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POLICY AND GOVERNANCE

Dynamics of inter-party
and intra-party coalition
building: A nested-game
interpretation of legislator
defection from a
dominant political party in
Japan

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Abstract

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Dynamics of Inter-Party and Intra-Party Coalition Building:

A Nested-Game Interpretation of Legislator Defection

From a Dominant Political Party in Japan^{*}

Yusaku Horiuchi and Thiam Chye Tay^{**}

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Abstract (95 words)

Under what conditions do legislators defect from a dominant political party? We ask this question with a focus on the case of Japan's Liberal Democratic Party (LDP) split in 1993. Based on a nested-game model, which depicts factions engaging in intra-party and inter-party coalition building simultaneously in two arenas, we argue that the anti-mainstream faction defected because it was marginalized and had little chance of being powerful within the LDP while the possible change in the electoral system and the success of a new conservative party enhanced its expectations of gaining power within the Diet.

1. Introduction

Political parties have traditionally been assumed to be unitary actors seeking office, policy and votes (Muller and Strom 1999; Strom 1985), and this simplification has greatly improved our understandings of electoral competition, coalition formation, and policy choice in democratic societies. By definition, however, this unitary-actor assumption cannot explain an important political behavior at the level of individuals or groups within a party—party defection. Defections are not uncommon and, by relaxing the unitary-actor assumption, a growing number of recent scholars have attempted to explain cases of defection in the United States (Aldrich and Bianco 1992; Castle and Fett 2000) and other countries (Kam 2002; Smith and Remington 2001; Mershon and Heller 2003; Ames 2002; Kreuzer and Pettai 2003; Shabad and Slomczynski 2004).

Japan's Liberal Democratic Party (LDP) split in 1993 provides another important—and particularly puzzling—case. On the eve of its breakup, the LDP was the single dominant party¹ in the entire Japanese political system, controlling legislative and executive processes. With such entrenched dominance of the LDP, defection seems to be politically irrational. Why did a politician or a group of politicians leave such a party, the only party at the time that could credibly offer them the spoils of power, and subject themselves to high political uncertainty? The objective of this article is to explain this puzzling defection in Japan. By focusing on this case, we also aim to locate the growing literature on party defection, which tends to have a limited focus on examining

¹ A dominant political party is defined here as a party with a sufficient number of seats in a legislature such that no alternative ruling coalition can be formed without it. It must also sustain this dominance for a prolonged period.

motivation to defect and its rationality, within the broader literature on coalition building and government formation.

Scholars of Japanese politics have examined the determinants of defection from the LDP in 1993 (Cox and Rosenbluth 1995; Kato 1998; Reed and Scheiner 2003; and Tatebayashi 2002). By employing a probit or logit analysis with individual-level data of LDP members, they found some personal attributes that significantly influenced which individuals were more likely to defect from the LDP. We consider their explanations unsatisfactory, however, because they assume LDP member's defection to be a result of the defector's *individual* and *independent* decision. This assumption does not take into account the important fact that a significant proportion of them defected *collectively*.² It also obscures more fundamental dynamics of inter-party and intra-party interactions—*interdependent* and *strategic* actions of LDP defectors, LDP non-defectors and opposition parties.

These problems in the existing studies arise from their failure to differentiate the following three types of party defections.³ The first type is a defection by a major faction within a party. It is characterized by its potentially significant impact on inter-party power balance. The second is a defection of a small sub-faction or cross-factional group, which, even after defection, does not significantly tilt inter-party power balance.

² Also, see Wolfe (1999, 406), who takes a similar view. Mershon and Heller (2003) similarly focus on the degree of interdependence between politicians' choices to switch parties.

³ We categorize defections based on their size and impact on power balance in the inter-party arena, but there are some other ways of classifications. Turan (1985) differentiates defections by their timing and sequence, while Kreuzer and Pettai (2003) differentiate according to where defectors land up after their defections.

The third type is a defection by individual legislators and it can be assumed to arise from “a random ‘personal event’—perhaps a fight with party colleagues, an external shock to the environment, and individual personal development” (Laver and Benoit 2003, 217)—but does not cause significant change to the power balance in the inter-party arena. The case of the LDP split in 1993 is a mixture of all three types. The Hata faction’s defection was of the first type, whereas the Takemura group’s defection was of the second type. There were also other individual defections. The logit or probit analysis used in the existing studies is best suited for the third type, which is the most common type of party defection (or “party switching”) in the United States (e.g., Castle and Fett 2000) but not in Japan.

In this paper, we focus on the first type of defection—the Hata faction’s defection from the LDP. The rationale for this focus is twofold. First, and most obviously, around 80 percent of defectors from the LDP in 1993 were from the Hata faction. Without examining this major defection, we cannot fully understand Japan’s political dynamics during the early 1990s. Second, as discussed above, a major faction’s defection from a dominant party has the potential to bring about important political consequences. In the case of Japan, the Hata faction’s defection did indeed trigger the end of one-party dominant regime and the subsequent realignments and formations of Japanese political parties in the 1990s. Therefore, examining this critical defection is expected to draw some broader theoretical implications on party competition and government formation.

We believe the “nested-game” model (Tsebelis 1990) the one most suited to explaining the Hata faction’s defection. The model depicts factions engaging in intra-party and inter-party coalition building *simultaneously* in two arenas. The method we

employ to develop our arguments systematically is an “analytic narrative” (Bates et al. 1998). A simple game-theoretical framework, or “analytic” reasoning, gives some logically consistent (but not necessarily intuitive) propositions about party defection. We then give comparative “narratives” of two similar but distinct political phenomena in the postwar history of Japanese politics: the *near* breakup of the LDP in 1980 and the breakup in 1993. During the period of LDP dominance, 1955–1993, these were the *only* two cases in which a no-confidence bill submitted by opposition parties was passed in the Diet. In both cases, some groups within the LDP broke party discipline by voting for the bill or abstaining. These two similarly critical moments for the LDP, however, ended up with two different outcomes: no incumbent LDP legislator defected from the party in 1980, whereas around one-sixth of the LDP’s Lower House legislators defected in 1993. Comparing these two important cases, with the passage of the no-confidence motion as a focal point, is methodologically valid because we can establish near *ceteris paribus* situations and focus on critical factors that caused different outcomes. By employing these models and methods, we show that the anti-mainstream LDP faction defected because, in the intra-party arena, it was marginalized and had little chance of being powerful within the LDP while, in the inter-party arena, the possible change in the electoral system and the success of a new conservative party enhanced its expectations of gaining power within the Diet.

In what follows, Section 2 discusses theoretical frameworks of our study. Section 3 develops analytics and introduces testable propositions. Section 4 examines their validity by comparing narratives of the aforementioned two cases in Japan. The final section summarizes our findings and discusses avenues for future research.

2. Theoretical Frameworks

We focus on strategic decisions of factions—sub-units within a party. There is nothing new about the importance of factions, and various aspects of factions or intra-party politics have been studied by comparativists (e.g. Druckman 1996; Harmel et al. 1995; Harmel and Tan 2003; Laver 1999; Laver and Shepsle 1990, 1999; Maor 1995; Mershon 2001; Mitchell 1999; Sinnot 1989). Not surprisingly, many scholars of Japanese politics have also claimed that LDP factions are key actors in Japanese politics (e.g., Bouissou 2001; Browne and Kim 2003; Cox, Rosenbluth and Thies 1999; Leiserson 1968; McCubbins and Thies 1997; Sato and Matsuzaki 1986).

Many of these works impose the implicit assumption that a given set of factions continues to exist within a party structure unless exogenous factors (e.g., elections) change inter-party and intra-party balances. Under this conceptualization, factions are not regarded as political actors that may defect from the party to improve their strategic positions. To put it differently, these existing studies are *static* analyses of factions and intra-party politics, and do not explain the *dynamic* processes and decisions that result in the breakup of a factionalized political party, which may causes drastic changes in both intra-party and inter-party balances.

There are, however, two exceptions that use factions as the unit of analysis to examine party defection. The first is Laver and Shepsle (1999), whose “cabinet portfolio allocation” approach assumes that factions within a party are motivated exclusively by policy preferences and that different factions have different and distinct policy positions. Given these assumptions, they argue that if a faction “expects to be able to win standoffs with other parties, then it may well be rational for it to defect from [a party]”

(Laver and Shepsle 1999, 45).⁴ In the case of Japan, their model seems to be partly valid, because the electoral reform was a policy issue at stake during the early 1990s and pro-reformers were indeed those who defected from the LDP (Ōtake 1996; Reed and Scheiner 2003). Nevertheless, we do not necessarily accept Laver and Shepsle's model as it is, because it implicitly assumes that factions' policy positions and their behavior do not result in any change in the fundamental "rules of the game"—electoral systems. In Japan, what was at stake was just such a fundamental change, rather than realignment in a standard set of policies (e.g., foreign and financial policies). More generally, they ignore that government formation is a function of political institutions that shape political actors' strategic behavior (Cox 1997). What is even more important, particularly in explaining party defection, is that not only do political actors *face* given political institutions but they can *change* the institutions and re-shape their policy positions (Benoit N.d.; Boix 1999). Thus we need to refine Laver and Shepsle's model by taking into account this *endogenous* relationship between institutions and political actors' policy positions. Because such an effort would require further complication of the formal model, we instead use a relatively simple model to explain how factions' preference for the electoral reform affected the LDP break up.

⁴ Scholars of Japanese politics may argue that Laver and Shepsle's model is completely invalid, as they often claim that factions are irrelevant to policy making. McCubbins and Thies (1997) attempt to reject this claim and show that an intra-party change can have significant impacts on types of budgetary expenditures. Whether factions and policies are related in the LDP-dominant regime is still open to debate. Also see Mule (2002) and Roemer (1999) who also analyze the role of factions in influencing parties' policies.

Another notable exception is Cox and Rosenbluth (1995), which is the first study of the 1993 LDP breakup from a party defection perspective. Based on a widely used assumption of the LDP as “a coalition of factions” (e.g., Bouissou 2001; Leiserson 1968), they argue that an LDP faction is “pivotal when it is large enough so that, put together with the non-communist opposition, it forms a [new] majority [in the Diet]” (357). Again, we only partly agree with their argument, because Cox and Rosenbluth ignore another important aspect of factionalism within the LDP—its factions are not just actors playing a coalition formation game within the Diet, they are also actors playing an inter-factional coalition formation game within the LDP to win the LDP Presidency. To put it differently, we claim that *the LDP factions play a dynamic game of intra-party and inter-party coalition building*. Similar to Cox and Rosenbluth, many of the existing coalition studies, including a large body of the literature relating to minimum-winning coalitions (e.g., Buchanan and Tullock 1962; Riker 1962; Riker and Ordeshook 1973) and factional competition (eg. Bouissou 2001; Leiserson 1968), tend to study political actions in one arena at a time; namely, either inter-party competition within an entire playing field (i.e., within a legislature), or intra-party competition within the core subset of the playing field (i.e., within a winning coalition).

To account fully for dual coalition dynamics in the case of Japan, we find Tsebelis’s (1990) “nested games” particularly useful. This model examines the strategic choices and constraints actors face if they operate in two or more arenas of political interactions simultaneously. We also consider the nested-game framework as valid in tackling a theoretical challenge in the literature—integrating intra-party politics into a coherent and logical model to account for government formation and termination (Laver 1998, 22). We claim broadly that any process of government formation, government

maintenance and government termination operates simultaneously in the two arenas—strategic interactions among actors (i.e., parties or factions) *within a legislature* over forming a winning coalition, and strategic interactions among actors *within the winning coalition itself*.

3. Analytics

Based on these theoretical frameworks, we introduce more specific propositions in this section. Empirical examination follows in the next section.

Let us begin by discussing how to determine the initial stage of our game; that is, a set of conditions before the first mover makes a decision. In reality, the breakup of a political party is a particular event in a series of historical events. To make the model more realistic, we could use an extensive-form game with many nodes and branches, but this would force us to consider many potential historical paths. To avoid such complexity, our game assumes an initial stage, in which a no-confidence bill is passed after the anti-mainstream faction boycotts the vote or votes for the bill. As explained earlier, during the postwar LDP-dominant period, there were only two such instances, which produced noticeably different political outcomes.

The Hata faction's defection from the LDP perhaps should be examined in connection with its earlier defection from the Takeshita faction, then the largest faction within the LDP, but our model exogenizes the earlier split for both theoretical and empirical reasons. We could endogenize the Takeshita factional split in our model, but this would complicate our model considerably (and unnecessarily) by bringing in another arena—the intra-factional arena—on top of the inter-party and intra-party arenas we already consider. At the same time, from the empirical perspective, there is

no evidence that two defections were linked. Even during the last few months before its defection from the LDP, it was not obvious that the Hata faction seriously considered this a possible alternative in their strategic thinking (Bettcher 2001, 143-4; Daikoka 1999, 133; Yomiuri Shimbun Seijibu 1993, 110).

There are two players in the game—an “anti-mainstream” faction and the “mainstream” faction (more specifically, a coalition of mainstream factions) in the LDP. The mainstream is the winning inter-factional coalition, and consists of the LDP President’s factions and a few other factions (Bouissou 2001, 583), whereas the anti-mainstream is the coalition of losing factions.⁵ Each player has two strategies. The anti-mainstream faction, as the first mover, decides either to defect from the LDP or not to defect. If the anti-mainstream faction defects, the game ends, but if it stays, the mainstream faction, as the second mover, has two options: either to punish the anti-mainstream faction or not to punish it.

Now, consider the decision of the second mover in this game. For the mainstream LDP coalition, which governs both the party and the government, the primary objective is to obtain a majority of the seats in the Lower House in an upcoming general election.⁶ Failure to keep a majority of the seats in the Lower House

⁵ Besides these two main factional coalitions, there were also small factions and non-factional affiliated LDP members. For the sake of simplicity, however, we ignore their strategic positions in our model.

⁶ According to the Japanese Constitution (Article 69), after the passage of a no-confidence resolution or the rejection of a confidence resolution, the Cabinet has two options, either to resign *en masse* or to dissolve the House of Representatives (i.e., the Lower House). We argue that dissolving the House is a dominant strategy for the Cabinet, because, if it simply resigns *en*

implies that voters disapprove of the current government, and the pressure from the public and the anti-mainstream faction to hand over posts to the anti-mainstream LDP members should increase. On the contrary, if the LDP keeps a majority in the Lower House, the mainstream faction can firmly claim the electorate's supports and the legitimacy to re-select party leaders from their camp.

The mainstream faction, however, has a secondary objective—to deter future discipline-breakers within the party. To maintain party coherence, the mainstream faction will seek to punish the anti-mainstream faction for not following the party line. For example, the mainstream faction may choose not to endorse candidates from the anti-mainstream faction, or reduce the amount of campaign resources allocated to these candidates, in the next election.

A dilemma for the mainstream faction is that punishing the anti-mainstream reduces the party's chance of keeping a majority of seats in the House because the chance of LDP candidates losing their seats increases if they do not receive party endorsement or support (Asano 2003; Cox, Rosenbluth and Thies 1999, 35). Thus, the mainstream faction will only punish the anti-mainstream faction if the expected probability of the party maintaining a majority in the upcoming election is sufficiently high. We assume that this probability is roughly correlated with the LDP's pre-election seat share, and deduce the following lemma: *The larger the LDP's pre-election seat share in the Lower House, the more likely is the mainstream faction to punish the anti-mainstream faction.*

masse without an election, it essentially hands the Cabinet posts to the anti-mainstream LDP members. Thus, we assume that the Cabinet will inevitably call an election.

The anti-mainstream faction takes this into account when deciding whether to defect from, or stay within, the LDP, its objective being to enhance its political power within the LDP and/or the Diet. We posit that they will remain within the party if the utility from gaining the expected (post-election) political power *within* the LDP is larger than the utility from gaining their (post-election) expected power *outside* the LDP by defection. Let us consider the utility from each of the two strategies for the anti-mainstream faction.

First, consider the utility of remaining within the LDP. The anti-mainstream faction can significantly enhance its political power within the LDP if it can become the mainstream after the upcoming election. The probability of it becoming mainstream is partly a function of whether or not the (current) mainstream faction punishes it. If the mainstream imposes punishment, the relative share of the anti-mainstream within the LDP, and thus its chance of taking over the LDP leadership, decrease. It is also a function of the mainstream's pre-election seat share within the LDP. If the mainstream faction has a bare majority within the LDP, the anti-mainstream will have a higher expectation of being able to overthrow the current regime by selecting a new party President from its own side. In sum, the expected probability of becoming the mainstream or, more specifically, of joining the new mainstream coalition is negatively correlated with the probability that the mainstream faction punishes the anti-mainstream and the mainstream's pre-election seat share within the LDP.

It is now important to recall that punishment by the mainstream is a positive function of the LDP's current seat share within the Lower House. Therefore, the anti-mainstream faction's utility from remaining within the LDP is deduced to be a function of two factors: *The smaller the pre-election LDP seat share within the Lower House,*

and/or the smaller the mainstream faction's seat share within the LDP, the higher the utility for the anti-mainstream faction to stay within the LDP. This is our second lemma.

Another possible strategy for the anti-mainstream faction is to defect from the LDP. The anti-mainstream faction can significantly enhance its political power *outside* the LDP if it can join a coalition government as a non-LDP force. Here, we need to introduce two assumptions: (1) the Japan Communist Party (JCP) does not join any coalition,⁷ and (2) the anti-mainstream faction, having defected from the LDP, seeks to form a new non-LDP coalition with other opposition parties.⁸ Under these additional assumptions, the probability that a non-LDP coalition government is formed is a product of two variables: the probability that opposition parties can take a sufficiently large number of seats within the Lower House, and the probability that these opposition parties can coordinate with one another in nominating a single candidate for Prime

⁷ At least under the LDP dominant regime, it was hardly conceivable that the JCP would join any inter-party coalition (Matoba 1990, 100). In fact, the JCP has never formed a ruling coalition with any party since it was formed in 1922.

⁸ There are two other options—to form an independent party without joining any coalition, as in the case of the New Liberal Club (NLC) in 1976, or to form a new party and seek a new inter-party coalition with the LDP. If the goal of the anti-mainstream is to gain more ministerial posts and be more influential in policy-making, it is clearly inadequate for them to become independent. Forming a new party and a coalition with the LDP is, however, more costly than staying within the LDP and seeking power internally because, even if the anti-mainstream defects, the LDP is able to form a LDP-centered coalition with some other opposition parties.

Minister.⁹ The former probability is partly a function of the pre-election LDP seat share within the Lower House. If the LDP has a bare majority, opposition parties have a higher expectation that they can overthrow the current LDP regime. Following this logic, we can introduce our third lemma: *The smaller the LDP's pre-election seat share in the Lower House, and the higher the chance of successful coordination among other parties in nominating an alternative candidate for Prime Minister, the higher the utility for the anti-mainstream faction to defect from the LDP.*

Based on these three lemmas, we now present propositions. Our backward induction of this simple complete-information extensive-form game suggests some insightful results. First, the LDP share within the Lower House, in itself, does not determine whether the anti-mainstream faction defects from, or remains within, the LDP. This contrasts with the conclusions drawn from a simple inter-party coalition formation game, which suggest that “the probability of defection is higher when a group [i.e., the LDP] has a weak majority” (Christensen 2000, 153), and that the ability to deprive the LDP of a Lower House majority was a key reason for the faction's defection from the LDP (Wolfe 1999, 405; Cox and Rosenbluth 1995). In a more general statement, our first proposition can be given as follows:

⁹ After each Lower House election, the members of each House vote for Prime Minister candidates nominated by political parties or party coalitions. As Article 67 of the Japanese Constitution stipulates, however, the decision of the Lower House is superior and it usually becomes the decision of the Diet. Therefore, the seat share *within the Lower House* is critically important in the process of selecting the Prime Minister. Note that in selecting the LDP President, the LDP factions' seat share *within the Diet* is often equally important.

Proposition 1: *The defection from a dominant political party is not necessarily more likely when its relative seat share within a legislature is smaller.*

If the LDP has a weak seat share (i.e., a bare majority) within the Lower House, the anti-mainstream faction faces both an incentive and a disincentive to defect from the LDP. On the one hand, the anti-mainstream has a disincentive for defection, because the chance that the mainstream faction will punish it is low. On the other hand, the anti-mainstream has an incentive to defect from the LDP and take a pivotal position within the Lower House.

This simple game-theoretical model, however, suggests two unambiguous predictions with regard to defection from a dominant party. One factor is endogenous to the party, while another is exogenous.

Proposition 2 (Endogenous): *The defection from a dominant political party is more likely when some factions within the party are more marginalized in intra-party competition.*

Proposition 3 (Exogenous): *The defection from a dominant political party is more likely when a chance of nominating a single alternative candidate for Prime Minister is higher.*

More specifically, in the context of Japanese politics, our theoretical model suggests that the anti-mainstream's seat share within the LDP (Proposition 2) and the prospect of achieving successful coordination with the opposition (Proposition 3) are critical determinants of whether the anti-mainstream will defect from the LDP.

4. Narratives

By focusing on these three propositions, we now explain why the anti-mainstream faction did not defect from the LDP in 1980 but defected in 1993.

4.1. Inter-Party Competition

Let us begin by examining Proposition 1. As we discussed, the existing studies claim that the LDP seat share is a key to understanding its breakup, but the empirical facts do not necessarily support these arguments. In 1980, the LDP had a bare majority (50.1%) of the Lower House seats, whereas in 1993, the LDP had a more stable majority of the seats (i.e., 53.6%). Therefore, if the LDP seat share within the Lower House matters, the probability of defection (after the passage of a non-confidence bill) should have been higher in 1980 than in 1993. Why did the LDP break up in 1993, when the LDP had a strong majority, rather than in 1980, when the LDP had a weak majority? The solution lies in the anti-mainstream faction's alternative strategy to gain power *within the LDP*, which should be examined together with their strategy to defect and gain power *within the Diet*.

4.2. Intra-Party Competition

The LDP is a party of factions, which seek coalition to appoint the LDP President. Winning this post allows this coalition—the mainstream—to control the LDP and hence the Japanese government. Furthermore, participation in such an intra-party factional coalition is vital for the long-term survival of factions as it guarantees the spoils of office. Accordingly, we define “marginalization”—the term used in Proposition 2—as the near impossibility of one or more anti-mainstreams to form a new mainstream

coalition.¹⁰ We infer it based on the anti-mainstream's seat share within the LDP, and presented our Proposition 2 in the previous section: the larger the anti-mainstream's pre-election seat share within the LDP, the more likely it is to remain within the LDP (to seek power within the LDP).

In 1980, the mainstream (i.e., the Tanaka, Ōhira, Nakasone and ex-Funada factions) and the anti-mainstream (i.e., the Fukuda and Miki factions, and the Nakagawa group) were quite evenly balanced. After the no-confidence motion, the anti-mainstream factions held 32.0% of all LDP seats in the Diet, while the mainstream factions held 54.1%. Before the no-confidence motion, the difference was even smaller, 42.2% and 43.9% respectively, as the Nakasone faction was part of the anti-mainstream and only joined the mainstream just prior to voting on the no-confidence bill. In such a situation, the key factions of the mainstream coalition (i.e., the Tanaka faction with 21.9% of seats, the Ōhira faction with 18.5%, or the Nakasone faction with 11.9%) were “pivotal” in that they could join (or re-join) the anti-mainstream coalition and thereby form a new winning inter-factional coalition.

Such “closeness” in strength between the mainstream and anti-mainstream factions did not exist in 1993—the mainstream (i.e., the Obuchi, Miyazawa, Mitsuzuka, and Watanabe factions) held 74.0% of seats; and the anti-mainstream (i.e., the Hata faction) only 11.5%. Even if the Katō group (3.4%) and Kōmoto faction (7.6%), which were not aligned with either stream, joined the anti-mainstream coalition, the resulting coalition would have held only 22.5% of the seats, not enough to form a new winning

¹⁰ Using the disproportionality of posts vis-à-vis seats is invalid for our study because there is no variance in our two cases, in both of which anti-mainstream factions tend to receive disproportional shares of posts.

inter-factional coalition. Even if one of the largest mainstream factions, the Mitsuzuka faction (19.6%), had also joined this coalition, the resulting grand coalition would still have had only 42.1% compared to the mainstream coalition's 54.4%. In fact, any coalition with the Hata faction was difficult because the mainstream factions were bent on "eliminating" it (Tominomori 1993, 186-7, 190). Thus, the anti-mainstream was severely marginalized in 1993, which gave its factions a strong incentive to defect from the LDP and seek an alternative winning inter-party coalition.

4.3. The Coordination Problem among Oppositions

Proposition 3 states that defection from a dominant political party is more likely when the chance of nominating a single alternative candidate for Prime Minister is higher. We argue that the anti-mainstream faction did, indeed, have a higher expectation of such successful coordination in 1993 than in 1980 for two reasons.

First, in 1993, the electoral reform was the single most important policy issue agreed upon by the opposition parties and some groups of LDP politicians (e.g., Curtis 1999, 135). Within the LDP, such eagerness for reform was particularly strong among those who later defected from the LDP and formed two new parties (Ōtake 1996, 269; Reed and Scheiner 2003). Outside the LDP, a new political party—the Japan New Party (JNP)—was particularly active. Ōtake writes, "Although these three groups had different aims and beliefs that could have prevented them from introducing such reforms, they put aside these differences to cooperate and to push Japanese politics toward political reform" (Ōtake 1996, 269). Given such common and shared anticipation and enthusiasm in achieving a fundamental change in the "rules of the

game” in 1993, the opposition parties and the anti-mainstream LDP faction faced an incentive to cooperate with one another in nominating a new non-LDP Prime Minister.

There was no such consensus to change the electoral system in 1980. Expectations that the “rules of the game” (i.e., the single non-transferable vote, or SNTV, system) would remain the same, at least for the moment, produced the SNTV’s unique “fragmentation effect” among opposition parties (Reed and Bolland 1991). Therefore, despite a series of instances of electoral cooperation and “Joint Declarations” (Baerwald 1986, 136-8) by opposition parties, these attempts did not produce a viable alternative to the LDP (Kohno 2001).

Second, in 1993, the anti-mainstream faction saw the JNP’s success as evidence of the viability and popularity of a new conservative party. The JNP was established and led by the future Prime Minister Morihiro Hosokawa, and won four seats in the 1992 Upper House Election and five mayoralities in early 1993 (Bettcher 2001). Public support for the JNP grew rapidly, and it came to be the third largest party after the LDP and the JSP (Yomiuri Shimbun Seijibu 1993, 48). Since Japanese voters liked the fresh appeal of this party, the anti-mainstream could plausibly hope to defect from the LDP, ride this tide, and get a certain share of votes (Bettcher 2001, 149; Reed 1999, 188–9). In 1980, there was no such prospect. Instead, the poor political fate of the New Liberal Club (NLC) provided a glaring example of what could happen to groups that defected from the LDP.

For the anti-mainstream Hata faction, the Clean Government Party (CGP) was another important factor. The possibility of a merger was strengthened by the close relations between Ichirō Ozawa, the Hata faction’s de facto leader, and Yūichi Ichikawa, the key leader of the CGP (Asahi Shimbun Seijibu 1993, 44–5; Yomiuri Shimbun

Seijibu 1993, 96–7). The possibility, therefore, that the anti-mainstream’s new party would dwindle in size in subsequent elections and lose political power was lower in 1993, that had been the case with the NLC in the late 1970s.¹¹ In 1980, there was no such “willing” party for the anti-mainstream LDP faction. The parties ideologically close to the LDP, the Democratic Socialist Party (DSP) and the CGP, pinned their hopes on a “Socialist centrist coalition” of opposition parties (Christensen 2000, 98), rather than on a coalition with any defected LDP faction.

5. Discussions

Let us recap our main argument: any faction contemplating defection considers both the prospects of forming a new winning *inter-party* coalition within a legislature and of forming a new winning *intra-party* coalition within the governing coalition itself. Accordingly, a faction defects when it is marginalized in the intra-party arena and when, in the inter-party arena, its prospect of becoming more powerful outside the existing

¹¹ In 1976, six Diet members (five from the Lower House and another from the Upper House) defected from the LDP, and formed the NLC. In the 1976 Lower House election, partly due to a growing distrust of the government after a large-scale political scandal (the “Lockheed scandal”), the NLC gained considerable popularity among conservative voters, and particularly urban voters. It drastically increased its representation in the Lower House from 6 seats to 17. This “NLC boom” did not last, however, and in the 1979 Lower House election, just three years after the party’s formation, the NLC gained only four seats. It later formed a coalition with the LDP, which lasted from 1983 until, after 10 years of lackluster parliamentary performance, the NLC members rejoined the LDP in 1986. For a history of the NLC and the motivation for its defection, see Hrebentar (1992, 213–22).

ruling party becomes more realistic. Our analytic narratives focusing on the two similar but distinct cases in 1980 and 1993 support our argument. Unlike earlier studies, we argue that a party split is a function of not just macro-level or individual-level shocks but also of actors' strategic calculation within the structures of party and factional competition.

We acknowledge the limitation of our study in that we only validated our model with the small number of cases from Japan. Examining the validity of our model with more cases is, therefore, our first priority in future research. There are two avenues for further empirical tests. The first is to do more analysis of Japanese politics. We may be able to use random sampling, as Castle and Fett (2000) did, to systematically compare the rare cases of factional defections and the numerous cases of non-defection. The second is to conduct cross-national comparative studies of other similar cases of defection by a major group from a dominant party, which caused the dominant party to lose its dominance.¹² Although our analytic narratives are specific to our Japanese cases, we claim that our theoretical framework—a nested game of dual coalition dynamics—can be more broadly applied to many other cases.¹³ One good example is found in

¹² Besides Japan, there are Taiwan's Nationalist Party (or Kuomintang, KMT) in the 2000 Presidential election, the New Korea Party in the 1997 presidential election, and India's Congress Party in the 1977 Lok Sabha election. Other cases of dominant party defection occurred after the dominant party lost an election. They include the cases of Italy's Christian Democratic Party (DC) in 1994, Israel's *Mapai*/Labor in 1977, Mexico's Institutional Revolutionary Party (PRI) in 1997, and the Swedish Social Democratic Party (SAP) in 1976.

¹³ One may claim that our model can be applied only to the situation where a non-confidence bill is passed. We disagree with such a potential criticism, because the mainstream factions, or

Mexico during the 1980s. The causes of defection of the Democratic Current from the Institutional Revolutionary Party (PRI) were the weakening of this faction within the PRI and the enhanced prospects of political survival outside the PRI (Philip 2002, 137-9). With regard to politics within a governing coalition, political competition between mainstream factions and anti-mainstream factions within the LDP is just one of many examples. Other examples include presidential factions and anti-presidential factions in Brazil (Octavio and Santos 2001, 224) and Uruguay (Morgenstern 2001, 244). As long as we conceptualize every government as a coalition, we need to shed more light on such intra-coalition politics, as well as on its relationships with inter-party politics.

Another limitation is that our model can only explain the first of the three types of defections classified in the introductory section—the defection of a key faction within a dominant party. Defections by small intra-faction or cross-faction groups cannot be explained by our model. During the thirty-eight years of LDP one-party dominance, there were two such cases: the defection of the Takemura group to form the New Harbinger Party (NHP) in 1993 and the Kōno group to form the NLC in 1976. Their incentives and available options may be significantly different, and we need an alternative model that accounts for the *process* of forming a group that ended up defecting from a party. In view of this, modeling individual-level decisions as the interaction between the collective incentive structure of a group and the individual incentive structure of legislators (Gavious and Mizrahi 1999) may be better suited to

any other key players within a coalition, always have a “potential” punishment as a credible strategy to strengthen their power *vis-à-vis* the anti-mainstream or to maintain coherence of the coalition. See Laver (1999) for roles of punishment (or “whipping”) to maintain intra-party discipline in parliamentary government systems.

explaining *who* defected and *why* they defected simultaneously. We leave this further theoretical examination for future research.

6. References

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