

Local Government Reform and the Demise of the LDP*

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Abstract

The Liberal Democratic Party maintained its electoral dominance largely by means of its divide-and-conquer tactics over the local government. The LDP's political control over the local government was so tight that anti-LDP political movements in the early 1990s were based on the idea of decentralization. The LDP took advantage of coalition partners to retain its government party status, but the policy concessions due to coalition bargaining resulted in the erosion of the party's support base. In particular, the series of municipal mergers toward March 2006 resulted in magnified volatility of the LDP's seat winning capacities and resulted in a decisive electoral defeats in the 2007 upper house and the 2009 lower house elections.

Key words: local government, Liberal Democratic Party, fiscal federalism, decentralization, municipal mergers

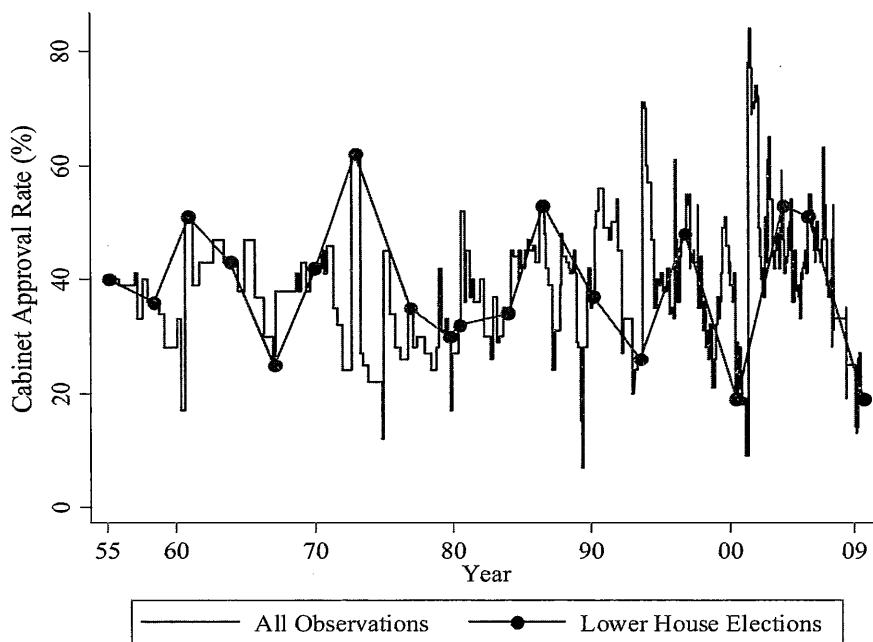
I. Introduction

The 2009 general election generated an unprecedented defeat of the LDP. This was unprecedented because it was the first lower house election where the LDP failed to secure the plurality status. In addition, this was the first election in which the LDP suffered two consecutive defeats in national elections. The 2007 upper house election was a serious defeat for the LDP, but whenever the party suffered a serious loss in upper house elections, the party successfully rebounded in the next round of the upper house and lower house elections. This obviously did not happen in 2009.

Observers have attributed the LDP's historic loss to growing dissatisfaction among voters with the LDP's policy performance. What is puzzling based on this hypothesis is that voters were equally dissatisfied with the LDP cabinet, for instance, before the 2000 lower house election (Figure 1). Although the LDP cabinet's approval rates had become more volatile, the party had successfully coped with several rounds of electoral crises partly by taking advantage of endogenous election timing (Smith 2004; Kayser 2005; Saito 2010, Chapter 4) and also by forging coalition with other political parties. The LDP's policy performance and the oscillation

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Figure 1: Cabinet Approval Rate and the Election Timing



of the approval rate itself does not explain why the LDP suffered a miserable defeat in 2009.

Other groups of scholars also point to increasing roles of political parties in national elections. While there is little doubt that defragmentation of the opposition parties ameliorated the opposition party candidate's coordination problem, this perspective alone does not provide an answer to why the LDP lost in 2009. If partisan alignment is a result of the 1994 reform, the LDP's defeat could have arrived much earlier.

This paper, on the other hand, points to the possibility that a series of local government reforms, in particular, municipal mergers gave the party the final blow. While the electoral impact of decentralization reforms in general are mixed, municipal mergers had a sweeping impact on the LDP's electoral performance especially in its former strongholds. Municipal mergers that the LDP promoted since the late 1990s reduced the overall number of its foot soldiers, i.e. local politicians, in national election campaigns. In addition, the mergers limited the competition among small geographic subunits of local governments. Municipalities are the basic units of vote aggregation at the national election and the LDP could make payments contingent on each municipality's performance in elections. Because the units of aggregation grew large, actors in the electoral process started to free-ride and electoral monitoring became imperfect. No matter how strong the support provided by the Komei party might have been, the LDP's electoral strongholds were trimmed. This trimming of the strongholds magnified the national partisan swing, which resulted in the DPJ's victory in the 2009 general election.

This paper is outlined in the following manner. The next section elaborates the concept of

the Japanese quasi one-party state. The third section reviews the recent history of local government reform, which provides mixed expectations for their impact on the LDP's electoral performance. The fourth section delineates how municipal mergers adversely affected the LDP's electoral performance.

II. The Logic of Local Government's Support for the LDP

The most important secret behind the LDP's long-term grip of power is its elaborate use of local government for the purpose of policy implementation and its election campaigns. Many of the important institutional features of local government in contemporary Japan reflect the postwar reform conducted by the General Headquarters (GHQ) of the occupation authority. In addition to introducing direct popular elections of local chief executives, prefectural and municipal governments were endowed with unicameral legislatures. The postwar reform also abolished the Home Ministry (Naimushō) and replaced it by the Local Autonomy Board, which later became the Ministry of Home Affairs (Jichishō).

The postwar Constitution (chapter 8 or article 92 -95) defines local governments as "local public entities (*chihō kōkyō dantai*)" and their further institutional details are stipulated by the Local Autonomy Law (LAL or *Chihō Jichi-hō*). Despite its official title, *Chihō Jichi* (Local Autonomy), which has a strong normative claim that local governments should be autonomous, the Japanese local government would later degenerate into the bottom layer of highly hierarchical and centralized state institutions. As a large number of researchers would later claim, the dominant party would maintain its grip on power by mobilizing local government officials for electoral purposes (Asano 1999; Ishikawa and Hirose 1989; Scheiner 2005). The key to the LDP's success was to wield the divide-and-conquer strategy, which drove local governments to play the Bertland competition game (Persson, Roland, and Tabellini 2000).

Although the basic features of intergovernmental relations are homogenous across prefectures and municipalities, there are considerable variations in demography and industrial structures, which translate into disparity in the local governments' capability to collect their own tax revenues and to deliver policy benefits on their own. The local governments' expenditures account for approximately 60% of the total public expenditures in Japan – both local and national governments combined. Meanwhile, the tax revenues that municipal and prefectural governments collect account for approximately 40% of the total tax revenues (Shirai 2005). In order for the central government to ensure that the same level of government services are provided throughout the nation, there exists a strong need for intergovernmental income transfer. There are two types of transfers from the central to local governments – the local allocation tax (LAT) grant (*chihō kōfuzei kōfukin*) and the treasury disbursement (*kokko shishtsukin*). In as early as 1947, the Diet enacted the local government finance law, which delineated the institutional framework. In 1950, the Diet enacted a law that would later

administer the LAT grant system. The LAT grant is a general fiscal transfer, of which the allocated amount is largely determined by the formula. Local governments then decide how the allocated money is spent. The treasury disbursement is specific subsidies that are tied to individual projects. These two categories of transfers respectively account for, on average, 11.8% and 10.9% of revenues of the municipal governments in the Fiscal Year 2007 (Chiho Zaisei Chosa Kenkyu Kai 2009). The per capita figures for these transfers tend to be higher for small population municipalities, which do not have solid tax revenue bases but nevertheless need to provide for the nationwide standard of the government service.

In order for the local government to have access to the money that are pooled in the central government pocket, individual local government leaders ended up playing the game of Bertrand competition. A standard textbook interpretation of Bertrand competition (e.g. Varian 1992) suggests that, because rival firms compete through prices, they maximize their profits by incorporating what would be the optimal pricing scheme for their opponents. In comparison with a Cournot competition, where firms compete in terms of quantity of outputs, firms in Bertrand competition face more elastic demand curves. For these reasons, the Nash equilibrium prices in Bertrand competition coincide with what would be perfectly competitive prices. In essence, the prices will reflect each firm's marginal cost. As a result, firms end up producing more at lower prices and the consumer's surplus is equivalent to what is Pareto optimal.

If we replace firms by mayors, prices by subsidies, and quantities by the mayors' electioneering efforts for the LDP, we can depict what was taking place in Japanese intergovernmental relations reasonably well. Suppose that Mayor A and Mayor B were competing in terms of policy benefits provided by the LDP. Suppose both of them demanded intergovernmental transfers on the condition that they would endorse the LDP in national elections. If the "reservation subsidies" is the amount of transfers that is barely sufficient to drive a mayor to involve himself to the LDP's election campaigns, then the mayors face the incentive to bid down the reservation subsidies. Knowing that even a smaller sum of moneys from the central government is beneficial for the municipality, the mayors can bid down the reservation subsidies until the amount of transfers coincide with the marginal cost of electioneering. The incumbent government could gain the possible largest amount of electioneering efforts at a very low cost.

At the local community and the individual voter level, the LDP took advantage of the existing monitoring regime and the schemes of delivering and voiding policy benefits as suggested by Rosenbluth, Saito, and Yamada (2010). This was facilitated by the presence of a large number of municipal council members, which is roughly an non-decreasing step function of municipal population sizes (Figure 2 and 3). As the size of municipal council is approximated well by an increasing concave function, it is natural to expect that mergers of municipalities will in most cases result in the reduction in the number of council members per capita. Institutional features of local legislatures also added to the LDP's predilection to thinly sliced benefits. Since each of the local legislators is elected from SNTV at-large districts, they

Figure 2: Municipal Council Size and a Concava Function of Municipal Population

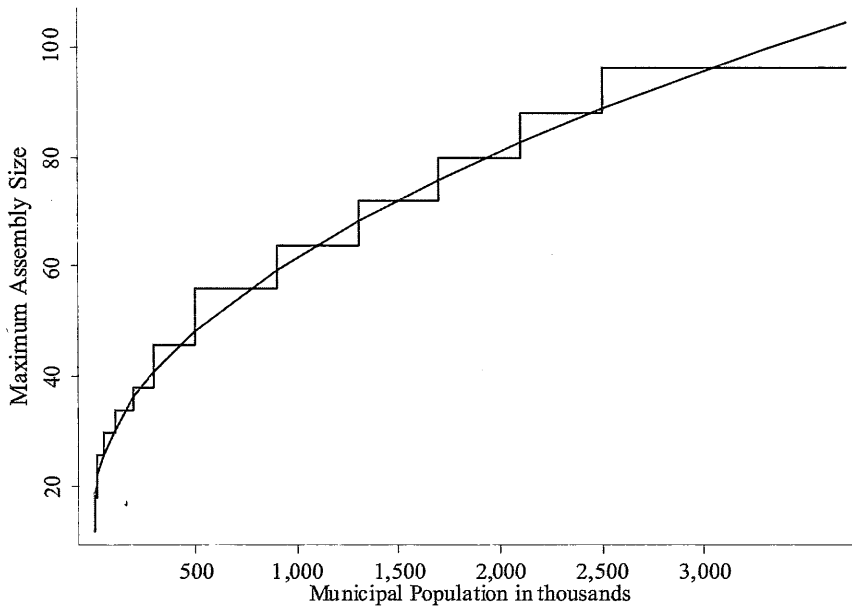
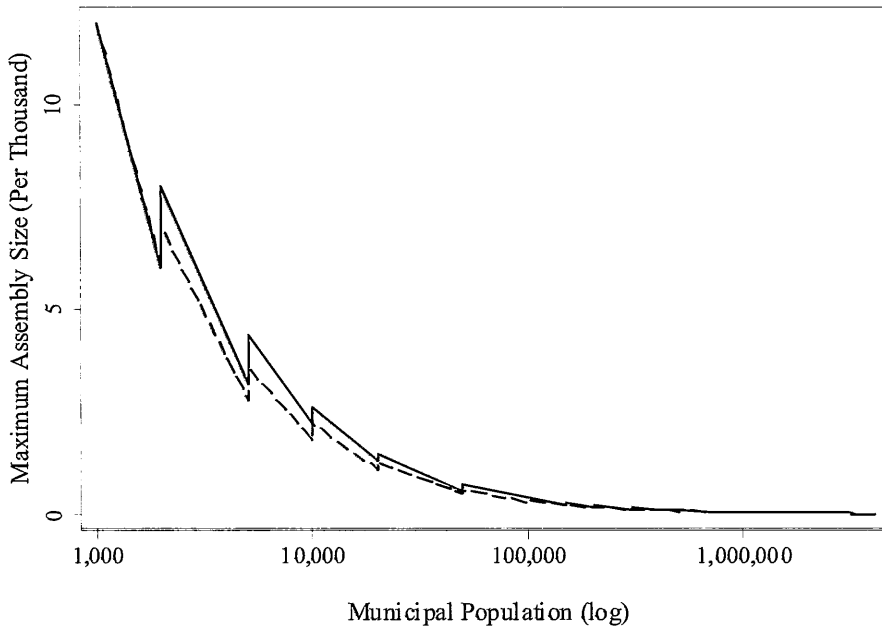


Figure 3: Municipal Councils and Municipal Population



constantly face the incentive to cultivate a minority of supporters who receive intensive benefits (Meyerson 1993). Although most of the local level politicians were officially non-partisan, they were affiliated with the LDP's local party organizations or the LDP Diet Members' personal support organizations that are known as *kōenkai*. They performed the task of being

Special Issue: On structural developments, Koizumi reforms, and the collapse of LDP rule
foot soldiers for the LDP's national election campaigns.

III. Recent History of Local Government Reform

This section reviews the recent history of decentralization reform and points out that major institutional revisions had taken place well before Prime Minister Koizumi assumed his position. In many cases, the LDP's coalition partners were the main engines of these reforms. Despite the continued drive toward decentralization, their electoral impact was mixed. Although these reforms, especially the reduction of subsidies to local governments, were perceived to have weakened the LDP's electoral support base, their actual electoral impact, at least over the short run, was mixed. It was not until the surge of municipal mergers was complete in the spring of 2006 that the LDP started to lose national elections bitterly.

1. The Non-LDP Coalition as Decentralization Alliance

Unlike the 1960s and 70s, when a small number of progressive governors and mayors threaded the LDP's grip of power, the LDP had leaned to co-opt local politician in the 1980s. Local politicians also utilized their connection with the party in power. Local politicians also continued to be one important recruitment pool for the LDP's Diet Members and vice versa. Takemura Masayoshi, formerly Governor of Shiga, established his reputation as a green politician by improving Lake Biwa's water quality. He later won a House of Representatives seat and belonged to the LDP. Hosokawa Morihiro started his political career as a member of the House of Councilors with the LDP. He was later elected as Governor of Kumamoto and established his name by pursuing regional development initiatives. Despite the overall reduction of financial flows from the central to local governments in this period, the relationship between the LDP and the local governments was cooperative. However, not all local political leaders were satisfied with the LDP's tight regulatory regime. For instance, Hosokawa and Iwakuni Tetsundo, then Mayor of Izumo, lamented that local governments need to petition for the central government's approval even when they would relocate bus stops by one block (Hosokawa and Iwakuni 1991: 10). Reform-minded Diet members were also conscious of the central government's micro-management. A large portion of Ozawa Ichiro's policy platform *Blueprint for a New Japan* focused on decentralization reform (Ozawa 1993). Hosokawa later formed the Japan New Party and helmed the first non-LDP coalition government between August 1993 and March 1994. In this sense, one important engine that united the non-LDP camp in 1993 was the decentralization agenda, and this momentum would continue into the Koizumi administration, which tried to dismantle the LDP from within. Conversely, the LDP was the party that remained in power by maintaining its tight grip over the local governments.

2. The Rise of Reform-Oriented Governors

As the LDP came back to power in June 1994, the party used local governments as the agent of the economic stimulus package, and local governments in turn incurred a large amount of debt especially during the Obuchi administration. The emergence of reform-oriented governors (*kaikakuha chiji*) coincided with this period, partly because these governors were frustrated with the LDP's excessive emphasis on construction projects.

Many of these governors maintained distance from the existing political parties and pursued a series of administrative and structural reform efforts. Included in this group of governors were Asano Shirō (Miyagi), Kitagawa Masayasu (Mie), Hashimoto Daijirō (Kōchi), Masuda Hiroya (Iwate), Katayama Yoshihiro (Tottori) and several others. However, their maintaining distance did not mean that they were actively supporting the opposition parties in national elections. It was also notable that these reform-oriented governors played an active role when the National Governors' Association (NGA) negotiated the decentralization reform package with the Koizumi administration.

3. Decentralization Reform in the 1990s

When the reform-oriented governors were growing in number, the central government also carried out a series of decentralization reforms. In fact, decentralization was one important policy agenda which tied together politicians who would later join the non-LDP coalition. In June 1993, shortly before passage of the no-confidence motion against the Miyazawa cabinet, both the lower and upper houses unanimously passed the Resolution for the Promotion of Decentralization (*Chihō Bunken no Suishin ni Kansuru Ketsugi*). The lower house election was held shortly afterwards, and the non-LDP coalition of seven parties toppled the LDP out of power for the first time since the establishment of the LDP in 1955.

The non-LDP government was ephemeral and was soon replaced by the LDP-led coalition, which was helmed by Prime Minister Tomiichi Murayama, then the head of the Japan Socialist Party, which was one of the LDP's nemesis parties. However, the LDP-led government did not terminate the drive toward decentralization. Following the approval of the General Principles and Policies Concerning the Promotion of Decentralization (*Chihō Bunken Suishin Taikō*) by the Murayama cabinet in 1994, the Diet approved the Decentralization Promotion Act (*Chihō Bunken Suishin Hō*) the next year. This act introduced the Decentralization Promotion Commission (*Chihō Bunken Suishin Inkaikai*), which examined issues of decentralization reform. Between 1996 and 1998, the commission submitted four rounds of policy recommendations to the government (Mōchida 2008).

The Obuchi cabinet, based these recommendations, worked out the architecture of the the Decentralization Promotion Plan (*Chihō Bunken Suishin Keikaku*) in 1998. The plan intended to promote decentralization and to establish less hierarchical intergovernmental relations. The

Obuchi cabinet then submitted the Omnibus Decentralization Promotion Bill (Chihō Bunken Suishin Ikkatsu Hō) to the Diet. The Act entailed the revision of 475 related laws, and most importantly, abolished the agency delegated function, a system in which the national government imposed administrative tasks to local governments (Muramatsu 2001; Yagi 2004).

Note that these major legal changes took place under the coalition governments. The 1995 Decentralization Promotion Act was promoted by the coalition government that consisted of the LDP, JSP, and New Party Sakigake. The 1999 Omnibus Decentralization Act was submitted by the Obuchi cabinet, which consisted of the LDP and Ozawa Ichirō's Liberal Party.

4. Triad Reform under Prime Minister Koizumi

Decentralization reforms continued under the Koizumi administration. The 1994 electoral reform forced the LDP to adapt to the changing electoral environment. The party did so by switching its coalition partners and also by nominating popular prime ministers. Koizumi Junichirō was without doubt the master of the electoral strategy under the new institution, despite the fact that Koizumi himself was an ardent opponent of the electoral reform. The Koizumi administration sought the structural reform agendas that included decentralization initiatives, which are now inclusively referred to as the triad reform or sanmi ittai kaikaku. The three components of the reform were (1) overall reduction of subsidies from the central government, (2) transfer of tax revenue sources to local governments, and (3) revision of the institutional architecture that regulated LAT grants. The triad reform was a big bang approach to decentralization, as it was anticipated that the iron triangle of the vested interests that consist of the LDP's tribe incumbents, the central government bureaucracy, and the local governments themselves would oppose revision of any one of these items individually. Koizumi's approach was intended to preempt opposition within the LDP by reforming all these items simultaneously.

The effectiveness of these reforms is a subject matter that is beyond the scope of this paper, but their electoral impact was mixed at best. The LDP's coalition partners played key roles in implementing these reforms, which means that the LDP was not necessarily enthusiastic about the reforms, which could weaken the party's electoral machines. On the other hand, the reduction of intergovernmental transfers in fact, at least over the short run, intensified the

Table 1: Local Government Reforms and Electoral Effect

Reform (Year)	Hypothetical Effect on the LDP's Performance	Causal Channel
Structural Reform Special Zones (2002-)	Positive	Pork barrel without spending
Reduction in subsidies (2002-)	Positive (short run) Negative (long run)	Increased competition for policy favor Shrinking support base for clientelistic machines
Municipal mergers (2002-2006, mostly 2005-2006)	Negative	Reduction in the LDP's electioneering resources

competition among local government for the LDP's policy favors. For instance, in December 2002, shortly before the FY2003 budget was announced, the number of petitioners (*chinjōsha*) that visited the Diet members' office buildings marked a record high. The LDP did reasonably well in the 2003 election, despite the budget cut year prior.

However, the triad reform was closely intertwined with municipal mergers, another major change that steadily took place in this period. In particular, the reduction of subsidies from the central government and the revision of the LAT grants greatly increased the cost of running small-scale municipalities and induced them to merge with neighboring municipalities. In that sense, the triad reform was a crucial catalyst for the nationwide wave of municipal consolidations. It was in this sense that Koizumi indeed weakened the LDP's machines, although the scope of destruction was not so dramatic as his initial slogan "Jimintō o bukkowasu (I shall destroy the LDP)" might imply. Some of the decentralization initiatives, for instance, "Structural Reform Special Zones" were nothing more than pork barrel without budget. The party could screen which municipalities would qualify for a deregulated special economic zones based on their cooperation with the LDP in national elections.

IV. Municipal Mergers and the Fall of the LDP

1. Features of Municipal Mergers in Japan

It was well before Prime Minister Koizumi started to helm the LDP that procedural guidelines for promoting municipal mergers were deliberated and determined. The Law for Exceptional Measures for Municipal Mergers (the Municipal Merger Law from hereafter) was amended in 1995 and 1999, such that it would provide fiscal incentives for municipal governments to mergers with their neighbors. The law reflected the central government's strong initiative to merge small size municipalities. Note that, unlike Sweden where the central government enforced legal measures to force municipalities to amalgamate, the Japanese government did not legally impose mergers (CLAIR 2006). Unlike the earlier waves of mergers in Japan half a century prior, when the government demanded that the municipal population size be at least 8,000, the central government did not impose a similar population size criterion (Yokomichi 2007). Neither did it make clear the most important administrative goal of mergers (Nishio 2007).

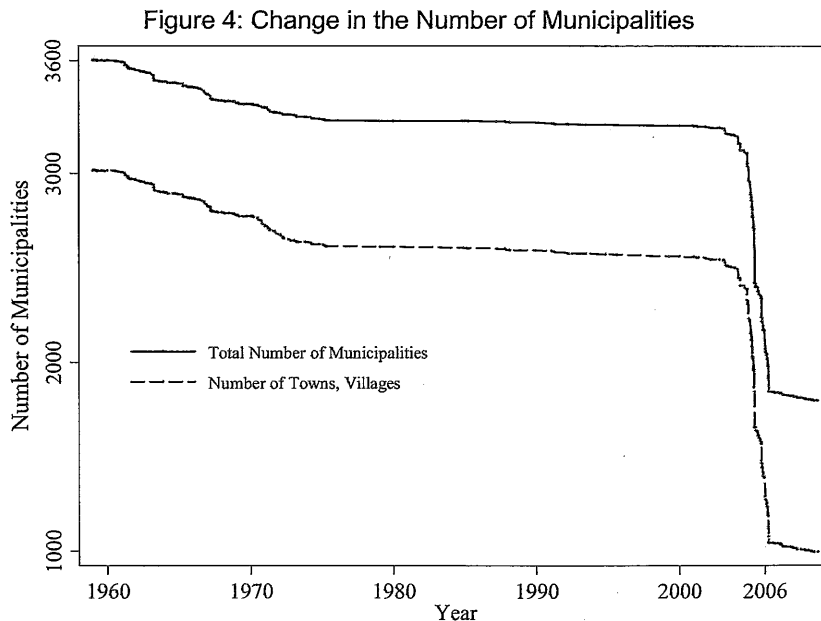
The government relied on fiscal incentives and ultimately let each municipality decide whether to merge. Merged municipalities were allowed to issue bonds that would finance city-planning projects such as building new facilities and roads. When they pay back the bonds, 70% of the refund for principal was to be paid for by the LAT grant. In addition, the 1999 amendment to the Municipal Merger Law incorporated a measure that would prevent the amount of the LAT grant to a merged municipality from being curtailed. Since the grant decreases on the

per capita basis as the population size increases, the merged municipality would receive a smaller amount in the absence of the special measure. However, newly merged municipalities were guaranteed to receive the same amount for the next ten years (Shigemori, Sekino, and Kawase 2002; Yokomichi 2007).

In addition to these positive incentives, the government uniformly reduced intergovernmental transfers to municipal governments. As part of the triad reform by the Koizumi administration, the aggregate amount of the LAT grants declined by JP¥ 5 trillion between 2001 and 2006 (Mochida 2007). Because the intergovernmental transfer scheme in post-war Japan was biased in favor of small-population municipalities, the uniform reduction of transfers intensively impacted small-size municipalities. In other words, these small municipalities were able to survive for decades thanks to generous fiscal supports from the central government. Now that their lifeline was suspended, they were bound to disappear.

Although the incentives for municipal mergers were established in a top-down fashion by the national government and the LDP leadership, municipalities' decision to merge or not entailed bottom-up decision-making processes. In order for municipalities to merge, each of the municipal assemblies involved must agree to set up merger consultation commissions and to implement the actual merger plan. Prefectural governments also played a role by presenting potential merger plans to municipalities.

No matter what procedural details were involved, the recent surge of municipal mergers had profound impacts on local governance in Japan because of its scope and speed. Although the three-tier system of inter-governmental relations (national, prefectural, municipal) remained intact, the mergers entailed a significant implication for national-level electoral politics. The



scope and the speed of mergers were drastic. As Figure 4 shows, the total number of municipalities dropped sharply and abruptly toward March 2006. Between 1999 and 2010, as many as 625 incidents of mergers took place, and these incidents of mergers involved a total number of 2,104 municipalities. The large proportion of mergers indeed happened shortly before the end of Fiscal Year 2005, when the fiscal measures set in the 1999 Municipal Merger Law expired (Ministry of Internal Affairs and Communication 2009b).

There was also a considerable variation in the patterns of mergers across Japan. There were as many as 1,175 municipalities whose boundaries remained unchanged. There was also a geographical variation. For instance, the number of municipalities declined by 73.3% in Hiroshima Prefecture and 72.3% in Niigata Prefecture, whereas in Osaka and Tokyo, the reduction in the number of municipalities was respectively 2.3% and 2.5%. The extensive use of fiscal incentives as opposed to legal enforcement contributed to the dappled patterns of the occurrences of mergers across space.

2. Consequences of Municipal Mergers

The impact of municipal mergers was felt most emphatically in national elections (Horiuchi, Saito and Yamada 2009). In short, local politicians – mayors and municipal assembly members – were the LDP's core campaign activists (Asano 1998; Scheiner 2006). Municipal mergers swept away these paid activists and as a result reduced the gross amount of mobilization and persuasion efforts targeted at voters in local communities. Statistical evidence suggests that municipal mergers reduced turnout and the LDP's vote shares in both lower and upper house elections (Horiuchi and Saito 2009; Horiuchi, Saito, and Yamada 2009). Table 2 compares the LDP's (and its coalition partners') vote share in lower house elections, and it is evident that the LDP suffered cutbacks in electoral performance.

Table 2: Municipal Mergers and the LDP's Electoral Performance

Munic. (No. Obs.)	All (1,798)	Merged (566)	Not Merged (1,232)	Difference (t-value)
Δ LH LDP 2003–2005	-1.58 (0.23)	-1.67 (0.43)	-1.54 (0.26)	-0.14 (0.27)
Δ LH LDP 2003–2009	-3.93 (0.22)	-4.82 (0.39)	-3.53 (0.27)	-1.29** (2.71)
Δ LH LDP 2005–2009	-5.61 (0.23)	-6.54 (0.43)	-5.18 (0.27)	-1.36** (2.68)

Although most local assembly members run for election as non-partisans, many of these local politicians have historically been aligned with conservative parties, in particular the LDP and its predecessors. Two institutional features of intergovernmental relations reinforced their ties with the LDP in the post-war period. One is lucrative intergovernmental transfers from

the central government. As discussed in Section 2, distributive politics is characterized by localities' efforts to extract maximum financial resources from the central government. In fact, Diet members, in particular the LDP incumbents, were referred to as the "pipeline of pork", who delivered particularistic benefits to their constituencies (Fukui and Fukai 1996; Scheiner 2006). If we extend this terminology to local politicians, they were the faucets that delivered policy benefits at the local community level.

The other institutional feature is the rules that elect municipal assembly members, which employ the SNTV rule with municipality-wide districts. Since the number of municipal assembly members per voter is larger in for small-size municipalities, candidates can more easily monitor the voting behavior of the residents in their neighborhoods. As a practical matter, since most candidates divide votes geographically and sectorally, they seek to deliver narrowly targeted particularistic benefits that would benefit voters in geographically defined communities and other types of organizations from which they receive votes. Thus, a large number of municipal assembly members were aligned with the LDP Diet members, channeled pork barrel projects and particularistic favors to cultivate votes to satisfy their own reelection needs. As a result, a large number of them campaigned for the LDP Diet members in national elections.

The crucial role of local politicians in national elections implies that their sudden disappearances would have negative impacts on the parties that relied extensively on their networks and mobilizations. The LDP indeed suffered landslide defeats in two consecutive national elections (i.e., the 2007 upper house election and the 2009 lower house election) after most mergers were completed by April 2006.

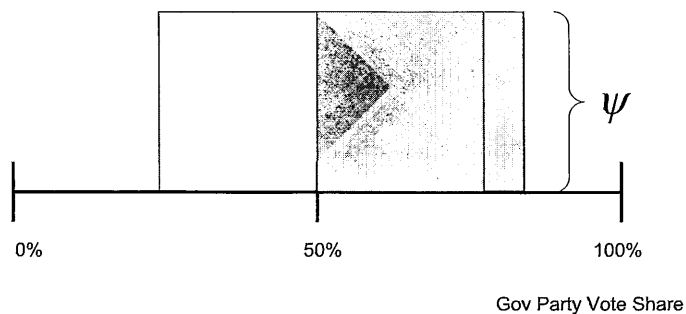
Municipal mergers had negative impacts on the LDP's electoral fortunes through several channels. First, the removal of municipalities directly eliminates mayors, who are individually strong "presidents" in their own jurisdictions. Second, mergers reduced the total number of municipal assembly members. This effectively means that the number of the LDP's paid mobilizers shrank. Because these former assembly members no longer care about their own election, they do not have the incentive to canvass their neighborhood on behalf of the national-level LDP politicians. Third, municipality is the smallest unit from which electoral outcomes are collected. Thus, the LDP could more easily monitor the behavior of the voters and condition punishment and reward for local politicians on the electoral outcome when the districts are divided into a large number of small municipalities. As mergers enlarged boundaries, local politicians' efforts became less visible and it became more difficult for the LDP headquarters to wield the "divide and conquer" strategy.

3. Homogenization of Electoral Districts and Partisan Swing

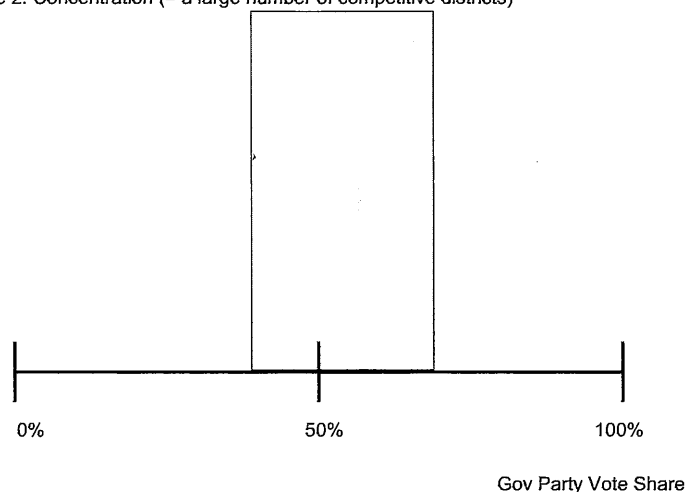
As the LDP's electoral strongholds were trimmed, the LDP's electoral performance lost its robustness against exogenous shocks. This is because of a magnified national swing or volatility

Figure 5: District Heterogeneity and National Swing

Case 1: Wide Variation of Partisan Strength



Case 2: Concentration (= a large number of competitive districts)

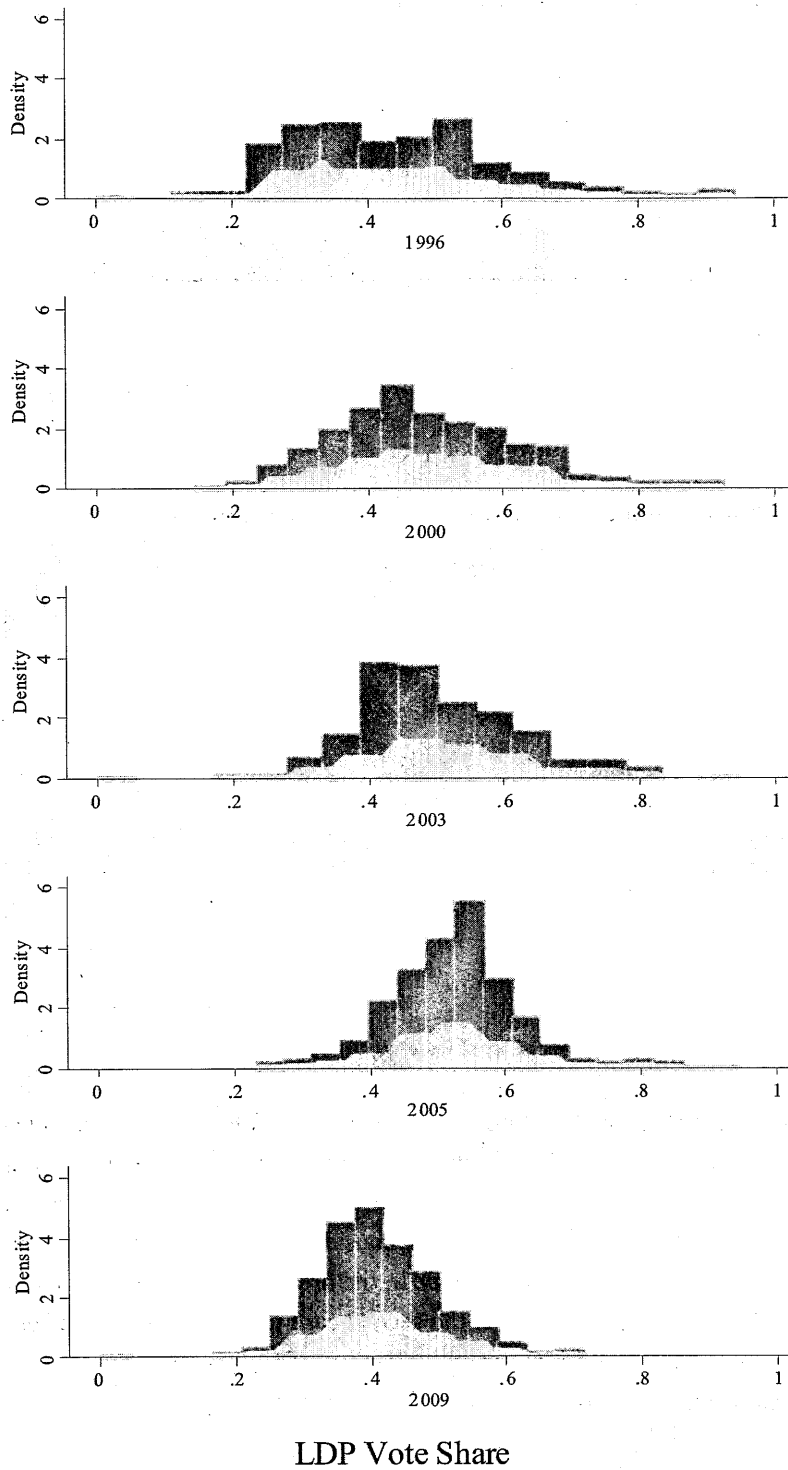


Note: Same size of variability of votes has magnified effect on votes in case 2.

of seats shares controlled by the LDP. The increasing size of the swing effect could be conceptualized in two ways. The first is the increased volatility of the underlying nationwide vote shares. The second is due to homogenization of the party's electoral performance across electoral districts. To illustrate the second point, consider for instance two different distribution of nationwide electoral performance (Figure 5). In the first case, the distribution of district level vote share is widely dispersed whereas in the second case the vote share is concentrated about the nationwide vote share \bar{v} . With the same variability of \bar{v} , it is obvious that the second case will lead to a wider variability of seat shares across elections.¹⁾

1) Suppose for the sake of simplicity that the national constituency is divided into an infinite number of

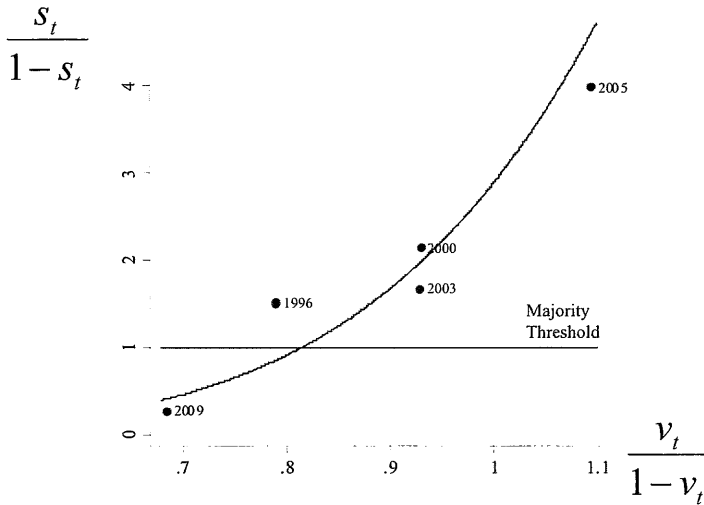
Figure 6: Empirical Distribution of the LDP's Electoral Strengths



In the Japanese context, the homogenization of the LDP's electoral performance reflected two important political adjustments in this period. One was municipal mergers that reduced the LDP's vote shares in its stronghold. The second was the LDP's coalition with the Komei Party, which salvaged many of the formerly non-competitive districts in urban areas to competitive status.

As a result of homogenization of electoral districts, the LDP's electoral performance has started to oscillate wildly. In SMD elections, the well know cube law predicts that the relationship between the seat and vote shares can be expressed as $\frac{s_t}{1-s_t} = \beta \frac{v_t}{1-v_t}$ with β being the bias coefficient (e.g. Tufte 1974). In the Japanese SMD elections after the reform, the estimated relationship is more elastic than what would be predicted by the cube law (Figure 7).

Figure 7: Cube Law in Japan



The estimated equation is $\frac{s_t}{1-s_t} = 2.89 \left(\frac{v_t}{1-v_t} \right)^{5.17}$, which means that the seat share is more

elastic than what would be suggested by the cube law.

single-member districts. Also suppose that two and the only two candidates, one from the incumbent government party and the other from the opposition, are competing in each of the SMDs. Let the district-level vote share be distributed uniformly with density ψ and let \bar{v} be the nationwide mean vote share. Then the party's seat share s can be expressed as a function of the party's vote share:

$s(\bar{v}) = \int_{1/2}^{\bar{v}} \psi dv = 1/2 + \psi(\bar{v} - 1/2)$. Since $\frac{\partial s}{\partial \bar{v}} = \psi$, it is obvious that as districts become more homogenous, small changes in vote shares have magnified effects on seat shares. Conceptually, increased national swing is attributable to increased variability of \bar{v} in each election and an increased size of \bar{v}

V. Conclusions

This paper provides yet another piece of empirical evidence the LDP stayed in power thanks to its control of local governments for electoral purposes. In addition to the fact that the LDP stayed in power thanks to its grip of local government, the paper also indicated that the LDP lost control of the central government because it dismantled a significant portion of their local electoral support base. The LDP has long been dependent upon mobilization of local politicians, and local government officials have also relied upon the party's policy favors. The exchange of votes and money has ceased to work effectively after the LDP promoted mergers of municipalities and this was also an important corollary of the 1994 electoral reform. After the merger of local government was almost complete, the party ended up suffering two consecutive defeats in Parliamentary elections, 2007 in the Upper House and 2009 in the Lower House.

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