

[“Page Layout View” required for on-screen viewing of some figures and tables]  
[Figures 1-7 and 9-10 are found in separate Word files]

## **Extension and Application of the Strategic Entry Model to Collusive Electoral Coalitions**

“The best of all monopoly profits is a quiet life.”<sup>1</sup>

### **1. Introduction**

Parties and candidates are generally expected to compete when given the chance, and to cooperate only when necessary. Theories of coalition and electoral behavior are built on the understanding that, so long as the polity is stable enough to stand it, parties and candidates strive for exclusive hold on elective office and unfettered execution of their own preferred policies.

The notion that competition is natural is grounded in the justifiable economic premise that political actors are strategic and jealous. But if economics is any guide, this premise should lead to expectations of *anti*-competition. Democratic theory has noted that party systems are closer to oligopoly than to perfectly competitive markets (Robertson 1976, MacPherson 1977, Ware 1979), and that this might allow collusion between parties (Stigler 1972, Miller 1983, Strom 1990, Wellhofer 1990, Strom 1992, Shefter 1994, Bartolini 1999 and 2000). Empirical and formal work that addresses parties’ strategic interdependence does acknowledge party systems’ oligopolistic properties, at least implicitly -- but it then ignores the possibility of collusion in practice.<sup>2</sup>

I argue that strategic political actors tend to produce non-competitive outcomes -- and that non-competition may reflect not only unilateral withdrawal by weaker actors, but also proactive collusion among actors weak and strong. Parties and candidates in “competitive” party systems always face incentives to be “lazy monopolists” and avoid the effort, risk, and responsibility that competition demands. Under certain conditions, these incentives will trump competitive ones and produce collusive outcomes in practice.

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<sup>1</sup> Attributed to John Hicks in Wellhofer (1990).

<sup>2</sup> Kitschelt (1994) points to “oligopolistic” issue positioning: an established party may shift its positions to overlap with those of an emerging competitor, usurp the smaller party’s appeal, and smother it before it can gain a foothold in the party system. This is oligopoly as exploited by only one party, and connotes genuine but lopsided competition, unlike the collusive oligopoly *among* parties at issue here. Recent work on “the cartel party” also refers to a related but different phenomenon (Katz and Mair 1995). Massive state support to established parties, generally engineered by the parties themselves, is said to erect impossibly high barriers to new entrants and to color the development of the established ones. But this is a weak notion of “cartel.” At most, established parties band together to vote themselves subsidies, which shield them from newcomers as they go about competing amongst themselves.

Existing theory's blind spot to collusion may be based on the impression that in reality, political parties simply do not collude as firms do. But anti-competition among parties does exist, and Japanese prefectural governor's elections provide a striking example. In more than half of these elections, party-system-wide "bandwagon" coalitions form behind a single candidate. The "bandwagons" unite all parties but the tiny Communists (though sometimes even the Communists join in), in most cases despite the fact that a smaller, more exclusive coalition, and usually the dominant Liberal Democratic Party (LDP) alone, had already proven itself capable of winning without help. Bandwagon candidacies reduce the electoral field to little more than one "effective candidate," and sometimes to only one candidate at all. Once the bandwagon candidate wins, all of the bandwagon parties, along with their legislators in the prefectural assembly, become members of the government and support the executive, extinguishing virtually all opposition.

The bandwagons are the product of explicit party collusion across virtually the entire party system -- and not, significantly, simply reflections of a de facto or de jure one-party regime. All parties are in a position to compete, and large parties are in a position to win alone. Parties choose instead to compromise their distinct identities and a chance for exclusive office, in exchange for effortless election campaigns, a guaranteed share in government, and a pacified and insulated legislature. In the process, they contradict the central thrust of existing coalition theory: that political actors prefer to maximize benefits and form coalitions that are as small as possible (Riker 1962). The Japanese bandwagons not only represent oversized coalitions with a majority party at their core, but also emerge from an office-seeking, pragmatic political environment thought particularly amenable to minimal-winning coalition logic.

The strategic entry model [developed in Chapter 3] predicts that in the presence of a dominant party, strategic behavior should produce "simple non-competition" through non-entry by weaker parties. Why, then, should pan-partisan coalitions ever emerge under such circumstances? I argue that absorption of one's opponents provides ease in campaigning and governing, and that this may counteract expected losses from benefit dilution. Japanese governor's elections provide a clear example of this dynamic. I build on the basic strategic entry model to account for Japanese institutional features, and then use the modified model to predict when we should observe "simple non-competition" and when we should observe bandwagon *anti*-competition. I then test these predictions against a set of gubernatorial election outcomes.

The model developed here aims to explain variation *within* Japan, and as such focuses on an explanatory factor that also varies within Japan: the balance of party strengths in the gubernatorial electorate and in the legislature. Empirical testing also controls for other factors. Certain common institutional features not testable here, though, may also contribute to collusive incentives. The role of these system-wide features in Japan -- and in similar competitive arenas elsewhere -- remains to be investigated [in a cross-national comparison chapter].

## **2. The Bandwagon Coalition Phenomenon: A Brief Introduction**

Japan's 47 prefectural governments provide dual representation through legislatures and directly elected governors. Local governments, situated as they are within Japan's unitary state, enjoy comparatively little policy discretion -- distributive politics is the dominant concern. But local elective posts are prized -- particularly the governor's, with its authority over budget

proposals, permits, and personnel, among other administrative matters. The power of the governor -- and, by extension, that of governor's supporting parties in the legislature -- far outstrips that of the legislative opposition (on Japanese local government generally, see, for example, Jain 1989, Yoda 1995).<sup>3</sup>

The structure of Japanese governor's elections is extremely straightforward. Governor's elections are held under standard single-member simple plurality (SMSP) rules, with no primary or runoff elections. As with all Japanese elections, ballots are blank, and provide no candidate names or party lines as cues: all votes are write-in votes. This renders ballot access and ballot structure non-issues, and places party-candidate relationships far outside the purview of state regulation (though the absence of primaries places endorsement decisions squarely in parties' hands).<sup>4</sup> Parties are thus free to run *de facto* fusion candidacies, with one candidate backed jointly by multiple parties. Parties may also, as always, choose to stand a pure partisan candidate (or, technically, more than one), or to stay out of the race entirely.<sup>5</sup>

Though party-candidate support relationships are informal where ballots are concerned, parties do announce them officially, and these endow the candidate with an explicit and genuine partisan or multi-partisan identity. In all cases, electoral coalitions are ratified, in effect, by all participating actors. Though no party can be prohibited from supporting a given candidate, just as no party in a legislature can be prohibited from supporting a given piece of legislation, the candidate can disavow ties to any party, and other parties can make their support conditional on such disavowals.

Winning electoral coalitions then carry over into the legislature: the partisan identity of the executive fixes the identity of the "governing" parties in the legislature. Governing status in turn compels these parties' support for bills the executive submits. Legislative discipline is strict. In some prefectures, no government-introduced bill has ever been defeated during the postwar period ([internal prefectural documents, various prefectures]).

In essence, then, the executive and legislature are fused, despite their separate mandates and the absence of a cabinet. The governor's election, accordingly, fuses elements of both presidential elections and popular prime ministerial elections. When electoral outcomes are completely predictable, party strategy over gubernatorial candidates becomes tantamount to party strategy in parliamentary government formation, but for the fact that a party's strength reflects the size of its electoral support base rather than that of its legislative delegation.

Bandwagon coalitions are ones in which *every* main non-Communist party supports a single candidate, though the Communists occasionally join as well. From the close of the war until December 1955, this meant bandwagons united the conservative Liberal and Democratic Parties

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<sup>3</sup> This paper restricts itself to prefectures, but the analysis also applies to elections at the municipal level, where analogous patterns of coalition-building are found.

<sup>4</sup> At the national level, cross-endorsement may be indirectly discouraged by rules that base a party's eligibility for public funding in part on the performance of its exclusively-endorsed candidates.

<sup>5</sup> Parties officially recognize several gradations of candidate support. Endorsement (*kounin*) involves exclusive partisanship: gubernatorial candidates endorsed by one party are never endorsed by other parties, and rarely backed by other parties in any fashion at all (Diet-election endorsees gain other parties' support more often). Recommendation (*suisen*), implies party support nearly as strong as that for endorsees, and usually requires party and candidate to sign a (vague) policy agreement. Plain support (*shiji*), a level only occasionally used, also requires some policy agreement but implies only a cue for voters, and not a promise to campaign aggressively. Non-endorsees are treated as independents in government publications -- and describe themselves as such when convenient. Still, I follow Japanese observers by treating each of these three levels as functionally equivalent expressions of candidates' party support and partisan identity, and do not distinguish between them.

and the Japan Socialist Party (JSP) (or the Socialists' left and right wings during their schism).<sup>6</sup> After the 1955 merger of the Liberals and Democrats into the current Liberal Democratic Party (LDP), bandwagon coalitions were those including the LDP, the centrist Democratic Socialist Party (DSP) and centrist-Buddhist Clean Government Party (CGP), and the JSP, which led the opposition.<sup>7</sup> In practice, bandwagons between 1955 and July of 1993 can simply be thought of as those including both the LDP and JSP, since the centrist parties (once they existed) were always included.<sup>8</sup> In elections since the current period of fluid party realignment began in July of 1993, bandwagon coalitions have united all major non-Communist parties that happened to exist at the time of the election.

The immediate effect of such broad cooperation -- or collusion -- is that parties essentially decide the outcome of the election through the candidate selection process. Bandwagon candidates lost only one election before 1993, and since 1993 have lost only three more. Given this track record, parties' decision to form a bandwagon coalition usually constitutes a decision to form an all-but-Communist governing coalition in the legislature. And in most cases, since Communists and scattered true independents rarely hold even ten percent of legislative seats, this constitutes a decision to form a grand coalition.<sup>9</sup>

The Japanese bandwagon coalitions easily qualify as "surplus majority" or "oversized" coalitions, if not "maximal-winning" ones. Some -- if not most -- of a bandwagon coalition's parties might be jettisoned without undercutting the coalition's majority. In most cases where bandwagons form, the LDP had already been winning elections handily, either by itself or in a leaner coalition with the centrists. The same holds insofar as governor's election coalitions are formed with an eye toward the legislature. In most prefectures where bandwagons formed, the LDP held solid legislative majorities of, on average, around 75% -- and where it didn't, in a handful of cases in urban prefectures, entrenched cooperation with the centrists was sufficient to produce one. Thus, bandwagons represent not simply oversized coalitions, but oversized *majority* coalitions.

### 3. Existing and Alternative Theories of Oversized Coalitions

#### (1) Existing Theories

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<sup>6</sup> The party that began as the Japan Socialist Party eventually changed its name to the Social Democratic Party of Japan, but I refer to it throughout as JSP, or simply "the Socialists," for convenience.

<sup>7</sup> I ignore minor parties with little presence at the local level, such as the New Liberal Club, Social Democratic Union, and Japan New Party.

<sup>8</sup> Here and below, candidates' partisan backing and election results for elections from 1947 through 1955 are generally taken from *Asahi Shinbun* (various dates), but in certain cases from various other sources (particular citations available from the author); for elections from 1956 through 1970 from data collected and generously provided by Kataoka Masaaki; for elections from 1971 through 1975 from *Nihon Keizai Shinbun* (first or second morning edition after election); for elections from 1976 through 1998 from *Asahi Shinbunsha* (various years); and for 1999 and 2000 elections from *Asahi Shinbun* (morning edition after election).

<sup>9</sup> Data on prefectural legislative seats is taken from *Jichishou Senkyobu* (various years) and *Zenkoku Todoufukengikai Gichoukai Jimukyoku* (various years).

Most existing explanations for such larger-than-necessary coalitions -- generally developed in the context of intra-legislative government or voting coalitions -- are driven by either policy considerations or uncertainty.<sup>10</sup>

Oversized coalitions might result if formateurs balance policy considerations alongside their desire for small coalitions. Formateurs might seek ideologically distinct and distant coalition partners (Luebbert 1986, Panebianco 1988), ideologically close coalition partners (DeSwaan 1973), or a central ideological position within the coalition (DeSwaan 1982, Marradi 1982, Seliktar 1982). If policy is the only concern, then one or more actors whose position guarantees a preferred policy outcome might accept surplus coalition members whose addition does nothing to alter that outcome (Axelrod 1970, Laver and Schofield 1990, Schofield 1993, Strom and Leipart 1993), or who fall within some zone of ideological acceptability (Warwick 1998).

Oversized coalitions are also explained by various forms of uncertainty and reciprocity. Formateurs might add surplus members to hedge against or dissuade possible damage to the coalition from defection or amendments (Dodd 1976, Zariski 1984, Luebbert 1986, Baron 1989, Baron and Ferejohn 1989, Crombez 1996, Groseclose and Snyder 1996, Carrubba and Volden 2000).<sup>11</sup> Similarly, oversized coalitions might serve as a mutual hedge when individual members fear the possibility of being excluded. In government formation, this fear of exclusion might stem from theoretical randomness in the immediate term (Weingast 1979) or from uncertainty over a longer term (Denters 1985; see also Alesina 1988 on inter-party cooperation rather than coalition *per se*); in elections, it might stem from uncertainty in either the immediate or the longer term (Yokoyama 1971, Ware 1987, Laver 1992, Colomer and Martinez 1995).

The inability of these theories to explain the Japanese bandwagons seems clear. No discernible policy goal drives bandwagon formation: the mean policy positions of the coalition shift away from those of the center-right dominant party, the range of policy covered by coalition participants is nearly maximized, and the partisan distinctiveness of all participants is blurred. Nor is uncertainty much in evidence, given long and stable LDP dominance. And again, in most bandwagon coalitions, a pre-existing dominant coalition, if not a single dominant party, already commands a secure majority of the vote, despite the near certainty with which existing theory ignores the possibility of coalition in majority situations.

Even setting the bandwagon example aside, existing theories' range is limited. Policy theories, obviously, cannot explain surplus majority coalitions of office-oriented parties. Theories based on uncertainty and reciprocity often assume away the very institutional structure that parties, especially well-disciplined ones, represent.

Existing theories also provide few *positive* reasons for why parties might seek to form oversized coalitions. Most approach oversized coalitions as deviations from, or modifications to,

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<sup>10</sup> Partial reviews may be found in Laver and Schofield (1990), Strom (1990), Strom and Leipart (1993), Crombez (1996), and Strom (1997).

A third category associates grand coalitions in particular with unity amid special circumstances. Elites may pursue grand coalitions to preserve a united front amid threats or across polarized subcultures (Lijphart 1977, Katzenstein 1985, Hartlyn 1988, Laver and Schofield 1990). Anti-system parties might also pursue grand coalitions in an attempt to boost their legitimacy (Zariski 1984).

<sup>11</sup> In other words, uncertainty raises the *de facto* winning number of coalition members beyond the simple majority line. Similar explanations deal with simpler cases of what might be called trivially oversized coalitions -- ones that arise in response to supermajority requirements, for example. This category might also include coalitions that grow oversized because their membership is "required" to match that of a minimal-winning coalition in the other house of a bicameral legislature or at a higher level of government (Downs 1998).

the purported minimal-winning norm. Non-minimal-winning coalitions are thought to form only to the extent that other goals prove incompatible with minimal size, not because of any incentive to form large coalitions per se. Theories holding that a core or central party's position leaves it free to allow coalitions of any size, meanwhile, offer little reason for *why* large coalitions, rather than any other possible type, might form (Laver and Schofield 1990, Schofield 1993, Strom and Leipart 1993).

Strom's (1990) theory of minority coalitions -- oversized coalitions' counterpart in "deviance" -- takes an important step toward addressing some of these problems. Rather than assuming that coalition membership is an unalloyed good, Strom treats the value of coalition membership as *variable* for its junior members. The more opportunities there are for weaker parties to enjoy policy influence outside the cabinet, the less desperate they will feel to join the government. And since, under certain conditions, the policy responsibility and compromise required of cabinet members might hurt a party's showing in the next election, and in turn damage its future prospects for coalition membership under more favorable terms, cabinet membership in the short term may become *undesirable*. Where the potential for opposition influence and the costs associated with government participation are highest (for example, in Norway), smaller parties are more likely to choose to remain outside the cabinet, and minority governments are in turn more likely to form. This implies, Strom argues, that under the opposite conditions -- when the influence differential between government and opposition is greatest and the electoral repercussions of government membership are weakest -- cabinet participation is most attractive, and oversized coalitions should prove more common.

The idea that some parties might be quite desperate to be in government does seem to describe the zeal of weaker Japanese parties for joining the bandwagons, regardless of ideological purity. But this explanation is insufficient. Weaker parties might be able to bring about minority government by unilaterally opting out of a potential coalition, but they cannot bring about an oversized coalition by unilaterally deciding to *form* one. Coalition formation, unlike minority government, requires agreement on all sides. Why dominant parties should want to take eager weaker ones into an unnecessary coalition remains unexplained.

## (2) An Alternative Theory: Oversized Coalitions as Collusion

Dominant parties' motives grow clearer if we recall that parties are like oligopolists, and that they should face incentives to collude as well as incentives to compete. Oversized and grand coalitions should have at least *some* appeal in their own right, even -- and perhaps *especially* -- for office-seeking parties. Rather than assuming that parties naturally prefer to compete and exclude each other whenever possible, we might seek to identify the mix of collusive and competitive pressures at work, and in turn to explain when one should trump the other.

I argue that majority parties stand to gain from *coopting* their opponents. Just as some smaller parties may be better off remaining outside the government, some larger ones may be better off relinquishing exclusive control and bringing others into the government. That is, just as some sets of parties might not cooperate as much as majority rule deems "necessary," some sets of parties might cooperate more than majority rule deems "necessary."

This runs counter to the standard understanding that a non-policy-oriented party can only lose by enlarging its coalition. Spoils, of course, are diluted. Larger coalitions are often thought

undesirable for governance as well. The more parties a coalition includes, the more complex its internal bargaining becomes, and the less able it is to pass significant legislation (Leiserson 1966, Tsebelis 1995).

At the same time, though, the concept of cooptation is certainly familiar and plausible. Transforming an opponent into an ally may well be profitable. The costs involved in forming and maintaining an alliance may be less than those spent in extra-alliance contention.<sup>12</sup> In turn, where cooptation is profitable, then, it provides one incentive for parties to collude: cost reduction. Reducing the opposition -- or even eliminating it entirely -- allows large parties to escape the rigors of competition.<sup>13</sup>

In elections, large coalitions may allow cost reductions to be realized through easier campaigning. In legislatures, large coalitions may allow cost reductions through lessened opposition obstruction (see, for example, Doring 1995, Dion 1997, Amorim-Neto 1998). Of course, such cost reductions are balanced against the dilution of office benefits that accompany coalition as well. These, I posit, are the trade-offs that large LDPs in Japanese prefectures face (for simplicity's sake, the discussion below takes the case of an election under the pre-realignment party system, with the modal configuration of a dominant LDP,<sup>14</sup> weaker JSP, and tiny JCP).<sup>15</sup>

The LDP faces a trade-off between exclusiveness in governing and ease in governing. The LDP's incentives to avoid bandwagon coalitions, like the JSP's incentives to join them, are the conventional ones. Japan is no polarized consociational state in need of consensus-building, and the LDP is hardly aloof to jealous distributive politics. Bringing the Socialists on board dilutes the benefits of governing with no apparent immediate return.

But the LDP, an office-seeking party *par excellence*, is also receptive to recouping lost benefits in the form of stability and reduced costs. The party realizes its most immediate cost reduction in making the election itself a formality. Only in extraordinary circumstances does a Communist or independent challenger have the slightest chance of defeating a coalition of (at least) four of the five major parties. A dominant LDP might be assured of winning even without arranging for Socialist support, but with a bandwagon coalition, campaigning can be all but forgotten, as can such burdens as official platforms. When the election is to be held at the same time as that for the prefectural assembly or other posts, a non-competitive governor's race also allows local politicians to divert resources to other, more competitive elections. The inter-party negotiations leading to a joint candidacy may involve some conflict, but back-room negotiations over candidate selection are preferable to direct and decisive conflict in elections.

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<sup>12</sup> The argument might be cast in terms of markets and hierarchies: under certain circumstances, interaction within a hierarchy involves lower transaction costs than interaction through a market (see, for example, Williamson 1975).

<sup>13</sup> One might also imagine parties gaining from collusion and the elimination of opposition by increasing their rents with impunity. Here, I assume that total net benefits of holding office are fixed (Mershon [1996] discusses parties' ability to increase total office benefits, but these increases are less the product of large coalitions than a facilitating factor).

<sup>14</sup> In prefectures where the centrist DSP and CGP had any significant presence, by 1979 they had allied themselves with the LDP consistently enough that their strategy can be considered fixed from the start.

<sup>15</sup> The following paragraphs rely on information drawn from local newspapers and personal interviews with prefectural and municipal politicians, bureaucrats, and journalists. Each point made is attributable to a large number of different sources, and here I refrain from appending either an exhaustive list or an essentially random selection of applicable citations [fuller discussion and citation are found in introductory and case study chapters]. Specific citations are available on request.

Similarly, when the bandwagon coalition wins the governorship and its member parties instantly become “government parties,” virtually the entire assembly is transformed into a caucus of the government camp. Even where opposition strength has previously been small, rendering the opposition even smaller, if not eliminating it entirely, is significant. When bandwagons form, they leave a handful of Communists or independents as the only opposition, and the work of the assembly, like the governor's election, becomes a formality. Bringing the Socialists into the governing coalition could simply transform government-opposition conflict into an equal amount of intra-coalition bargaining. In practice, though, the Socialists, despite frequent claims to be better able to check the LDP from within the governing coalition than from without, are effectively muzzled. JSP legislators admit that they feel bound to support government proposals handed down by “their” governor. The LDP, then, is able to exchange particularistic concessions for a quiet and frictionless legislature.

#### 4. A Model of Entry and Coalition Formation in Japanese Gubernatorial Elections

Deciding whether or not to form a bandwagon coalition thus involves tradeoffs, particularly for office-seeking parties of majority strength. Competing with one’s rivals and excluding them from government promises a bigger share of spoils, but leaves a larger opposition to contend with. Colluding with one’s opposition makes campaigning and legislating easier, but at the price of diverting a share of spoils to the cooptees.

If these tradeoffs are indeed what drive decisions whether or not to collude in Japan, then they should explain but why collusion occurs in some cases and not others. But to explain *variation*, we need to know when parties on both sides perceive the tradeoffs to break in favor of one strategy or the other. If forming coalitions always stood to reduce both benefits and costs to equal degrees, parties would always be indifferent between colluding and competing. Tradeoffs will break in favor of either collusion or competition only asymmetries emerge between benefit reduction and cost reduction.

A number of institutional and system-level conditions help shape party decisions in Japan, but within Japan these are constant, and cannot explain why outcomes there differ. I model each party’s perceptions of its tradeoffs as a function of parties’ relative strengths in the electorate and the legislature. This yields payoffs for a simple game, which in turn yields predictions of parties’ interdependent decisions, and of subsequent outcomes. The explanatory power of the predictions generated by this model, alongside other factors, are then tested empirically.

The model builds upon the [Chapter 3] basic model of strategic entry. This “bandwagon model” retains that building-block model’s core features: exogenous, non-spatial voter preferences; complete information; narrow instrumentality; and costly and strategic entry. Some additional features, such as single-seat districts and abstention, are added for convenience’s sake. Others, like the involvement of parties and links between electoral and legislative competition, are added to capture the particular strategic landscape of Japanese governor’s elections.

As with the basic strategic entry model, the key results flow directly from the model’s many simplifying assumptions. I posit that governance transaction costs do exist, and that coalition produces net reductions in them; this yields the prediction that majority-strength parties will indeed find coalition attractive under some conditions. I posit decreasing marginal losses from benefit dilution and increasing marginal gains from cost reduction as governments grow larger;

this yields the prediction that coalition will often be most attractive to parties with the largest majorities. That legislative costs influence electoral coalitions at all reflects Japanese prefectures' particular executive-legislative linkages.

The chief goal here, though, is not to elaborate a general model of electoral and legislative coalition formation. Rather, the aim is to customize the general framework of strategic entry for the Japanese case using plausible and empirically faithful modifications, and to generate predictions testable against actual outcomes. Elsewhere [in a cross-national comparison chapter] I examine how the strategic entry model might be modified differently for application to pure parliamentary coalitions, cases with weakly disciplined parties, and so on, and the implications for predicted preference orders and outcomes.

### (1) Conditions of the model

Conditions 1 through 5 match their counterparts from the strategic entry model in their basic implications, but some are amended, both directly and through the addition of Conditions 6 and 8 (the implications of Condition 7's switch from SNTV to SMSP are straightforward).

1. *Exogenous determination of voter preferences over contestants.*
2. *Complete information.*
3. *Strategic entry by contestants.* Contestant strategies now include coalition formation.
4. *Benefits are private goods and can only be gained by winning the election.*
5. *Costly entry.* Costs may vary.
6. *Contestants are methodologically individual parties; candidates are place-holders for parties and do not act independently.*<sup>16</sup> Voters' exogenous preferences are for parties, not candidates. Voter preferences over particular candidates simply reflect the identity of candidates' partisan backers.
7. *Single-member, simple plurality election.* Each district has a seat magnitude of 1. Each voter casts a single vote for a single candidate. The candidate who receives the greatest vote total wins the seat. Ties are broken equiprobably (but largely ignored below).

The single winner of the election thus gains discretion over a fixed amount of benefits. Since this amount is  $Mb$ , as in the strategic entry model, and  $M=1$ , the benefits at stake are simply  $b$ .

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<sup>16</sup> In practice, candidates do have independent characteristics. Parties may only be willing to support certain candidates, and certain candidates may only be willing to be backed by certain configurations of parties. In Japanese governor's elections, coalition strategy may depend on which candidates are available; candidates also generally prefer wide partisan support, but are rarely in a position to override the wishes of their supporting parties. I address these points further below.

8. *Abstention upon non-entry of candidate supported by first-preference party.* Voters prefer (or “support”) a single party most and are indifferent between all others. Voters who prefer Party  $i$  also prefer only the candidate Party  $i$  supports: they vote for Party  $i$ ’s candidate if Party  $i$  enters the race and abstain if Party  $i$  stays out.

Let  $N$  be the set of parties,  $i \in N = \{1, 2, \dots, n\}$ , over whom voters have exogenous preference rankings. As before, let  $E$  be the set of all entrants;  $E'$  be a set of entrants that include the candidate  $i$  supports;  $v(i, E)$  be the proportion of the vote a candidate supported (solely) by Party  $i$  is expected to receive given the set of entrants defined by  $E$ , with  $0 \leq v(i, E) \leq 1$ ; and  $v_i$  be the proportion of the electorate that prefers candidate  $i$  to all other candidates, or  $i$ ’s proportion of “first preferences.” The pattern of abstention specified by Condition 8 simplifies the role of voter preference functions, which are of less central interest here, by rendering all but first-preference votes irrelevant. An entrant supported (solely) by Party  $i$  is expected to receive only Party  $i$ ’s first-preference votes:  $v(i, E') = v_i$ .

A final condition amends its counterpart in the strategic entry model to reflect prefectural parties’ concern with outcomes beyond the immediate election:

9. *One-shot, constituency-level, executive election, whose outcomes are linked to legislative outcomes.* Parties consider only the immediate elections in forming their strategies, but they also consider the structure of the legislature.

The model assumes that highly institutionalized parties create strong linkages between the executive and legislative branches, and that the elected executive’s chief function is to serve as a partisan placeholder and define the identity of “governing parties” in the legislature. Parties that support the winning candidate in the election continue to support that candidate as executive from within the legislature. In return, they become “governing parties,” regardless of their share of seats, and as such are entitled to office benefits. Winning control of the executive, then, is only one of two necessary but insufficient conditions for access to benefits; holding at least one seat in the legislature is the other. Let each party  $i$  hold a share  $s_i$  of legislative seats,  $0 \leq s_i \leq 1$ , in a unicameral legislature. Assume also that all legislative seats are held by parties:  $\sum_{i=1}^n s_i = 1$ .

## (2) Benefits and costs

Next assume that benefits  $b$  are distributed equally and exclusively among a party’s legislators. If a candidate supported solely by Party  $i$  wins the election, then, each of  $i$ ’s legislators receives  $b/s_i$ . If that candidate loses, or if Party  $i$  chooses not to enter the election, each of its legislators receives 0 in benefits.

The larger a winning governor’s party, then, the smaller share of spoils each of its legislators receives, though with diminishing losses. I treat per-legislator rather than overall benefits as most germane, which implies that parties here represent disciplined collectives of legislators -- that is, essentially, unitary actors of various sizes.<sup>17</sup> This approach seems most appropriate when

<sup>17</sup> To assume that benefits are distributed equally, meanwhile, is to ignore factions, distinctions between leaders and rank-and-file, and collective action problems. Even given weaker party discipline, though, factions may be, in part, a definitional issue. Parties in the model can simply be replaced by factions -- or by individual legislators, in the extreme.

parties, like those in Japanese prefectures, are dominated by their legislative delegation, and reflects standard minimal winning coalition logic, as applied to parties in their guise as coalitions of legislators. Such logic also drives Riker's (1976) suggestion that larger parties may split for inability to satisfy all their members, and Schwartz's (1989, as cited in Aldrich 1995, 34-36) conclusion that endogenous party formation within a legislature favors minimal-winning size. Here, though, party size in the legislature is exogenous. This makes the model more tractable, and it also seems closer to the reality of institutionalized parties' strategic limitations (Dion 1997, 55). In theory, governing parties could expel "excess" legislators, or even manage their legislative candidates' campaigns so as to produce slim majorities, but in practice this might require considerable foresight and party control over individual candidacies (Ortiz 2000, 772-773).

The costs of electoral entry, meanwhile, are assumed to vary according to a party's strengths in both the electorate and the legislature. It seems straightforward to assume that parties with greater support in the electorate face less daunting electoral costs, all else equal. When electoral costs represent candidacy filing fees or ballot access requirements, for example, the smallest (and newest) parties, if any, are generally made to clear extra hurdles. Here, I treat electoral costs as the effort necessary to run a winning campaign (the only kind of campaign short-term instrumental parties deem worthwhile). Even if a party can predict victory with certainty, the mobilization of voters necessary to execute that victory requires effort, and depends on the strength of opponents.

I posit that the a party's overall electoral costs should decline most rapidly with size when that party faces a tight race: a neck-and-neck contestant who pulls away from opponents by a given number of percentage points should sense a greater bonus in campaigning ease than if one who is already far ahead. Similarly, far-behind contestants should gain less relief than closer challengers do from any given percentage point boost in support. A party should also face lower electoral costs when its opponents split their vote more evenly. This implies  $c_{ei} = 1 - (v_i^\alpha / \sum_{i=1}^n v_i^\alpha)$ ,  $\alpha > 1$ . This function assigns parties with larger relative electoral support disproportionately lower costs, and makes costs least sensitive to electoral support changes at extreme levels of support. If  $\alpha = 2$ , for example, parties' weight reflects their share of effective electoral parties (Laakso and Taagepera 1979), and in the two-party case, electoral costs increase with size according to a pattern of rate changes that recalls a logistic curve.

But since the costs of campaigning, like office benefits, are shared by a party's legislators, the cost function becomes  $c_{ei} = (1/s_i)(1 - [v_i^\alpha / \sum_{i=1}^n v_i^\alpha])$ ,  $1 < \alpha$ . For the strongest electoral parties, this modification reinforces the second-order trend of decreasing cost reduction returns to size (assuming that parties' electoral and legislative strengths are similar). It also imposes the same second-order trend for the weakest electoral parties.

Since the prize parties vie for represents both legislative governing power and electoral victory, parties also take into consideration legislative costs  $c_l$ . These costs are borne only by governing parties -- that is, only by parties who win the election. All parties not backing the winning executive candidate, whether they backed an opposing candidate or chose not to enter the race, become opposition parties in the legislature and bear no legislative costs.

Legislative costs  $c_l$  for a governing party  $i$ , or  $c_{li}$ , are posited to favor *smaller* parties disproportionately:  $c_{li} = 1 - (s_i^\beta / \sum_{i=1}^n s_i^\beta)$ ,  $0 < \beta < 1$ . The first-order trend implied here -- that smaller oppositions impose smaller legislative transaction costs on governing parties -- again seems fairly straightforward. All else equal, larger oppositions should have at their disposal

more parliamentary tools of obstruction, and should be buoyed by greater legitimacy when they decide to use them.<sup>18</sup> The intuition behind the second-order trend -- that as opposition parties grow smaller, they suffer larger marginal reductions in their ability to obstruct, and allow governing parties increasing gains in the ease of conducting legislative business -- is rooted in legislative structure.

The obstructive ability of a moderate-to-large minority is less sensitive than that of a small one to a change of, say, five percentage points in its seat share. The opposition encounters more significant and more tightly bunched barriers to voice as its strength falls lower, and small losses, even by only one legislator, take on more palpable consequences. Japanese prefectural legislatures, for example, often require a minimum of four or five legislators -- that is, a seat share ranging between about four and nine percent -- for a party to be granted representation on agenda management committees, and for a party to gain the right to pose general questions to the executive at the beginning of sessions [internal prefectural documents, various years and prefectures]. Parties are generally required to control one-twelfth of legislative seats to be eligible to introduce legislation. Since standing committees generally number between four and eight, and each legislator may serve on only one, a party with fewer members than standing committees must go unrepresented on some of them.<sup>19</sup> And any opposition party size reduction of fixed magnitude  $x$  should produce the most dramatic shift in legislative costs when it represents a drop from  $x$  percent opposition seats to zero. At that point, the legislature is wholly transformed into a government caucus.

### (3) Coalitions

Conditions 3 and 6, taken together, imply that contestants' strategy choices now include not only simple entry and non-entry, but also electoral coalition formation. That the main actors here are parties, not non-partisan individuals, suggests that the private-good benefits at stake are likely to be distributed among a winning party's component parts; and this suggests in turn that benefit distribution might just as easily accommodate multiple parties. Assuming candidates to be divested of any independent identity and claim on benefits, similarly, suggests that they might serve as multi-partisan vehicles as well as partisan ones.<sup>20</sup>

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<sup>18</sup> Dion (1997) argues, in part, that precisely because large minority parties pose a greater threat, the smaller majorities facing them are then provoked to curtail their obstructive rights. I do not account for the potential for such dynamics here: legislative institutions are taken to be exogenous.

<sup>19</sup> Strictly speaking, such rules imply that legislative costs would be captured best by a step function, customized to reflect (slight) rule variations in each prefecture, and including a sharp divergence between costs for governing parties under and over 50% strength. However, most legislatures include a small number of independents whose allegiances are difficult to identify [I am in the process of confirming them in non-case study prefectures], and a step function might be overly sensitive to the measurement error this might cause. Since large majority parties are found in most Japanese prefectural legislatures, and since the model presumes that smaller parties' decisions are affected comparatively little by potential legislative costs, distortions in empirical testing caused by not accounting for a sharp cost break at the majority threshold should be limited.

<sup>20</sup> The availability of such "colorless" candidates in practice is an empirical question. Lijphart (1994), for example, presumes them not to exist, and explicitly criticizes presidentialism on these grounds: because the presidency is occupied by a single individual and therefore is winner-take-all, losing parties cannot be accommodated, and are encouraged to flout democracy. Individual officeholders need not embody a particular party, however -- plurality races may be winner-take-all for *candidates* by definition, but not for parties. In Japan, coalitions circumvent this

Each candidate, then, may be supported by any number of parties, though no party may support more than one candidate. Coalitions will be denoted by the appropriate group of party index numbers. Note that for vote shares, grouped subscripts now signify coalition groupings, not the voter preference orders they denoted in the strategic entry model:  $v_{12}$ , for example, represents the expected vote share of a candidate supported jointly by Parties 1 and 2, not the share of voters who prefer Party 2 second only to Party 1.

I assume that coalitions are additive in both votes and seats. That is, a coalition's expected vote share and its seat share are equal to the sum of its component parties' vote and seats, respectively: for example,  $v_{12} = v_1 + v_2$ , and  $s_{12} = s_1 + s_2$ . This is uncontroversial for legislative seats. I continue to assume that benefits are divided equally among governing party legislators. Legislators in a governing coalition of Parties 1 and 2, then, each receive  $b/(s_1 + s_2)$ . Each party's share of total benefits, in turn, is proportional to its number of legislators.

Theoretically, other division rules are possible. We might expect some parties to be in a position to bargain for shares disproportionate to their strength, for example, and conclude that benefit shares should be proportional to bargaining power instead (Laver and Benoit 2001). But empirical evidence suggests that parties rarely exploit disproportionate bargaining power in practice (Browne and Franklin 1973, Browne and Frensdreis 1980, Schofield and Laver 1985), and provides little reason to depart from proportionality here. The same holds for the distribution of electoral cost burdens.

The additivity assumption for votes stands on shakier ground (Kaminski 2001). Electoral coalitions might be subadditive, if a party's voters assess a "coalition penalty" out of dislike for particular coalition partners or for the coalition process itself. They might also be superadditive, if parties expect a "coalition bonus" from strategic voters. But the assumption of additivity seems consistent with the model's other features -- above all, its simplified treatment of voters. Since voters have preferences for particular parties, and not (necessarily) for policy positions or particular political outcomes, they have no reason to punish or reward perceived coalition compromises. Since voting is sincere and limited to first-preference candidates, there should be no strategic vote-switching effect -- and even if the assumption of sincere voting were dropped, the coalitions in question are near-pan-partisan ones, and defuse strategic voting by reducing the field to only two candidates (as described below) (Cox 1997). In addition, given well-institutionalized party-voter ties, and the fact that electoral coalitions leave their component parties intact, not merged, we should expect little confusion over a coalition candidate's partisan identity.

While seat and vote shares are additive, the benefits and costs associated with them are not. Just as parties of different sizes enjoy increasing or diminishing returns to their own growth, parties can realize gains and losses by increasing their effective size through coalition. Party decision-making is driven by comparison of the returns to coalition formation, pure partisan entry, and non-entry.

#### (4) The Case of Two Strategic Parties in a Three-party System

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problem by backing former bureaucrats. In general, in environments where such candidates are difficult to find, electoral coalitions should prove more difficult to form. Early attempts at a bi-partisan presidential candidacy in Venezuela, for example, foundered for lack of a neutral standard-bearer [citation uncertain].

To simplify exposition -- and to capture conditions in Japanese prefectures -- hereafter I base parties' decision calculus on a three-party case. I label the parties L, S, and C. L, conveniently, may stand for both LDP and large, and S for both Socialist and small; C stands for Communist. Both L and S are strategic, but C is not. C never considers coalitions, and always enters the election behind a pure partisan candidate. It constitutes a fixed feature of the political landscape around which L and S maneuver.

Denote by  $u(i, E)$  party  $i$ 's expected utility given any field of entrants  $E$ . Expected utility is defined here as a variation on the standard  $pb - c$  expression:  $u(i, E) = p_i(b_i - \phi_l c_{li}) - \phi_e c_{ei}$ . The quantity  $p_i$  represents party  $i$ 's probability of winning the election under complete information. If  $i$  expects its candidate to win,  $p = 1$ ; if  $i$  stays out of the race or expects its candidate to lose outright,  $p = 0$  (ties are ignored). The winner receives benefits and bears legislative costs, and all entrants bear electoral costs. In order to compare  $b_i$ ,  $c_{li}$ , and  $c_{ei}$  directly,  $b$  is set at 1, and cost coefficients  $\phi_l$  and  $\phi_e$  ( $\phi_l \geq 0$ ,  $\phi_e \geq 0$ ) are assigned to the legislative and electoral cost terms, respectively.

Given strategic parties L and S and non-strategic party C, there are five possible sets of electoral entrants  $E$ :

- {L, S, C} a three-way race, with each party running its own partisan candidate;
- {L, C} a two-way race, with L and C running partisan candidates while S stays out;
- {LS, C} a bandwagon race, with L and S running a joint candidate and C running a partisan candidate;
- {S, C} a two-way race, with S and C running partisan candidates while L stays out;
- {C} an uncontested election, with C running a partisan candidate while both L and S stay out.

As shorthand, I use  $3W_i$  to signify party  $i$ 's payoff from a three-way race,  $2W_i$  for party  $i$ 's payoff from a two-way race it enters,  $Col_i$  for party  $i$ 's payoff from a coalition between it and the other strategic party, and  $SO_i$  for party  $i$ 's payoff when it chooses not to enter.

Our main interest is in coalition behavior when one party enjoys clear majority strength. Say L is that majority party:  $s_L > 0.5 > s_S$  and  $s_L > 0.5 > s_C$ ;  $v_L > 0.5 > v_S$ , and  $v_L > 0.5 > v_C$ . If L forms a coalition with S, this constitutes an "unnecessarily" oversized electoral coalition and yields an oversized legislative coalition. And the smaller C is, the more genuinely such a coalition constitutes a grand coalition.

L's expected utility for each of the five possible races is as follow:

$$\left[ (1/s_L - \phi_l [1 - (s_L^\beta / [s_L^\beta + s_S^\beta + s_C^\beta])]) - \phi_e (1 - [v_L^\alpha / (v_L^\alpha + v_S^\alpha + v_C^\alpha)]) \right] / s_L$$

i.e.,  $(3W_L)$ , if  $E = \{L, S, C\}$  (1a)

$$\left[ (1/s_L - \phi_l [1 - (s_L^\beta / [s_L^\beta + s_S^\beta + s_C^\beta])]) - \phi_e (1 - [v_L^\alpha / (v_L^\alpha + v_C^\alpha)]) \right] / s_L$$

i.e.,  $(2W_L)$ , if  $E = \{L, C\}$  (1b)

$$\begin{aligned}
 u(L, E) = & \left\{ \begin{aligned}
 & \left[ \frac{1}{(s_L + s_S)} - \phi_l \left[ 1 - \frac{(s_L + s_S)^\beta}{(s_L + s_S)^\beta + s_C^\beta} \right] \right. \\
 & \quad \left. - \phi_e \left( 1 - \frac{(v_L + v_S)^\alpha}{(v_L^\alpha + v_S^\alpha + v_C^\alpha)} \right) \right] / (s_L + s_S) \\
 & \qquad \qquad \qquad \text{i.e., (CoL),} \quad \text{if } E = \{LS, C\} \quad (1c) \\
 & 0 \qquad \qquad \qquad \text{i.e., (SO_L),} \quad \text{if } E = \{S, C\} \quad (1d) \\
 & 0 \qquad \qquad \qquad \text{i.e., (SO_L),} \quad \text{if } E = \{C\} \quad (1e)
 \end{aligned} \right.
 \end{aligned}$$

Minority party S's expected utility for the same five possible races is

$$\begin{aligned}
 & \left\{ \begin{aligned}
 & - \phi_e \left( 1 - \frac{v_S^\alpha}{(v_L^\alpha + v_S^\alpha + v_C^\alpha)} \right) / s_S \\
 & \qquad \qquad \qquad \text{i.e., (3W_S),} \quad \text{if } E = \{L, S, C\} \quad (2a) \\
 & 0 \qquad \qquad \qquad \text{i.e., (SO_S),} \quad \text{if } E = \{L, C\} \quad (2b) \\
 & \left[ \frac{1}{(s_L + s_S)} - \phi_l \left[ 1 - \frac{(s_L + s_S)^\beta}{(s_L + s_S)^\beta + s_C^\beta} \right] \right. \\
 & \quad \left. - \phi_e \left( 1 - \frac{(v_L + v_S)^\alpha}{(v_L^\alpha + v_S^\alpha + v_C^\alpha)} \right) \right] / (s_L + s_S) \\
 & \qquad \qquad \qquad \text{i.e., (CoS),} \quad \text{if } E = \{LS, C\} \quad (2c) \\
 & \left[ \frac{1}{s_S} - \phi_l \left[ 1 - \frac{(s_S)^\beta}{(s_L^\beta + s_S^\beta + s_C^\beta)} \right] \right] - \phi_e \left( 1 - \frac{v_S^\alpha}{(v_S^\alpha + v_C^\alpha)} \right) / s_S \\
 & \qquad \qquad \qquad \text{i.e., (2W_S),} \quad \text{if } E = \{S, C\} \\
 & \qquad \qquad \qquad \qquad \qquad \text{and } v_S > v_C \quad (2d) \\
 & - \phi_e \left( 1 - \frac{v_S^\alpha}{(v_S^\alpha + v_C^\alpha)} \right) / s_S \\
 & \qquad \qquad \qquad \text{i.e., (2W_S),} \quad \text{if } E = \{S, C\} \\
 & \qquad \qquad \qquad \qquad \qquad \text{and } v_S < v_C \quad (2e) \\
 & 0 \qquad \qquad \qquad \text{i.e., (SO_S),} \quad \text{if } E = \{C\} \quad (2f)
 \end{aligned} \right.
 \end{aligned}$$

We can see immediately that  $SO_S > 3W_S$  and  $2W_L > 3W_L$ . If one party expects a majority vote, and therefore to win any race it enters, any other strategic party will prefer staying out of the race to entering and competing. Meanwhile, the majority party would always prefer strategic parties stay out of the election rather than run partisan candidates. Together, these conditions reiterate the core result of the strategic entry model: if entry and non-entry are parties' only strategy choices, then strategic behavior will produce non-competition. Here, though parties may form coalitions as well, these conditions foreshadow predicted outcomes that vary only between different types of non-competition, not between competition and non-competition.

Parties' complete ranking of possible outcomes depends on their particular balance of strengths, and on the values of  $\phi_l$ ,  $\beta$ ,  $\phi_e$ , and  $\alpha$ . Theoretically, the cost coefficients  $\phi_l$  and  $\phi_e$  could rise so high that even large-majority Ls are discouraged from entering and winning even an uncontested race. Here I adopt a rough plausibility constraint: total costs should be low enough to keep non-entry a dominated strategy for even the weakest majority-strength party.<sup>21</sup>

The effects of changes in parameter values on preference orders can be shown graphically using a two-dimensional simplex (Figures 1 to 7). Assume here  $v_i = s_i$ , so that party strength indicates both vote and seat strength simultaneously. All possible combinations of party sizes, then, fall within the right triangle bounded by (undisplayed) line segments connecting the points (0,0), (0,1), and (1, 0). Party  $i$ 's strength is displayed on the triangle's vertical side -- the equivalent of a y axis -- and the strength of party  $i$ 's strategic opponent is displayed on the triangle's base. Shorter distances from the hypotenuse reflect smaller sizes of C and greater monopolization of votes and seats by L and S. For any given configuration of party strengths, the points representing L and S are symmetrical about the (undisplayed) segment connecting (0,0) in the lower left corner and (0.5, 0.5) on the hypotenuse.

Recall that our main concern is cases where a majority party does exist -- and again, for convenience, let L always be the larger of the two strategic parties. A majority-size L will be found in the upper left of the simplex, in the triangle bounded by segments connecting (0,0.5), (0,0.5), and (0.5,0.5). Minority party S, it follows, would fall in the lower right, in the triangle bounded by segments connecting (0.5,0), (0.5,0.5), and (1,0).

Under complete information, and given a majority-size L, a minority S generally finds coalition more attractive than staying out of the race or waging an arduous and fruitless partisan battle against L, under any cost parameters (Figures 1-7). Short of withdrawal by L, grand coalition is S's only means of victory and access to spoils. If S is smaller than C, or for some S when costs are particularly high (Figures 3 and 5), even withdrawal by L is less attractive.

Majority-party L's preferences are more sensitive to cost parameters, in different ways for each type of cost. Since  $2W_L > 3W_L$ , and since costs are assumed low enough to make  $SO_L$  L's least preferred outcome, L may take on only three possible preference orders:  $2W_L > 3W_L > Col_L > SO_L$ ;  $2W_L > Col_L > 3W_L > SO_L$ ; or  $Col_L > 2W_L > 3W_L > SO_L$ .

When costs are minimal (Figure 1), even an L with the slimmest of pluralities will find a partisan campaign -- against either C or both S and C -- more attractive than taking on S as a coalition partner. Since costs are of no concern, forming a coalition serves only to dilute L's spoils, as minimal-winning logic stresses.

As electoral costs rise, they first shift a given L's preference order from  $2W_L > 3W_L > Col_L > SO_L$  to  $2W_L > Col_L > 3W_L > SO_L$  (Figure 2). The slimmer L's majority, the lower the electoral

<sup>21</sup> For legislative costs alone, given  $0 < \beta < 1$ , this implies  $0 < \phi_l < 1/([s_L][1 - (s_L^\beta / [s_L^\beta + s_S^\beta + s_C^\beta])])$  and  $0 < \phi_e < 1/([s_L + s_S][1 - ([s_L + s_S]^\beta / [(s_L + s_S)^\beta + s_C^\beta])])$ . For electoral costs alone, given  $\alpha > 1$ , this implies  $0 < \phi_e < 2$ .

costs necessary to bring this shift about -- that is, to make coalition more attractive than a three-way race against both S and C. When electoral costs grow extremely high (Figure 3), there are some Ls -- those who hold slim majorities and face a large and stubborn opponent in C -- whose preference order then shifts from  $2W_L > Col_L > 3W_L > SO_L$  to  $Col_L > 2W_L > 3W_L > SO_L$ . Since marginal-majority parties are poised to realize the greatest marginal reductions in electoral costs, coaxing a small S off the sidelines and into coalition yields cost reductions that outweigh the price of cooptation. Under the same high electoral costs, all other Ls but those with very large majorities would still rather run a two-way race against C, with S staying out, than accept S into a coalition against C.

Legislative costs have a different effect (Figures 4 and 5). They immediately shift some Ls' preference orders from  $2W_L > 3W_L > Col_L > SO_L$  to  $Col_L > 2W_L > 3W_L > SO_L$  -- that is, they make collusion more attractive than even non-entry by S and a race against C alone, let alone a race against both S and C partisan candidates. For Ls with the very largest majorities, even small legislative costs encourage coalition with S. When a large party takes on a small coalition partner, the decrease in its legislators' already-small share of spoils is more than made up for by large marginal gains in legislative ease. This reflects, in part, a basic difference in the structure of electoral and legislative competition: legislatures have no exit option. In elections, incentive to pursue coalition with an opponent is often preempted by that opponent's incentive simply to drop out. Bribing an opponent to swing from active electoral opposition to active electoral support might be worthwhile, but paying the same price to rouse an opponent from mere dormancy might not be. In legislatures, small parties who may have bypassed difficult election campaigns still hold on to their seats, and can freely engage in obstruction. Governing parties are forced to choose between coopting the legislative opposition or competing with it. The middle ground -- allowing the opposition to silence itself -- is no longer an option.

At the largest plausible legislative cost levels (Figure 5), majority parties of all sizes should prefer grand coalitions to all other outcomes. In general, governments reap larger marginal gains from coopting larger opposition parties, and by leaving smaller rump oppositions -- or none at all -- behind.

When parties face both electoral and legislative costs, each cost's respective effects both overlap and supplement each other. Figure 6, for example, shows a level of electoral costs too low to alter any L's preference order if legislative costs were zero. Combined with a low level of legislative costs, though, it serves to shift some Ls with very large majorities from region 5 to region 2 -- that is, it serves to make the prospect of non-entry by S more attractive than coalition for some Ls whose preferences over those two outcomes would otherwise have been reversed. Figure 7, meanwhile, combines the high legislative costs of Figure 4 with the high electoral costs of Figure 2. Adding legislative costs makes coalition the most preferred outcome for Ls who either enjoy large majorities or face weak Ss; adding electoral costs makes coalition more attractive than a three-way race for smaller-majority Ls facing stronger Ss, and makes coalition more attractive than even a two-way race for smaller-majority Ls facing weaker Ss and stronger Cs.

##### (5) Strategy interdependence and predicted outcomes

In order to translate each strategic party's preferences into predicted outcomes, we must account for the two sides' interdependence. Coalitions represent a self-enforcing agreement, and explanations for them that are rooted in the motives of only one side -- for example, small parties' overwhelming desire to join the government -- are incomplete.

The extensive form of a game of electoral entry with coalitions is shown in Figure 8. The game's structure follows the building-block model of simple electoral entry, though here I assume that L, generally the majority party, moves first, and that no moves are simultaneous. L first decides whether or not to offer to form a coalition with S. If L decides not to pursue coalition, the game reverts to the simpler game of strategic entry, with the addition of the constant, non-strategic entrant C. If L does offer to form a coalition with S, S then decides whether or not to accept. If S accepts, coalition between L and S is the predicted result. If S rejects the offer, the game reverts again to one of simple electoral entry, and each side decides whether to enter or to stay out of the race.

Again, our main concern is cases in which L holds a majority in votes and seats. When we further assume that staying out of the election should be a dominated strategy for such an L, the workings of the game are straightforward. Since  $SO_L$  is a dominated strategy,  $2W_S$  is a moot preference for S. If  $3W_S$  dominates among the three remaining possible outcomes, then S chooses it no matter what L does, and we should expect three-way competition in equilibrium. Similarly, if  $SO_S$  dominates among the three remaining outcomes, S always chooses it, and the equilibrium outcome is a race between L and C. As Figures 1 through 7 suggest, though, when L enjoys a large majority of votes and seats,  $Col_S > SO_S > 3W_S$  generally holds. When this is the case, S chooses  $Col_S$  when L gives it the chance, and chooses its next preferred outcome, generally  $SO_S$ , if L makes no coalition offer. When L enjoys a strong majority in votes and seats, then, the predicted outcome hinges on whether L prefers  $Col_L$  to  $2W_L$ . When L prefers  $Col_L$  to  $2W_L$ -- that is, when it falls in region 5 in Figures 1-6 -- the model generally predicts oversized coalition formation. When L prefers  $2W_L$  to  $Col_L$  -- regions 1 and 2 in Figures 1-6 -- the model generally predicts that L will enter the election and force S to stay out, leaving a two-way race between L and C.

As follows from the specification of electoral and legislative cost structures, the model thus predicts not only that majority-strength parties have incentive to form oversized coalitions, but also that oversized coalitions are often likely when majority parties are *strongest*, contrary to conventional expectations. Larger parties suffer smaller marginal losses to benefit diffusion and capture greater marginal gains from cost reduction.

Note also, though, another contributing factor, ignored in Figures 1 through 6: disparities between electoral and legislative strengths. As demonstrated in most cabinet portfolio distributions in practice, legislative seats, not vote strength, are the basis for parties' claims on benefits. Parties with smaller seat shares than vote shares can thus be coopted comparatively cheaply. Such discrepancies may reflect differences in district magnitudes in legislative and executive elections, or legislative malapportionment. And since smaller parties are more likely to be disadvantaged by seat-vote disproportionality, the asymmetry should further encourage coalition formation when majority parties are at their largest.

#### (6) Relaxation of the complete information assumption

As with the strategic entry model, relaxation of the complete information assumption should bring the model closer to actual conditions. Here I operationalize uncertainty over electoral outcomes by redefining  $p_i$  as a function of entrants' relative expected vote strengths:  $p_i = v_i^2 / \sum_{i=1}^n v_i^2$  for all  $i \in E$ . As with Laakso and Taagepera's (1979) "effective number of parties" measure, squaring each candidate's expected share of the vote assigns stronger candidates disproportionately larger odds of winning. And as with a logistic function, a candidate's probability of winning is taken to be more sensitive to change at intermediate values, and less so at extreme values.

For the smallest parties, preference orders under uncertainty follow a pattern similar to that under complete information: electoral costs are still large enough, and the probability of winning still small enough, to render small parties' huge potential per-legislator office benefits largely irrelevant. Uncertainty has little effect on the largest parties' preference orders, meanwhile, since those parties' probability of winning remains close to 1. Uncertainty's effects are largest for parties of middle-range strength, where it increases the attractiveness of coalition formation -- as suggested by existing theories that point to uncertainty as an explanation for oversized coalitions.

When costs are low, uncertainty gives parties just below the majority threshold a large enough chance of winning to make even three-way races more attractive than staying out (Figure 9). Non-entry becomes a dominated strategy, as it is for majority parties. Under these conditions, bandwagon coalition formation is predicted between slim-majority Ls and near-majority Ss: neither party will stay out of the race, but each prefers coalition to fighting a partisan against the other.

At the same time, cost levels that let slim-majority Ls remain emboldened under complete information call for more conservative strategies under uncertainty. The preference orders under uncertainty shown in Figure 10 are based on the same cost parameters shown in Figure 6, but their pattern more closely resembles that produced by the higher cost levels of Figure 7. Uncertainty undercuts slim-majority Ls' expected gains from partisan competition, and increases the relative appeal of coalition with S, especially when S is smaller and C is larger.

## 5. Empirical Testing

In general, then, the model predicts that uncertainty and electoral costs will encourage parties with slim majorities to pursue bandwagon coalitions, but that legislative costs will also encourage parties with the *largest* majorities to pursue it as well. To test the model's explanatory power, alongside that of other relevant control variables, I estimate a logistic regression model of bandwagon coalition formation. Here I test the model on all governor's elections from 1980 through July 1993, the period when the Japanese local party system most faithfully reflected the three-bloc simplification above. As discussed above, Japanese prefectural party systems were essentially divided into three camps: LDP-centrist, Socialist, and Communist. Coalitions between the LDP camp and the Socialists, then, constituted oversized bandwagon coalitions. Since the model largely predicts bandwagon races and LDP-Communist races in equilibrium, and since the cases in question fall into these categories almost exclusively in practice, I collapse outcomes other than bandwagon coalitions into a single category.<sup>22</sup> The dependent variable, then, is coded 1 for elections in which bandwagons did form, and 0 otherwise.

<sup>22</sup> [A multinomial model might be more appropriate, however.]

Likewise, an independent variable representing **bandwagon model predictions** is coded 1 when coalition formation is predicted, and 0 otherwise. If the model accurately depicts parties' strategic considerations, we should observe predictions of bandwagon coalition formation to be associated with the formation of such coalitions in fact. Prefectural legislature seat shares are those in place immediately prior to the gubernatorial election. Upper House proportional representation shares are used as the best available proxy for parties' "normal" vote strength in the prefecture.<sup>23</sup> Designating appropriate values for  $\phi_l$ ,  $\beta$ ,  $\phi_e$ , and  $\alpha$  is less straightforward. Existing research has not developed common understandings of the expected functional form of costs or their weight relative to benefits (Mershon 1996) that approaches, for example, the relative consensus on how to weight parties to reflect their "effective" size (Laakso and Taagepera 1979), or on how to calculate the expected utility of war and peace (Bueno de Mesquita and Lalman 1992, Bennett and Stam 2000). Here, I use values for  $\phi_e$ ,  $\alpha$ ,  $\phi_l$ , and  $\beta$  of 0.125, 1.33, 0.75, and 0.75, respectively. These values predict that bandwagon coalitions will form in approximately half the cases at hand, and that Socialist non-entry and LDP-Communist competition will result in the other half; and the values of  $\alpha$  and  $\beta$  represent muted expressions of their posited second-order trends.

I include several additional independent variables as controls. The Socialists' ideological distance from the LDP-centrist camp should influence coalition outcomes: more leftist prefectural Socialist branches should be less likely to receive or accept overtures from an LDP-led coalition. Prefectural Socialist branches are given a score from 0 to 1, with higher values indicating stronger leftism.<sup>24</sup> A negative relationship between **Socialist leftism** and bandwagon formation would suggest a latent openness to larger coalitions: dominant parties may be willing to enlarge their coalitions by adding any other party within a certain ideological range, no matter where the winning threshold lies.

Since coalition-building in governor's elections is embodied in support for a particular candidate, not party shares of cabinet seats, the candidate's identity and preferences also influence party strategies.<sup>25</sup> Bandwagon coalitions rarely form behind a candidate with any partisan taint. The "neutral" candidates behind whom bandwagons usually do form are generally either prefectural natives currently in or recently retired from high-ranking positions in national ministries (particularly the Ministry of Home Affairs, which supervises local government administration) or prefectural vice-governors, almost all of whom either rose through the ranks of the prefectural government or were seconded there at some point by central ministries. Legislators and observers note that local bureaucrats, as well as former central bureaucrats with

<sup>23</sup> 1983 results are used for elections through June 1980 (as a proxy for similar electoral conditions at that point), 1986 results are used for elections from July 1980 through 1981 (as a proxy for similar electoral conditions), 1983 results used for elections from 1982 through 1984, 1986 results for elections from 1985 through April 1987, 1989 results for elections from May 1987 through February 1990, and 1992 results for elections from March 1990 through June 1993.

<sup>24</sup> I have been unable to find published, comprehensive data comparing the ideological position of prefectural Socialist branches. The scores used here are based upon assessments provided by JSP officials in personal interviews. Other possible rough indicators might be derived from the proportion of leftists and rightists in prefectural delegations to national party conventions in 1977 and 1982 ("Shatou" 1977 and "Shakaitou" 1982; see also Fukunaga 1996) and from Socialist politicians' patterns of defection to new parties of various ideological stripes during the realignment period.

<sup>25</sup> As Laver and Shepsle (1996) stress, though, cabinet coalition formation does require the distribution of a particular configurations of portfolios to particular legislators, and not simply an agreement over party portfolio shares.

extensive experience in the prefectural government, have usually developed ties with members of all parties, and may be best able to maintain bandwagon coalitions (see also Kataoka 1994).

**Candidate background** is coded 2 when such a well-connected former bureaucrat is the incumbent or the LDP candidate in an open-seat race.<sup>26</sup> Candidates with party-political background are scored 0; central bureaucrats who “parachute” directly into the governor or vice-governor’s position are scored 1.

One might imagine that some former-bureaucrat candidates would prefer lean, non-Socialist support coalitions. In practice, though, most candidates are at least amenable to support from all parties, for the same reasons the LDP sometimes is: near-certain victory and a docile legislature. One of the benefits of bandwagon support often mentioned by bureaucrats, for example, is the inclusion of nearly *all* parties in the customary coordination between the executive and governing coalition that prevents surprise questions on the legislative floor. The candidate thus may favor bandwagon support more strongly than the LDP does. When the candidate’s and the LDP’s preferences collide, the ability to pressure the party likely rises in proportion to the **number of terms** an incumbent has served. First-time former-bureaucrat candidates enjoy no voter support base of their own, and depend upon the LDP’s mobilizational support. This puts the LDP in a stronger position to demand refusal of JSP support -- something prefectural LDPs have indeed done on occasion. Such a threat grows less credible as incumbents grow more entrenched.

Finally, I measure **prefectural wealth**, through the fiscal strength index, a ratio comparing prefectural-level revenues to necessary expenditures: higher ratios indicate greater self-sufficiency and less dependence upon central government funds.<sup>27</sup> Japanese observers often suggest that parties in poorer prefectures are more likely to form bandwagons because they expect this united front to help in procuring central subsidies. If one considers the relative appeal of competition and collusion, though, bandwagon coalitions might be more common in *richer* prefectures, not poorer ones. The percentage of spoils that must be sacrificed to coopt the JSP may depend on the JSP’s size, but parting with any given percentage may be more painful when the overall “pie” is smaller.

Tables 1 and 2 display the results. They suggest that the model’s conception of the relationship between parties’ balance of power and their perception of benefits and costs, given the set of parameters used here, does appear to capture an important aspect of Japanese parties’ interdependent decision-making. The model appears to provide both statistically and substantively significant predictors of entry and coalition strategy.

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<sup>26</sup> Career background information for incumbents in office at any point before 1980 is from Rekidai Chiji Hensankai (1980, 1981, and 1982); information for other incumbents and non-incumbents is from the sources for candidates’ partisan backing and election results noted above.

It is possible that the candidate selection process is endogenous to coalition decisions: parties might choose party politicians only when they have no desire to form a bandwagon. But candidates with party-political experience were only chosen in a few prefectures prior to 1993, and separate models of the LDP’s candidate selection process suggest that when they were chosen, the decision was largely independent of coalition strategy. Selection of a partisan candidate by the LDP in open-seat races proves most positively associated with the Touhoku region, known for its antipathy to central bureaucrats; large LDP Diet delegations (from which one member can be lost to the governorship with little effect); and lack of any corruption scandal surrounding the election. The analysis of LDP candidate selection builds on Kataoka (1992).

<sup>27</sup> Fiscal strength data is from Nihon Toukei Kyoukai (various years). The variable used below is the logarithm of 100 times the fiscal strength ratio.

## 6. Conclusion

Existing coalition theory is rooted in the competitive, exclusionary logic of the minimal-winning coalition principle. Empirical and formal research has confronted neither the theoretical amenability of party systems to collusion nor -- perhaps more important -- cases that flatly violate conventional expectations. Bandwagon coalitions in Japanese governor's elections provide such cases: broad and sustained anti-competitive agreements between virtually all members of the party system. That the bandwagons often emerge precisely when cooperation is least "necessary" suggests that minimal-winning electoral and legislative coalitions are not a natural default, but, simply, one means of realizing gains in inter-party interaction. I argue that gains may also be realized by forming coalitions -- not, that is, in order to secure a majority, but to profit directly from reducing opposition. Both competition and collusion, then, pose trade-offs, and which proves more profitable is an empirical question. Extending the basic model of strategic entry to allow for coalition formation, and to capture the institutional structure of the Japanese case, suggests that the balance of parties' electoral and legislative power serves as one important determinant of the relative appeal of competition and collusion.

But the analysis of cross-prefectural variation necessarily ignores other potentially important determinants common to all the prefectural cases. These system-level factors should vary among the Japanese and other national cases, and should help explain why the overall incidence of collusive strategies is apparently high in some "competitive" party systems -- Japan's as well as others' -- and lower elsewhere. Built into the bandwagon model are a number of elements -- pure office-seeking parties, disciplined parties, a large gap between government and opposition power, particular legislative structures, and so on -- which themselves may work to encourage collusion. Subsequent work [chapters] turns to this broader inquiry.

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**Figure 8. Electoral entry with option to collude**

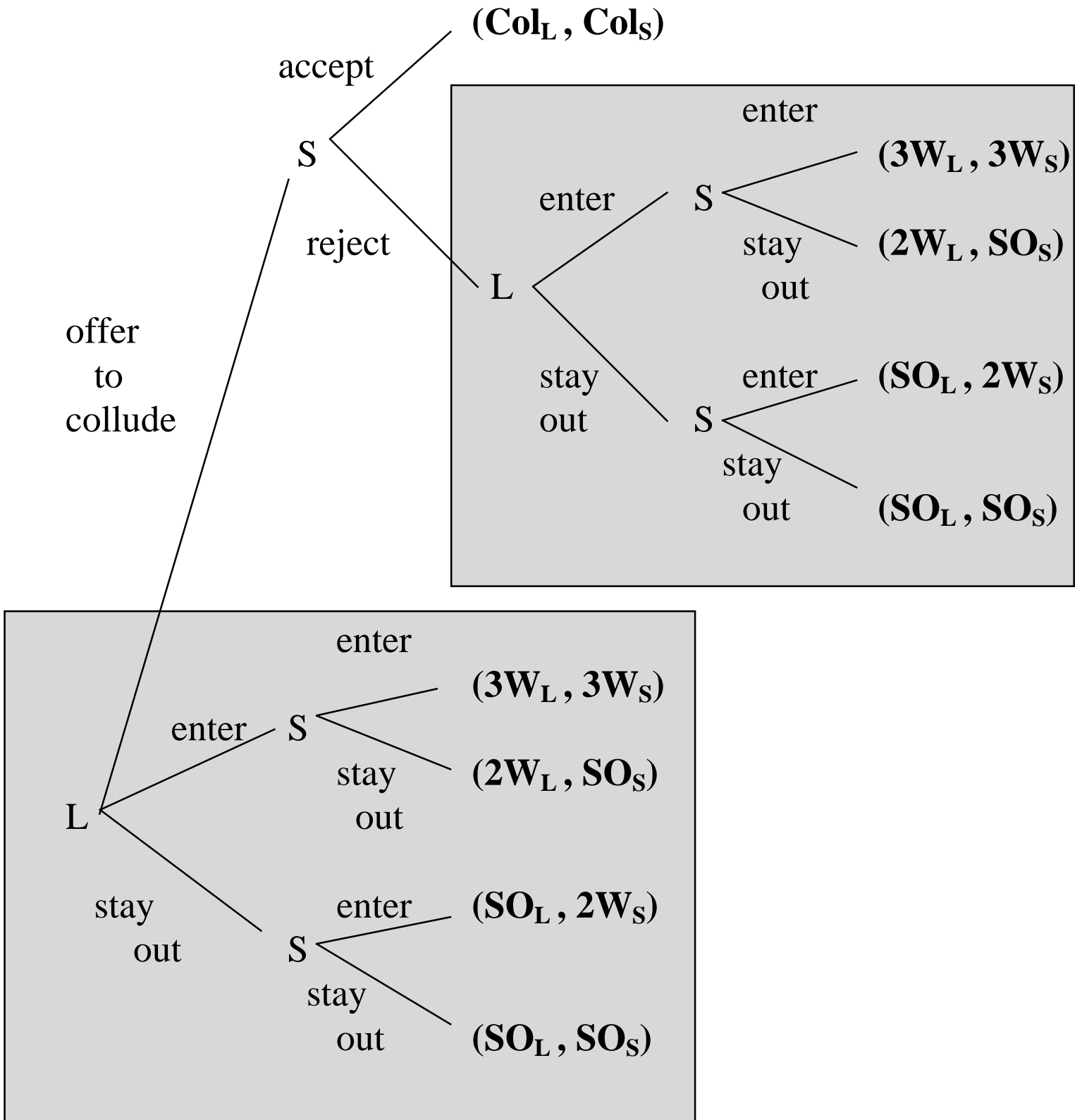


Table 1. Logistic regression estimates for  
 determinants of bandwagon coalition formation

independent variable	estimated coefficient	standard error	estimated coefficient	standard error
Socialist leftism	-2.20 **	(.76)	-2.94 ***	(.85)
candidate background	1.29 ***	(.39)	1.60 ***	(.45)
prefectural wealth (log)	2.02	(1.22)	2.60 *	(1.31)
number of terms	0.37	(.24)	0.34	(.27)
bandwagon model prediction			1.98 ***	(.59)
constant	-4.10	(2.16)	-5.93	(2.37)
N	161		161	
log-likelihood	-18.48		-25.25	
% correctly predicted	68.57%		80.00%	

\*\*\* p < .001; \*\* p < .01; \* p < .05

Table 2. Effects of bandwagon model prediction on predicted likelihood of bandwagon coalition formation

	bandwagon model prediction	
	no coalition formation	coalition formation
<u>candidate background</u>		
party politician	2.2 %	13.8
national bureaucrat	9.9	44.3
local bureaucrat	35.2	79.8
<u>Socialist leftism</u>		
maximum	4.6	25.9
minimum	47.7	86.9
<u>prefectural wealth</u>		
mean minus one standard deviation	5.0	27.8
mean	9.9	44.3
mean plus one standard deviation	18.5	62.2

unless otherwise indicated,

- Socialist leftism and prefectural wealth are set at respective means
- number of terms is set at 0 (open-seat race)
- candidate background is set at 1 (national bureaucrat)

