able to offer campaign funding for members' *kōenkai*; an act made possible by the need for politicians to cultivate a personal vote. This way of winning members in turn made the factions non-ideological and non-policy-oriented. Factions also played a major role in elections by their funding and nomination of candidates. The electoral explanations for factions are found lacking due to some of the same problems encountered by the cultural explanations. How can a constant explain change? The electoral system remained unchanged from 1947 until 1994, yet the factions underwent great changes in this period. The electoral explanations also fall short when explaining why factionalism of the type found in the LDP is also found in other countries, like India and Italy, with different electoral systems. On the other hand dominant parties in countries with quite similar electoral systems, such as Taiwan and Korea, did not exhibit the same type as factionalism as that found in the LDP. Krauss and Pekkanen also criticize Kohno, and Ramseyer and Rosenbluth for making fine distinctions between causes

and origins of factions, on the one hand, and their persistence and maintenance on the other, without clarifying why such a distinction is made, claiming that the examining of this distinction reveals a difference between electoral incentives as independent and intervening variables (2011, p. 104).

To put it succinctly "factions, both before and after the merger of the Liberals and the Democrats to form the LDP in 1955, did not emerge in their final form primarily or directly as the result of the SNTV electoral system or as the straightforward rational choice of LDP party leaders directly in response to that system" (Krauss & Pekkanen 2011, p. 124). The factions of the pre-merger parties were nothing like they would become later, and this process of institutionalization did not start in earnest before the 1956 election of Ishibashi Tanzan. As this thesis has shown the impetus for institutionalization is found in the 1950s, but the process was not completed until the late 1970s or early 1980s. The process was shaped by the intraparty rivalry of the factional leaders and their desire to consolidate and expand their influence over the party, but also by back-benchers who wanted to secure their own re-election, as well as promotion in the party. The final form of the LDP factions could not have been anticipated, let alone designed by anyone, least of all the LDP leaders. The attempts by Miki and Fukuda to abolish and curb factional influence both failed, as did the attempts at establishing local party branches. The fact that the elements within the LDP who wanted to curb factionalism within the party hoped to accomplish this by changing the organization of the party, and not the electoral system, also undermines the importance of the electoral system in shaping the factions, and further demonstrates the importance of the intraparty institutional make-up in shaping the pattern of factionalism (Krauss & Pekkanen 2011, p. 124). Krauss and Pekkanen have also conducted research into a much presented theory regarding the influence of the electoral system on the factions, which espouses that the factions did not run two members from their own faction in the same electoral district, this argument has been presented by Thayer (1969, p. 35-36) and Park (2001, p. 435). Krauss and Pekkanen, however, find that although such a pattern can be seen, it is not uniform, and that it at least did not start to occur until ten years after the LDP merger, meaning that the electoral system was not a likely cause of this phenomenon (2011, p. 118-123).

If these two explanations are found to be lacking, how do the historical institutionalists explain the pattern of factionalism found in the LDP? In a nutshell "we find the primary explanation for the origin of the LDP factions as exclusive non-policy groups with members loyal to a particular leader in the adoption by the LDP in 1956 of the election of the party president and in the changes that occurred to that selection system over time" (Krauss &

Pekkanen 2011, p. 125). Until the 1956 election the factions were loose followings around a leader, with a membership based on policy similarities or antipathy against leaders of other factions. The factions did not control post allocation or nominations, and did not provide a great deal of funding for their members. The factions therefore were of little importance for the vote-, policy- or office-seeking of its members and leadership, and were not an institution of particular importance for the political actors. As the requirements inherent in the leadership process became apparent the factions began competing to gain a core constituency in the leadership election to bolster their own ambitions (Krauss & Pekkanen 2011, p. 125).

Institutional complementarity was also important in shaping the development of the factions, and in changing their shape, process, and functions over time. The 1956 leadership election was the first crucial event which set this process in motion. The election caused a scramble for loyal voters. This caused the linkage of factions and the *kōenkai* as distribution of funds for *kōenkai* of individual Diet members, who needed to cultivate a personal vote. This in turn resulted in factions that were not based on policy or ideology as the recruitment of new members happened regardless of their stance on policy or their ideological leanings. This was possible as a system of centralized vote mobilization did not exist. Had such a system existed it would have been much harder for factional leaders to recruit members, let alone maintain their loyalty. Conversely the 1978 attempt at mass member participation in the leadership election failed exactly because *kōenkai* already existed, enabling the factions to retain control of the leadership election process, while further consolidating the ties between the *kōenkai* and factions (Krauss & Pekkanen 2011, p. 126).

Krauss and Pekkanen also emphasize the importance of sequencing in shaping the LDP factions. The simultaneous flourishing of *kōenkai* and factions between 1956 and 1958 is not seen as coincidental; rather it was the result of the need for leaders and backbenchers to maximize their number of recruits and votes. The 1956 election had necessitated the recruitment of factional members, and the 1955 LDP merger pitted former Liberals and Democrats against each other in the same districts under the same party label, making party label and party leadership irrelevant in distinguishing oneself in the district. This meant that both derived benefits from their union, and this subsequently shaped the development of both the *kōenkai* and factions. The 1956 election was also important in shaping the factions in one other way. In the 1956 election contest the former Liberal Ishii Kōjirō threw his support behind the former Democrat Ishibashi rather than his former party comrade Kishi in the decisive round of the election. Krauss and Pekkanen attribute this decision with making pre-merger party affiliation unimportant in the construction of leadership coalitions, and also with

spurring factional recruitment across pre-merger party divisions (Krauss & Pekkanen 2011, p. 127).

Finally, Krauss and Pekkanen attribute a great deal of importance to path dependency. The competitive advantages for both leaders and members helped stimulate the formation of the factions as the leaders began insisting on the loyalty of their members after the 1956 election. This loyalty was given in exchange for campaign funds, support for *kōenkai*, and help to first-time candidates in securing the nomination in their district. Leaders who did not opt for this strategy saw their hopes of winning elections dashed. Over time the negative effects of being outside of the factions also manifested themselves. Access to PARC was controlled by the factions and thus factional membership, along with seniority made you eligible or ineligible to enter the policy-seeking organ of the LDP with which pork-barrel funds and constituency services were provided. MPs outside of the factions also struggled to get the LDP nomination in electoral districts. Those who opted to stay out of the factions were thus unlikely to excel within the party, and would also struggle to win re-election unless they had sufficient access to funds through their own personal networks or personal wealth (Krauss & Pekkanen 2011, p. 127).

Krauss and Pekkanen claim that "[b]y the early 1980s, the factions were embedded within an institutional matrix with the *kōenkai* of individual Diet members and, within the party, with party parliamentary, and government positions. Because the asset specificity of the investments of both the faction leaders and their followers had become so great and the social contracts within the factions have become so strong, this system of factional competition is stabilized internally within the faction and externally among them, making alternative possibilities for institutional adaptation almost impossible without massive external shock" (2011, p. 127) this seems to be a spot on representation of the state of the factions before the split in 1993. Krauss and Pekkanen do, however, commit a crucial mistake when they attribute the cause of this external shock to "the electoral reform of 1994" (2011, p. 127). As will be argued in the concluding part of this thesis the shock that caused the undermining of the factions did not come in 1994, rather it was the persistent political scandals, the end of the Cold War, the bursting of the bubble economy, and several years of economic problems, that finally allowed Ozawa Ichirō to "adapt to the institutions" by splitting from the party and pursuing government power unrestrained by the rigid LDP institutions.

The End of the Cold War and the Bubble Economy as a Critical Juncture

The period of "near-parity in the Diet", started in 1977, nut lasted for only three years, effectively ending with the LDP's overwhelming election victory in 1980. This was then followed by the period of "LDP "territory" under stress" which lasted from 1980 until 1993 (Bouissou 2001, p. 592-94). After the 1974-76 critical juncture the LDP ran the risk of splitting several times, in particular before the election in 1980, when the timing of the death of Ōhira proved to be most fortuitous, as it averted a split by removing one of the combatants from the factional battle field while also producing an overwhelming election victory with which the LDP could build unity. The strength enjoyed by the ruling coalition behind the Nakasone and Takeshita-premierships, combined with the majority enjoyed by the LDP/NLC, and continuous economic growth, meant that a split was unlikely, but not impossible in these periods. This changed in the period after 1989 and the end of the Cold War.

The end of the Cold War removed the last divisions between the conservatives and leftists, and paved the way for prospective LDP defectors to form a large enough coalition with opposition parties to dethrone the LDP. This also coincided with an economic downturn which the LDP proved unable to cope with, and this seriously undermined the institutional framework of the LDP leading to a split.

Most of the 1993-defectors were junior politicians. This is not very surprising; the strict seniority rules of the LDP meant that their prospects for senior positions, not to mention Cabinet posts, were still far off in the future, and they thus stood to gain a lot if their decision to defect paid off and their new party was able to form a coalition government of which they could be a part. These junior politicians also saw their prospects for re-election under threat as the economic downturn caused by the bursting of the bubble economy continued, with the LDP seemingly unable to bring back economic growth like it had been at earlier times of crisis. This meant that pork-barrel funds were less readily available. These junior politicians were also not heavily reliant on the LDP for their vote-seeking efforts. They relied on their personal *kōenkai* for their vote-seeking, and most of the funding for these came from the factions. As Ozawa controlled distribution of funds for his faction, and as much of this backing was not dependent on him being a part of the LDP, the campaign contributions did not disappear simply because the Diet member defected. The previous defections of the NLCers and the subsequent re-acceptance of the defectors to the party had also shown that forgiveness was forthcoming, and that it was not political suicide to leave the LDP. The junior politicians also risked little with regards to policy-seeking. If they stayed within the LDP they would not have much influence on policy-seeking until they were promoted to the higher

positions within PARC, a process that would require many years due to the strict seniority rules. Although seniority rules had also been in place in 1976 they were not as rigid as they had grown to be by 1993, and the larger number of factions also meant that one could join a smaller faction and hope to be promoted on merits like Miki had been. The risks were therefore relatively small, whereas the potential rewards were very high for the junior politicians who left the LDP in 1993.

This then explains the motivations of the junior politicians who decided to defect, but what about senior defectors like Ozawa? Although Ozawa and the other senior defectors had better chances of receiving exalted posts in the party, the rigid and decentralized structure of the LDP meant that succeeding in effectuating changes from within was highly unlikely regardless of the position one held in the party. Policy-seeking was controlled by PARC, and although the factions controlled PARC appointments they did not directly control policy-making. The factions did control vote-seeking for their members, but after the 1975 reform this was also increasingly left in the hands of individual MPs and the responsibility was spread among a larger number of the factional leadership. Office-seeking had also become the subject of strict seniority rules and therefore less responsive to the whims of factional leaders. In sum the LDP system was highly rigid and effectuating reform from within extremely difficult, if not impossible. This then explains why Ozawa decided to bolt the party in 1993, despite the fact that he had vowed to stay in the party and affect change from within as late as the fall of 1992 (Ozawa 1992). In the end Ozawa found that implementing reform from within was impossible, and bolted the party after Miyazawa's reform proposals had been abandoned. Ozawa's decision to split was therefore a result of his seemingly genuine desire for reform, fuelled by his desire to make Japanese politics more flexible and pro-active in a time of great upheaval both domestically and globally. The defection of a senior figure was also crucial as only a senior figure with rich resources would be able to organize the effort to create a new non-LDP government, while also guaranteeing access to funds for the junior defectors.

The critical juncture of 1993 ultimately led to lasting changes to both the internal structure of the LDP and the Japanese electoral system, changes which were too numerous and far-reaching to be extensively covered here. Suffice it to say that they resulted in the adoption of a single-member district electoral system which also included a proportional representation portion, and a reorganization of the LDP institutions which greatly changed the power balance, and which ultimately meant that the factions retained control over little else other than the leadership election (Krauss & Pekkanen 2011).

CONCLUSION

This thesis has looked at the factionalism that developed in the Liberal Democratic Party of Japan between 1955 and 1993, attempting to explain both the causes for, and the consequences of this factionalism. Although the factions have been the main focus of this thesis, attention has also been devoted to the Policy Affairs Research Council of the LDP, and the *kōenkai* of individual LDP'S MPs, as these two institutions served indispensable functions which facilitated the factions' complete control over the vote-, policy-, and office-seeking of their members.

The thesis has also looked at the most commonly presented explanations for the existence of the factions, *kōenkai*, and PARC, concluding that the growth of factionalism inside the LDP was a result of multiple causes, none one of which would necessarily have resulted in the factions developing the way they did singlehandedly. The electoral system certainly facilitated the factions' gradual takeover of the party, as did the system adopted for the LDP's leadership election, but the factions were not the inevitable result of either of these systems, and the ultimate form of the factions was the result of a number of events occurring over several decades, as well as the particular sequence in which they occurred, all of which contributed to the ultimate monopolization of vote-, office-, and policy-seeking by the factions. LDP factionalism was thus a multi-causal phenomenon dependent on the particular chronology of events for its development.

Although this thesis owes much to the work of Ellis Krauss and Robert Pekkanen and largely shares their view on the course of, and causes for the institutionalization of the various institutions, it does not share their view on the 1993 split of the LDP and the 1994 electoral reforms. Krauss and Pekkanen regard the electoral reforms as the external cause which fundamentally altered the institutional set-up of the LDP, whereas this thesis argues that electoral reform was the inevitable result of the changes to the very political structure which had facilitated the factions' monopolization of power in the LDP. During the Cold War period Japan had been loyal to the US, but had played a passive role in international politics. The Cold War had also eased Japan's entrance to the capitalist market, and this had contributed to the economic miracle in the decades after, but Japan's domestic market had proven difficult to penetrate for foreign companies. As the Cold War wound down Japan, Japan was expected to play a more active role and engage positively on the global political stage while also opening up its domestic market to foreign competition. This resulted in certain challenges and basically necessitated a completely new course for Japanese politics, and for the Japanese

economy. The LDP factions, however, were in no way suited to stake out such a course as their membership was formed on a non-ideological and non-political foundation, and could therefore not provide the basis for the construction of a new foreign- or economic policy. The factions had also established close bonds to the Japanese business community during its time in power, and were therefore unwilling to subject Japanese companies to more foreign competition than absolutely necessary. The end of the Cold War also weakened ideology as a political topic, thus removing internal divisions between the Japanese opposition parties, and between the LDP and the opposition, paving the way for increased cooperation and coordination. The end of economic growth, which had been indispensable for the maintenance of the LDP's factions and for the LDP's institutional structure, also seriously undermined the factions' power base. This undermining of factional stability weakened junior politicians' incentives to stay in the party, as their vote-seeking efforts largely lay outside of the party, and as the instability of the early 1990s meant that their chances for promotion were far less certain than they had previously been. The rigidity of the LDP institutions meant that senior politicians who wanted to perform strong leadership also were compelled to break out of the party, in particular if they could take with them enough subservient junior politicians to seek a coalition government with the opposition parties.

The title of the thesis reflects the different role the factions played during the course of the first forty years of the LDP's existence. In the immediate post-merger years the factions actually served to diffuse tensions between highly varied groups of politicians. The post-merger LDP consisted of former bureaucrats and professional politicians, victims of purges and those who escaped persecution after the war, and, former Liberals and Democrats. These groups did not agree on much apart from an adherence to more or less conservative policies and opposition to the Japanese Socialist Party. The election of Ishibashi in 1956, and the subsequent de-ideologization and de-politicization of the factions, and the party, helped to diffuse tensions between former adversaries, and strengthened party unity, but also paradoxically created a fundamentally divided party, or a party of parties. The factions continued to engage in competition for the leadership and, as this competition at times paralyzed the party, certain tasks were delegated to an institution, PARC, not susceptible to the turmoil of factional polities. The competition also hindered the centralization of vote-seeking efforts, which became the responsibility of individual LDP MPs through their personal *kōenkai*; this vote-seeking was also dependent on the factions and their funds. Although the immediate post-merger period saw a monopolization of assets by the winning coalition of factions, the LDP's waning Diet majority gradually saw the factions adopting a

more inclusive distribution method for party posts, and all factions enjoyed access to the political spoils.

The first and foremost characteristic of the factions was flexibility, and as the factions were first and foremost interested in ensuring that they retained control over the leadership election, they were willing to devolve a fair amount of power in order to ensure party unity. This flexibility, again paradoxically, ended up producing a highly rigid, but predictable system, in which all actors were limited by their seniority and position within the party, but which was also fair as it ensured equality of opportunity for all factions and MPs. For junior politicians this meant that they were ensured promotion to the higher echelons of the party if they were able to win re-election a sufficient number of times, and did not rock the boat by taking unpopular stands on policy issues. For senior politicians this institutional structure meant that they were also ensured promotion to Cabinet posts etc., if they could win re-election, but that they did not have free reins when it came to appointments of their own faction's members to PARC, or to the Cabinet should they attain the leadership of the LDP, due to the institutionalized seniority rules. The rigidity of the LDP institutions meant that it was difficult for any political actor to enact reform or perform strong leadership. Junior politicians were restricted as they lacked authority, and senior politicians, such as the prime minister, were restricted by the rigidity of seniority rules and factional representation concerns when forming their Cabinets.

The factionalism of the LDP over time produced a system which reduced friction and promoted unity, thus saving the LDP from a split which would most likely have occurred if monopolization of resources by the mainstream had continued, or if the LDP had developed strongly ideological factions along the centre-right political spectrum. LDP factionalism also meant that power was gradually dispersed to many institutions, and the power enjoyed by the LDP leader became increasingly constrained. The system spawned by LDP factionalism was, however, dependent on certain conditions for its endurance: economic growth was essential as it was used for vote-seeking, and as it ensured the electorate's loyalty to the LDP while also lessening the importance of ideology; a divided opposition ensured that no viable alternative to the LDP emerged; and the Cold War facilitated economic growth as it eased Japan's admittance to the capitalist economic system after the war, while also creating insurmountable ideological divisions both between the LDP and the opposition, and between the opposition parties themselves. As these conditions changed or disappeared the LDP factions proved unable to adapt, refusing to adopt political reform and ultimately losing power.

As this thesis has shown, the LDP factions' first and foremost characteristic was

flexibility and adaptability in the earliest period of its rule, a flexibility and adaptability that had led to rigidity and inability to change at the time of the LDP split. The factions were, however, primarily interested in retaining control of the leadership election, and succeeded for four decades. The organization of the other LDP institutions was a mere by-product of the factions' desire to retain control of the leadership election. One would therefore expect the factions to be willing to relinquish control over both PARC and *kōenkai*, but never over the leadership election, regardless of the end results of the electoral reform. The research conducted by Krauss and Pekkanen on the post-reform LDP institutions also seems to confirm this. The factions still control the LDP leadership election, although the election of Koizumi was an exception to this rule. The *kōenkai* and PARC are still important, but they are no longer under factional control, and their roles have also changed to some extent (2011).

This thesis has made the following findings. First, LDP factionalism was not the result of any sort of cultural trait peculiar to the Japanese, and it is thus ill-suited as an example for anyone advocating the existence of such a peculiarity. Second, the electoral system, although a powerful influence, was not the primary cause of LDP factionalism. The fact that the factions have persisted even under the new electoral system affirms this. Anyone promoting the notion that single non-transferable vote, multimember district electoral system invariably leads to divisive factionalism and strife should therefore be careful about using the LDP factions as an example to support their claims. Third, the 1956 LDP leadership election did serve as the impetus for LDP factionalism, but the pattern of factionalism, non-ideological and non-political, was not inevitable, and rather a product of coincidence coupled with the personal choices made by individual political actors at certain junctures. Fourth, it was the intraparty factionalism of the LDP that produced electoral reform, not the other way around. The LDP institutions were no longer able to smoothly fulfil the roles they had been entrusted, causing the LDP to lose power, leading to electoral reform, which further undermined the factions. Fifth, LDP factionalism was the result of a gradual and progressive development which occurred over a number of years, and was influenced by coincidence and sequencing. It was not the end product of the laborious efforts of political actors who actively designed it to perform the tasks it ultimately performed. Sixth, and lastly, path dependency, institutional complementarity and sequencing shaped the development of the institutions, greatly influencing the roles they fulfilled at different times. This illustrates the importance of understanding the institutional framework within which political actors operate if one wants to understand why they acted as they did at different points in time.

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