POLITICS, PRESSURE, AND ECONOMIC POLICY
Explaining Japan's Use of Economic Stimulus Policies

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INTRODUCTION

THROUGHOUT the postwar period, supplementary budgets (*hosei yosan*) have been a regular feature of the Japanese budgeting system. These budgets, which are typically adopted once per annum[1] late in the calendar year[2] by a parliamentary act outside of the nation's annual budget cycle, have often been prepared and adopted to make up for unanticipated shortfalls in tax revenue and to ensure sufficient funding for items specified in the original budget. Supplementary budgets have also been enacted to provide typhoon-related disaster relief, to reduce the national debt, and to underwrite other initiatives deemed appropriate by the Diet.

Despite the manifest regularity of Japanese supplementary budgeting, the process has undergone both substantive and procedural changes. The primary substantive change has been that from time to time—but with increasing frequency in last ten years—supplementary budgets have been enacted to fund economic stimulus efforts.[3] This initially involved no special announcement—when a supplementary

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[1] There are examples of as many as three supplementary budgets being passed in a single calendar year. For a discussion of supplementary budgeting practices in Japan, see John C. Campbell, *Contemporary Japanese Budget Politics* (Berkeley and Los Angeles: University of California Press, 1977).

[2] While there have been exceptions, most supplementary budgets have been enacted in the last three months of a calendar year or in January of the following year.

[3] The key phrase here is *keizai taisaku* (economic counterpolicies). Sometimes this phrase has been used alone in reporting on such policies, but more often it has been prefaced with the words *sogo* (comprehensive) or *kinkyu* (emergency).

budget was enacted, the media simply reported that in addition to disaster relief or some other normally funded item, the supplementary budget was intended to stimulate domestic economic activity.[4] The primary procedural change occurred after 1986. Although the government continued to propose promoting domestic economic activity with a stimulus package of a certain yen value, it then left it to the Diet to adopt a supplementary budget that determined how much would be actually spent.

Since May 1987, when Prime Minister Nakasone announced that he would propose a special package of spending to increase domestic demand, the Japanese government has announced twelve such economic stimulus packages that had to be included in subsequent supplementary budgets in order to be implemented. The dates and amounts of these twelve packages are presented in Table 1 with the announced value of each presented in column 2 (our attempt to determine how much was actually spent is presented in column 3).[5] Similar attempts to measure actual expenditures were made by the popular business press and by financial market analysts at the time,[6] but the methodology of such analyses remains unclear. Since our goal was to remove previously announced spending and nonexpenditure items from the announced figures, we have simply excluded allocations from the Fiscal Investment Loan Plan (FILP)[7] and any previously budgeted items from the estimate of hard spending.[8]

It is immediately apparent from the data that the amounts actually spent were consistently lower than the announced amounts. This may be attributable to the strong opposition of upper-level bureaucrats, es-

[4] The best examples were the four supplementary budgets enacted to carry out economic stimulus and other activities in 1977 and 1978. See Asahi Shinbun, *Asahi Nenkan* (Japan Yearbook) (Tokyo: Asahi Shinbunsha, 1978 and 1979).

[5] Although Table 1 contains only those stimulus packages announced since May 1987 inclusive, our attempt to explain the timing of the packages also includes the four packages enacted in the late 1970s.

[6] When we say popular business press, we are generally referring to such publications as the economic journal *Nihon Keizai Shinbun* and Japan's three principal daily newspapers—*Asahi Shinbun*, *Yomiuri Shinbun*, and *Mainichi Shinbun*.

[7] The FILP, Fiscal Investment Loan Plan, is essentially an extrabudgetary system of finance available to the government that utilizes funds collected through the country's Postal Savings System. For a discussion of the FILP and other aspects of the Japanese financial system, see Yoshio Suzuki, *The Japanese Financial System* (Oxford: Clarendon Press, 1987).

[8] While this methodology produces numbers comparable to the "consensus" understanding of the value of the economic stimulus packages, it still somewhat overstates the magnitude of many of them. Perhaps the best illustration of this is the September 1995 package. When loan allocations and previously budgeted land purchases are netted from the ¥14 trillion total, ¥9 trillion of expenditure remains. Of this amount, ¥1.1 trillion was earmarked for Uruguay Round countermeasures, but it was not made clear whether this would be allocated to expenditure or loan programs. Depending upon the outcome, the calculated total of "hard" expenditure would be between ¥7.9 and ¥9.0 trillion.

TABLE 1
JAPAN'S FISCAL AND STIMULUS PACKAGES (1987–98)

Date Announced	*Announced Amount (Trillions of Yen)*	*Actual Economic Stimulus Expenditure (Trillions of Yen)*
May 1987	—	2.0
August 1992	10.7	8.6
April 1993	13.2	10.6
September 1993	6.3	5.1
February 1994	15.2	7.2
February 1995	1.6	1.6
April–May 1995	2.7	2.7
September 1995	14.0	7.9–9.0
December 1996	2.7	2.7
December 1997	15.85	2.85
April 1998	16.6	NA
November 1998	24.0	NA

SOURCES: *Asahi Nenkan* (fn. 4, various years).

pecially those in the Ministry of Finance (MOF). Since the 1970s MOF bureaucrats have been primarily concerned with the solvency of the government's fiscal position.[9] In April 1993, for example, when the Miyazawa government announced its second economic stimulus package, MOF vice minister Ozaki Mamoru stated that "[t]he Ministry of Finance 'will resist to the end' going into heavy debt again."[10] Moreover, many bureaucrats believed that such policies would be ineffective and possibly counterproductive.[11] Much journalistic reporting on the stimulus packages also came to reflect a growing skepticism over whether such policies would have any positive impact on the real economy.[12] The use of economic stimulus policies in Japan is also intriguing because after the Kennedy-Johnson packages of the 1960s in the U.S.,

[9] For an illustrative discussion of efforts by the Ministry of Finance to reduce budget deficits in the 1970s, see, for example, Yukio Noguchi, "Public Finance," in Kozo Yamamura and Yasukichi Yasuba, eds., *The Political Economy of Japan*, vol. 1 (Stanford, Calif.: Stanford University Press, 1987).

[10] See Louise do Rosario, "Giving It Back: Declining Economy Sparks Debate on Tax Cuts," *Far Eastern Economic Review* (March 11, 1993), 13.

[11] For evidence of the neutrality of Japan's economic stimulus policies, see Dick Beason, "Neutrality of Fiscal Packages during Japan's Heisei Recession" (Manuscript, Department of Business and Economics, University of Alberta, 1996). The only amendment we should add to this concerns the 1998 package, which some bureaucrats in the Ministry of International Trade and Industry publicly supported. See Peter Landers and Trish Soywell, "The Big Gamble: Will Keynesian Medicine Work for Japan and China?," *Far Eastern Economic Review* (November 26, 1998), 98–99.

[12] See, for example, Henry Sender, "More of the Same," *Far Eastern Economic Review* (October 5, 1995).

the governments of advanced industrial societies largely abandoned economic stimulus tools.

The purpose of this article is to explain the timing of the adoption of economic stimulus policies, specifically, to identify factors that help explain why the economic stimulus packages were announced when they were. Since the packages were largely opposed by members of Japan's most important ministries and their economic value had many more detractors than supporters, one wonders why they were announced at all.

First, our explanation will show that electoral politics was the driving force behind the Japanese government's announcement of economic stimulus packages. This line of inquiry contravenes the revisionist view of Japanese political economy but it accords well with recent scholarship on economic policy in Japan, especially the model of the electoral business cycle.[13] Second, we will show that Japan used fiscal stimulus policies as a foreign policy tool, specifically as a response to *gaiatsu* (foreign pressure)—most often from the United States—to promote the importation of more U.S. goods, but recently and more pertinent to this analysis, to stimulate its own failing economy. Many have shown *gaiatsu* to be important,[14] but none have included it in a more general model of the Japanese political economy. We begin this effort by examining the scholarship that informs our understanding of economic policy-making in postwar Japan.

Economic Stimulus Policies and the Electoral-Business Cycle in Japan

Even scholars who believe the power to make economic policy in Japan rests with the nation's bureaucrats acknowledge that "political surfing" has occurred throughout the postwar period. Political surfing refers to an incumbent government setting the time of an election for when the

[13] For the revisionist view of economic policy-making in Japan, see Chalmers Johnson, *MITI and the Japanese Miracle* (Stanford, Calif.: Stanford University Press, 1982). Perhaps the best general statement of the influence of electoral politics on policy-making in Japan can be found in Kent Calder, *Crisis and Compensation: Public Policy and Political Stability in Japan, 1949–1986* (Princeton: Princeton University Press, 1988). Other scholarly work we refer to includes, on budgeting, Matthew McCubbins and Greg Noble, "The Appearance of Power: Legislators, Bureaucrats, and the Budget Process in the United States and Japan," in Peter Cowhey and Matthew McCubbins, eds., *Structure and Policy in Japan and the United States* (New York: Cambridge University Press, 1995); and more generally on policy-making in Japan, Mark Ramseyer and Frances Rosenbluth, *Japan's Political Marketplace* (Cambridge: Harvard University Press, 1993).

[14] See Leonard Schoppa, "*Gaiatsu* and Economic Bargaining Outcomes," *International Organization* 47 (Summer 1993).

macroeconomy is performing well in order to enhance its candidates' electoral prospects.[15] This idea has recently been amended by Masaru Kohno and Yoshitaka Nishizawa, who demonstrate that electoral politics and economics in Japan are connected in a way that goes beyond political surfing.[16] They argue that incumbent governments face a number of constraints significant enough to prevent them from simply calling an election any time they consider electoral conditions to be amenable. Kohno and Nishizawa do not deny the occurrence of political surfing, but they emphasize that given the constraints elected officials face, they also engage in a "targeted manipulation of specific economic programs." Their analysis of the thirty-year period from 1955 to 1985 reveals that actual spending for construction projects in Japanese election districts increased significantly during months in which general elections were held.

This result is significant for our purposes, because while Kohno and Nishizawa find a correlation between elections and the expenditure of public monies on constituency construction projects, they also find that elections cannot explain in a statistically significant way the actual budget allocations of public works monies. They explain that compared with actual construction spending, budget allocations are much more diffusely targeted and thus it is unclear who their direct beneficiaries are to be.[17] They then conclude that the strength of the LDP's "patron-client bonds" in Japanese election districts requires that government largesse be targeted directly at the party's constituencies at election time.

This finding is significant because the economic stimulus measures examined in this article rarely entail actual construction spending; more often they are similar to the budget allocations that Kohno and Nishizawa regard as statistically insignificant in their model. Indeed, our stimulus packages involved uncertainties because the nature of the

[15] The reason that most scholars accept the "political surfing" view is that while it conforms to the dominant politician view, it does not at the same time conflict with the view that Japanese bureaucrats are autonomous in the area of economic policy-making.

[16] See Masaru Kohno and Yoshitaka Nishizawa, "A Study of the Electoral Business Cycle in Japan," *Comparative Politics* 22 (January 1990). It is true that Alesina and Roubini also found evidence of the "political business cycle" in Japan that went beyond political surfing. See Alberto Alesina and Nouriel Roubini, "Political Cycles in OECD Economies," *Review of Economic Studies* 59 (October 1992). However, their model tested the impact of elections on economic outcomes—namely, GDP growth and unemployment—not on the impact that elections had on the probability that a certain economic policy would be announced.

[17] Kohno and Nishizawa also pointed out that the lack of a statistically significant relationship may be due in part to the difficulties of specifying such a model correctly. See Kohno and Nishizawa (fn. 16), 159–90.

expenditures in each package was rarely announced with any specificity, and the amounts ultimately spent fell short of those originally announced. This made it very difficult to identify who would be the packages' direct beneficiaries and to calibrate the specific benefits they were to receive. The problem then is that if the Kohno-Nishizawa model completely subsumes the Japanese economic policy-making process, there is no reason to expect electoral politics and *gaiatsu* to be important explanatory factors in the announcement of the economic stimulus measures we examine.

To address this problem, we argue that the model needs to be amended because Kohno and Nishizawa assume many things about the relationship between electoral politics and economic policy that are either untenable or at least require amendment because of changes that occurred throughout the postwar period. We agree with them that the LDP's patron-client bonds may have required the party to target government largesse directly at its constituents at election time, but we question the implication that targeting only constituency supporters has always been sufficient to help the LDP gain an electoral majority. At several times during the last two decades, the LDP's majority was either very slim or achieved only through the assistance of non-LDP politicians; therefore it is difficult to imagine the party not endeavoring to use the policy process to attract new supporters.[18] Nonetheless, Kohno and Nishizawa most likely make this assumption because they also assume that a strong macroeconomic performance "may *not* be important in the minds of politicians and voters in Japan," since a strong economy may not benefit the incumbent party at election time. They add that "[o]ne might even argue that poor economic conditions will favor the LDP since the people will become cautious and avoid an adventurous choice in selecting a party to vote for."[19]

While we owe much to the work of Kohno and Nishizawa, we find it necessary to abandon their assumption that macroeconomic conditions in Japan do not work electorally the way they do in other advanced societies. Our analysis is based on the idea that both the declining Liberal Democratic Party that controlled the government in the late 1970s with difficulty and the rather weak parties and coalitions

[18] In the early 1960s the leadership of the LDP made it known that it would soon face a support crisis because of demographic changes that were taking place in the country. In a 1963 *Chuo Koron* (Central Review) article, LDP member Ishida Hirohide stated that socioeconomic changes brought about by Liberal Democratic Party policies would lead to conservative-progressive electoral parity unless the LDP began to attract new supporters. See Fukashi Horie and Masahiko Umemura, *Toyo Kodo to Seiji Ishiki* (Voting behavior and political consciousness) (Tokyo: Keio Tsushinsha, 1986), chap. 1.

[19] Kohno and Nishizawa (fn. 16), 163.

that controlled the government from 1993 to the present needed to be perceived as being committed to strengthening the Japanese economy.[20] We further amend the Kohno-Nishizawa model by factoring in the role of U.S. pressure in encouraging the Japanese government to use fiscal policy to stimulate domestic demand. We believe that *gaiatsu* is important, first, because the U.S. eventually demanded that Japan implement domestic stimulus policies, and second, because successive governments had little to lose by giving in, since such policies would both placate the U.S. and serve the electoral interests of the LDP and the other parties that governed during the period under consideration. We elaborate on these two amendments to the model of the Japanese electoral-business cycle in the following two sections.

Turnout, Support Expansion, and Economic Policy

The Liberal Democratic Party, from its formation in fall 1955 until the mid-1970s, singularly controlled every government. Between the general election of 1976 and the contest of summer 1986, the LDP maintained control of the Japanese government, but often with the assistance of unaffiliated conservative politicians and the New Liberal Club.[21] The LDP fared well until the general election of 1993, when a coalition of old and new parties and unaffiliated candidates pushed it out of power for the first time in thirty-eight years.[22] The LDP lost its electoral predominance in both the last half of the 1970s and the 1990s.[23] This is critical because the level of a governing party's majority determines the imperatives it faces at election time, and different electoral imperatives affect how a governing party is persuaded to use the tools of economic policy to serve its electoral interests.[24]

When a single party holds a stable, robust majority in the lower house of a legislature, its principal challenge at election time is best re-

[20] To serve its electoral interests the LDP used not only fiscal policy but also other policy tools. For a general discussion of how the ruling party used the policy process to solve the numerous electoral crises it faced throughout the postwar period, see Calder (fn. 13).

[21] The New Liberal Club was formed in 1976 by several reform-minded members of the LDP. It put up candidates in the next five lower-house elections but rejoined the LDP after its disappointing performance in the double election of 1986.

[22] The LDP returned to power less than a year later, either as a minority party or in coalition with some other party or individuals. In terms of its underlying electoral strength and the strength and unity of the opposition it faces, it is not the same party it was earlier in the postwar period.

[23] The LDP is currently the governing party, but in coalition with other parties, as in the recent past. It still has not recovered from its loss in 1993.

[24] This is not to suggest that a governing party with a majority is uninterested in expanding its level of support. Rather, it is to emphasize that governing parties with sufficient support to obtain a majority have to be concerned more with their core supporters turning out and voting than with attracting new supporters.

ferred to as a turnout imperative. The party's electoral strategy is focused less on expanding its support base (because it already possesses sufficient support to win the election and retain its majority) than on ensuring that its core supporters go to the polls on election day. By contrast, governing parties that *do not* possess a majority of lower-house seats at election time face a support expansion imperative—they must expand their support levels to obtain a majority of seats in the legislature. Even if a political party has no chance of obtaining a majority, it still has incentive to try to increase its share of seats and thereby increase its bargaining power within the government (or coalition if this be the case).[25]

Knowing whether governing parties face a turnout or a support expansion imperative at election time indicates how likely they are to use the tools of economic policy—particularly policies designed to improve macroeconomic conditions—to serve their electoral interests.[26] Despite the limitations of their model, Kohno and Nishizawa advanced this line of inquiry. They showed that spending for actual construction projects increased dramatically during months in which elections occurred because for much of the postwar period the LDP faced largely a turnout imperative at election time and needed to remind its supporters that it had been their benefactor party and deserved their support. A strategy involving direct transfers, such as spending on construction projects as close to the election as possible, is undoubtedly better suited for this purpose than more broadly gauged efforts designed to improve macroeconomic conditions.

But how does a governing party's election behavior change when a turnout imperative strategy alone is insufficient to obtain electoral victory? Governing parties without a majority must attract new supporters at election time in addition to ensuring the participation of their core supporters. Since voters available for mobilization are generally individual members of a diffuse mass public, the most effective strategy would be to use broadly gauged, public goods–type policies designed to improve macroeconomic conditions. Our expectation, therefore, is that when governing parties face a support expansion imperative at election time, they will follow a strategy of demonstrating their commitment to

[25] The motivation for this would simply be more portfolios or a greater share of the most important portfolios, given that the distribution of portfolios tends to reflect the party's distribution of seats. See, for example, Eric Browne and Mark Franklin, "Coalition Payoffs and European Parliamentary Democracies," *American Political Science Review* 67 (June 1973).

[26] This division may be somewhat misleading because governing parties with a weak or nonexistent majority actually face both imperatives simultaneously. However, parties that need to attract additional support must still be sure that their core supporters turn out and vote.

strengthening the macroeconomy. Accordingly, we should have expected the LDP to consider policies to improve macroeconomic conditions during periods in which its predominance was either threatened or lost. Since the economic stimulus policies just discussed were announced and enacted in exactly such periods, we are confident that electoral politics will be significant—both substantively and statistically—in our amended model.

Foreign Pressure (*Gaiatsu*) and Economic Stimulus Policies

One would expect *gaiatsu* to play a role in Japan's use of economic stimulus policies since it has been so prevalent in U.S.-Japanese relations—indeed it has been perhaps the defining characteristic of the history of U.S.-Japanese relations. It was U.S. pressure that ended the policy of isolation implemented by the Tokugawa Shogunate for nearly two and a half centuries. *Gaiatsu* from the U.S., while ultimately ineffective without the use of military force, was employed to halt Imperial Japan's expansion into China and Southeast Asia. After the Second World War, in an attempt to make Japan a peaceful and democratic nation, U.S. occupation authorities pressured early postwar governments into making numerous reforms, including the postwar constitution. Finally, the U.S. has used *gaiatsu* throughout the entire postwar period to bring about many changes in its economic relations with Japan.

However, the prevalence of *gaiatsu* does not demonstrate how it works as an explanatory variable. To achieve that end we must answer two questions: first, why would the Japanese government respond to U.S. demands to stimulate its domestic economy, and second, how did *gaiatsu* affect the timing of the government's economic policy announcements? By the mid-1980s the U.S. had already been engaged in negotiations with Japan for some time in an effort to reduce its bilateral trade deficit. U.S. negotiators, believing that much of the problem rested with reputably producer-friendly Japanese economic policies that suppressed consumer demand, pressured the Japanese government to stimulate domestic demand. This type of *gaiatsu* found its clearest articulation in U.S. demands that the Japanese government implement recommendations contained in the two Maekawa Reports that were prepared in the mid-1980s.[27] From the publication of these reports to

[27] These were prepared by the Advisory Group on Economic Structural Adjustment for International Harmony, a group appointed by Prime Minister Nakasone and chaired by former Bank of Japan governor Maekawa Haruo. For a discussion of specific proposals contained in the reports, see Bela Balassa and Marcus Noland, *Japan in the World Economy* (Washington, D.C.: Institute for International Economics, 1988).

the present day, the U.S. has continually encouraged the Japanese government to stimulate domestic economic activity (albeit for somewhat different reasons).[28]

There is little doubt that the Japanese leadership and citizenry wanted good relations with the U.S. and knew that acceding to U.S. demands would serve this end. However, the history of U.S.-Japanese relations is also defined by periods of intransigence. In his study of the differential success of U.S. pressure in getting the Japanese government to agree to demands made in the Structural Impediments Initiative (SII) talks, Leonard Schoppa showed that *gaiatsu* from the U.S. worked in some cases but not in others. He correlates this differential success rate with the ability of the U.S. to mobilize those groups that would benefit from the Japanese government following U.S. demands. In the case of the economic stimulus policies we are examining, the governing parties themselves would be among the beneficiaries. Thus, as long as governing parties faced a support expansion imperative and economic stimulus policies could be used to attract new support, acceding to U.S. demands would coincide with the electoral interests of Japan's governing parties. However, Schoppa's findings do not tell us when governing parties would be most likely to time the announcement of such economic stimulus policies.[29]

Negotiations between the United States and Japan on this and other economic issues were intermittently punctuated by meetings between the U.S. president and the Japanese prime minister to discuss problems in the relationship and affirm their mutual commitment to solve outstanding problems. Although these gatherings were more often media events than substantive discussions, they were nonetheless important, since on those occasions the leaders felt compelled to announce the achievement of important compromises or some common understanding aimed at reducing tensions over economic differences. Consequently, if there were ever a time when the Japanese government would be likely to announce an economic stimulus policy in response to U.S. pressure, such a gathering would be it. Prime Minister Miyazawa's visit to the U.S. in April 1993 is illustrative of this point. Because trade and economic problems had dominated the agenda of U.S.-Japanese rela-

[28] As previously stated, U.S. policymakers originally encouraged economic stimulus policies to increase domestic demand in Japan and thereby increase the flow of U.S. exports. While U.S. policymakers have long desired domestic economic stimulus policies, they want them now even more because of the depressed state of the Japanese economy.

[29] See Schoppa (fn. 14).

tions for some time, he was under strong pressure to report some progress on the issue when he met with President Clinton.[30]

A Test of the Amended Model

Our next task is to provide an empirical test of our amended model to determine if the announcements of economic stimulus policies were timed to serve the electoral interests of governing parties and at the same time to appease the United States. We expect both electoral politics and *gaiatsu* to be important explanatory factors as long as governing parties faced support expansion imperatives. Not only would such a condition encourage governing parties to use the instruments of economic policy to attract additional supporters at election time, but it would also allow the Japanese government to acquiesce to U.S. demands to stimulate its economy, because such an action would coincide with its electoral interests. Due to these expectations, we define the dependent variable in the amended model as a monthly series that begins in January 1975 and ends in December 1998. For this period, we coded a month as 1 if the government announced an economic stimulus package either as part of a supplementary budget, as it did several times at the end of the 1970s, or separately without any reference to a supplementary budget, as it did in the past decade. All other months in the series are coded as 0.

We realize that using a series that covers the period from 1975 to 1998 raises some problems because there was a change in the way supplementary budgets related to the fiscal stimulus policies we seek to explain. Nonetheless, we believe the first four packages must be kept in the analysis: while they were announced differently than the later packages, they still constitute the same kind of policy and thus should be explainable by the same factors. Nonetheless, to be sure that we account for any impact that the structural break identified in the beginning of the article may have had on the process, we adjust our analysis in two ways. First, we include a variable to capture the structural break that occurred in the process in our initial runs, and second, we conduct the analysis separately for the post-1986 period and compare the results with those obtained for the extended series.

[30] The economic stimulus package corresponding to the April 1993 entry in Table 1 was announced by Prime Minister Miyazawa at his meeting with President Clinton.

Independent Variables: Electoral Politics

If policies designed to improve macroeconomic conditions are motivated by a government's desire to attract additional electoral support, then the constitutional and political processes that define democratic politics in the Japanese parliamentary system—including elections—should tell us something about the timing of such policies. Elections, like a snapshot in time, produce an unretouched picture of the level of support governing parties maintain and determine their capacity to govern. Thus, when an election is called, we would expect governing parties to use economic stimulus policies to help them retain control of the government.

While this is a realistic expectation, it does not tell us exactly when electorally motivated policy announcements should be made. Kohno and Nishizawa found that constituency spending on construction projects was highest during months in which elections were held. As previously discussed, the LDP addressed the turnout imperative in such instances by directing public money to its core supporters as close to the election as possible to remind them to turn out and vote. When, however, governing parties face a support expansion imperative—for which policies that improve macroeconomic conditions are appropriate—a different timing strategy is necessary.

Governing parties responding to a support expansion imperative face a large and generally undifferentiated group of politically unattached voters. To capture such individuals at election time, governing parties' primary need is to demonstrate their ability to develop and implement policies that address salient issues.[31] When policies designed to improve macroeconomic conditions are appropriate for such an effort, governing parties need to announce the policy close enough to reap the political benefits but not so close as to appear overly political. Announcing an economic stimulus policy during the same month an election is held would open the governing party to charges that its motives were purely political; conversely, announcing an economic stimulus policy too far in advance of an election could prevent the governing party from reaping the electoral benefits that such an announcement is designed to pro-

[31] By salient issues, we mean those problems that define the agenda of an election. This concept helps define the critical distinction that exists between a party's core supporters, who generally vote in response to partisan or long-term cues, and those potential supporters it wishes to add to its rolls (peripheral voters), who vote more in response to election-specific, short-term cues. For a detailed discussion and empirical tests of this idea, see Ian Budge and Denis Farlie, *Explaining and Predicting Elections* (London: George Allen and Unwin, 1983); and John Petrocik, "Issue Ownership in Presidential Elections with a 1980 Case Study," *American Journal of Political Science* 40 (August 1996).

vide. For these reasons, we include general elections as a dummy variable in our amended model, but enter it with a two-month lag.[32]

It is necessary to point out here that during the period of time examined in this article, the Japanese government has had some control over both the timing of elections and the fiscal policies we seek to explain. At least to some extent then, one agent controls variables on both sides of the equation we later estimate, presenting us with a potential endogeneity problem. To address this issue and to be sure that our analysis does not produce biased results, we must consider how much control the Japanese government actually has over the timing of elections. Our analysis of necessity includes both upper- and lower-house elections, because while coordination has occurred and double elections have been held, elections to the two houses operate on different constitutionally prescribed schedules. The Japanese constitution stipulates that half the members of the House of Councillors be elected every three years, which significantly limits the ability of the government to control the timing of elections. Indeed, since 1956 inclusive, all fifteen House of Councillors elections have been held in the summer (June or July), and for the period covered by our analysis, upper-house contests were always held within two weeks of the preceding contest.

While successive Japanese governments had little sway over the timing of upper-house elections, the timing of elections to the House of Representatives is subject to much more government control. However, even that control has its limits—the power of governing parties to call an election to the lower house of the Diet is subject to both positive and negative constraints. The negative constraint is simply that regardless of how much control a governing party has over the timing of a lower-house election, it will be loath to call an election when its support rates are down because deleterious electoral consequences would likely ensue. Therefore, a governing party has an incentive to wait for more favorable electoral conditions. The negative constraint, though strong, is counterbalanced by the positive constraint—that governing parties cannot wait indefinitely for their support rates to rise before calling an election to the lower house. This is because the Japanese constitution

[32] For the purposes of our amended model, both lower-house (House of Representatives) and upper-house (House of Councillors) contests are included. We realize that the House of Councillors is less powerful than its counterpart but note that its control has nonetheless been extremely important if not essential for the success of any governing party's legislative program during much of the period we considered. It is difficult for us to imagine that it would be ignored electorally, and for this reason we included such elections in our analysis. See the appendix for the dates of all general elections held during the period under consideration, and see also fn. 48 for a discussion of the statistical significance of this variable at different lags.

requires that elections to the lower house be called no later than four years from the date of the previous contest.

Acknowledging, however, that a governing party's ability to call a lower-house election is subject to constraints does not allow us to assume away the endogeneity problem. We therefore amend our empirical analysis in two ways. First, we control for the negative constraint a governing party faces in its attempt to call a lower-house election at a politically opportune time, and second, we control for the positive constraint on calling lower-house elections. To control for the negative constraint, we include a cabinet support variable that allows us to be sure that the elections variable itself is substantively and statistically significant and not just a proxy for a governing party seeking an electoral referendum when its support rates are high. Moreover, it also allows us to test for any independent effect support rates may have on the probability of a government using the fiscal policy process for political purposes. Specifically, when a governing party wants to continue governing through an extant cabinet but suffers from persistently low approval rates, it can use the policy process as a remedy. The cabinet support variable in our amended model will capture this.[33] The data we use for this variable come from the monthly party and cabinet support polls conducted by the Jiji News Organization (Jijitsushinsha); the results of these polls are reported one month after they are taken. We subtracted the percentage of cabinet nonsupporters from the percentage of supporters to produce an index of cabinet support with a mean value of −0.811 percent over the months contained in our series and minimum and maximum values of −79.4 percent and 55.7 percent, respectively. Decimals with negative values indicate a plurality of nonsupporters while those with positive values indicate the opposite. As it is highly unlikely that a governing party would change fiscal policy in response to a low support rating in a single month, it is our expectation that governing parties would act only after several months of consistently low approval ratings. We therefore enter the cabinet support control variable at four-, five-, and six-month lags.[34]

Controlling for the positive constraint is a more complicated task. While governments may prefer to call elections at politically opportune times, there are limits to how long they can wait. As a result, we need to differentiate between elections called well outside the constitutional

[33] The circumstances described here assume that options such as calling an election or forming a new cabinet are neither politically desirable nor procedurally feasible.

[34] See fn. 51 for a discussion of the substantive and statistical significance of this variable at different lags.

schedule (for strictly partisan purposes) from those that are called in response to the constitutional requirement governments face every four years. To do so, we eliminate from the analysis all elections that were called more than six months before constitutionally prescribed and compare the results obtained with those obtained when all elections are included.

In addition to such constitutional processes as elections, democratic politics involves political processes that require governing parties to be interested in the levels of support they possess because support levels do more than determine whether or not a party can achieve governing status. They also reflect the ability of governing parties to put together cabinets that can govern effectively, implement their policy agendas, and avoid motions of no-confidence—which if successful can force them either to call new elections or relinquish control of the government. As previously mentioned, even though governing parties have an incentive to keep support levels high, they will not necessarily use tools of economic policy to raise approval ratings each time they drop below desired levels for a certain length of time. For one thing, the use of the policy process for electoral purposes too often can be counterproductive. Second, there is another effective method available to governing parties in Japan to build support—the ability of governing parties to form and reform cabinets. In postwar Japan this has occurred in two ways. The first is the cabinet reshuffle—the replacement of some or all ministers with others from the same party. The second involves a cabinet change that results in the formation of an entirely different government, that is, one headed by a different prime minister.

Cabinet reshuffles have occurred in postwar Japan both frequently and routinely. For the period covered by our data series, cabinet reshuffles occurred a little more than once per annum.[35] Accordingly, we have little reason to expect them to be related to the announcement of the economic stimulus packages we are attempting to explain. However, for those cabinet changes that involved the formation of a new government, our expectations are different. New governments tended to be formed when support for an existing cabinet had dropped to very low levels. Using the Jijitsushinsha party and cabinet support polls,[36] we note that one and two months prior to a cabinet reshuffle, cabinet supporters were outnumbered by nonsupporters by an average of 7.05 per-

[35] During the twenty-four-year period from 1975 to 1998 inclusive, twenty-six cabinet reshuffles occurred.

[36] Cabinet support data collected by Jijitsushinsha after 1992 were provided by the Chuo Chosasha news organization.

cent and 5.59 percent, respectively. This suggests that new governments sought to assume power with as much support as they could acquire. During times when the macroeconomy was a salient issue, a newly formed government wanted to demonstrate that it could take decisive action. Consequently, we would expect the announcement of an economic stimulus package to follow the formation of a new government.

This expectation itself does not indicate when an economic stimulus package is likely to be announced after a new government is formed. Since an economic stimulus package is intended to increase governing party support, a new government most likely would want to assemble and announce the policy upon formation. This timing, however, might not be realistic. Since the new government was formed when support for the cabinet it replaced was low, the creation of the new government itself was the product of considerable bargaining among either LDP faction leaders (in LDP-only governments) or the leaders of those political parties that were potential coalition members. Negotiations involved not simply the issue of who would be the new prime minister but also the issue of portfolio distribution. For these reasons, we concluded that the announcement of an economic stimulus package would be unlikely to occur during a month in which a new prime minister took control of the government, and thus we enter the new government variable in our amended model at a one-month lag.[37]

Independent Variables: Foreign Pressure and Economic Conditions

As previously discussed, the other major factor responsible for the announcement of Japanese economic stimulus policies is *gaiatsu*. In our amended model, we define *gaiatsu* as the event that puts the most pressure on Japanese leaders to use the policy process to stimulate domestic demand. Such events are included in the amended model as those months in which a meeting took place between the U.S. president and the Japanese prime minister. In the period covered by our data, there were twelve instances of such meetings. Consequently, these months were assigned a value of 1 while all other months were assigned a value of 0.[38]

Because *gaiatsu* was not a factor in the first four economic stimulus packages announced in the late 1970s, we compare the impact of foreign pressure on the timing of fiscal stimulus policies both for the entire

[37] In our discussion of model results, we report the statistical and substantive significance of this variable at different lags. See fn. 49.

[38] Meetings of U.S. presidents and Japanese prime ministers are listed in the appendix.

series and for the post-1986 period. In addition, we realize that *gaiatsu,* like the case of elections, may also present endogeneity problems, since the Japanese government has at least some control over the timing of U.S.-Japan summits. Upon closer examination, however, we conclude that the summit variable does not present the level of problem presented by elections, because the Japanese government's control over summits is not only much less thorough than it is over lower-house elections, but also because summits are timed in response to different political imperatives than elections.

The timing of summits is the result of bargaining between leaders of the U.S. and Japan, taking into account many imperatives that are in large measure quite distinct from those that drive domestic policies (for example, U.S.-Japanese relations in the areas of security, the economy, and Japan's coordination of its Asia policy with the large U.S. role there). Furthermore, the U.S. side will most likely be the more influential in determining the dates of the summits. The combination of these two factors leads us to conclude that this variable and the dependent variable it is meant to help explain are not simultaneously determined.

With electoral politics and *gaiatsu* defined, we next turn to a final control variable added to our amended model to ensure that its specification is complete. This variable is designed to capture the independent impact of macroeconomic conditions on the probability that a package would be announced. It can tell us whether the domestic and foreign political factors we have discussed are operative over and above what we would expect any incumbent government to do given the existence of certain economic problems. Our measure of macroeconomic conditions is derived from Japan's index of production (manufacturing and mining) measured as year-on-year changes—how a current month's index compares with the same month's index from the previous year.[39]

We recognize that a more well known measure such as per capita GDP may be preferable as our macroeconomic control variable. Unfortunately, GDP data are reported quarterly and thus do not conform to the structure of our data series, whereas the year-on-year changes in the production index are collected monthly and therefore are suitable for our data series. However, they are announced at a two-month lag; in combination with our desire to capture any seasonal (quarterly) adjustments that may occur and any lead time any government would need to respond to worsened economic conditions, we enter the index in our

[39] For the period under consideration, the mean value of the year-on-year changes in the production index was 2.79 while minimum and maximum values were −19.2 and 14.0 respectively.

amended model at two-, three-, and four-month lags.[40] We feel confident using year-on-year changes in the production index for our macroeconomic control variable because they are used frequently by Japanese economic planners (including politicians) to assess the health of the economy. As such, they are an excellent indicator of trends in the Japanese economy because they signal whether the economy is moving in the correct direction and whether, in times of weak or no economic movement, positive growth in GDP is in the offing.

Amended Model: Estimation and Results

Again, given that we are interested in determining whether or not the announcement of an economic stimulus package was a function of political factors—defined as domestic electoral influences and foreign pressure—controlling for economic conditions, the model for estimation will be as follows:

$$Yt^* = \alpha + Xt\ldots t - k\beta + \mu\_\_\_\_\_t = 1\ldots 278\_\_\_\_\_$$

where Y_t^* is a dichotomously valued, unobserved variable underlying the probability that an economic stimulus package will be announced, and $X_{t\ldots t-k}$ is a one-by-nine vector containing the covariates. From the above discussion, recall that three of the covariates are dummies, indicating (1) the presence/absence of a national election (at time t-2), (2) the formation of a new government (at time t-1), and (3) an official meeting between the U.S. president and the Japanese prime minister (at time t). Three of the remaining covariates (4, 5, 6) are continuous variables measuring the level of cabinet support at lags four, five, and six, while the last three (7, 8, 9) are continuous variables gauging macroeconomic conditions, using the nation's production index measured as year-on-year changes, at lags two, three, and four.

Since the dependent variable in the amended model is dichotomous, a maximum likelihood estimation procedure (logit) is necessary. However, before discussing the model's estimation and results, we turn to the methodological issues that are presented by our amended model and data. Like linear regression, estimation of logit models assumes that observations on the dependent variable are independent of each other. For our dependent variable, the assumption of independence is violated—there is a near zero probability that economic stimulus packages would be announced two months in a row. The primary reason is that it takes too much time to both marshal the political resources nec-

[40] See fn. 51 for a discussion of this variable's estimates at different lags.

essary to agree on an economic stimulus policy and actually prepare a package.[41]

Logit models that contain observations on the dependent variable that are temporally dependent involve the risk that parameter estimates will be inconsistent and biased. We must therefore first determine the extent to which this lack of temporal independence leads to such statistical problems that must be corrected in our estimation procedure. Following a recommendation provided by Nathaniel Beck and others, we add a temporal dummy variable to our amended model, coding the month following the announcement of an economic stimulus package as 1 and all other months as 0.[42] We then estimate this model as well as our original model, examining the impact of the temporal dummy variable on our original estimates and then determining the need to keep the temporal dummy in our amended model by employing a standard likelihood ratio test. Examining the results presented in Table 2, we see that inclusion of the temporal dummy changes the substantive significance of our estimates by only the slightest amount and the statistical significance of our estimates not at all. Also, multiplying the difference between the two models' log likelihoods by −2 is 0.330. Given that this difference follows a theoretical chi square distribution with one degree of freedom, the probability of a larger value is .5, allowing us to accept the null hypothesis of temporal independence.[43]

Next, to be certain that other statistical problems do not reduce the reliability of the results presented in Table 2, we perform other model diagnostics. The first diagnostic entails identifying cases that do not fit the model well and determining why this is the case. By producing several diagnostic plots, we can isolate five cases that do not fit.[44] In one of the cases the model predicts the announcement of a package at a high

[41] It may seem reasonable to argue that a successive package would not be announced for two or three months at a minimum and that our assumption of two consecutive months is not restrictive enough. In response, we point out that our data contain examples of package announcements two and four months apart, confirming our belief that it is nearly impossible that packages will be announced two months in a row.

[42] Nathaniel Beck, Jonathan Katz, and Richard Tucker, "Taking Time Seriously: Time-Series Cross-Section Analysis with a Binary Dependent Variable," *American Journal of Political Science* 42 (October 1998).

[43] We are grateful to Tse-Min Lin, Robert Lowery, and Mark Jones for helpful suggestions on this problem. For treatments of this problem generally, see Barry Bye and Gerald Riley, "Model Estimation When Observations Are Not Independent," *Sociological Research and Methods* 17 (November 1989); Scott L. Zegler, Kung-Yee Liang, and Steven G. Self, "The Analysis of Binary Longitude Data with Time Independent Covariates," *Biometrika* 72 (April 1985); and Simon Jackman, "Times Series Models for Discrete Data: Solutions to a Problem with Quantitative Studies of International Conflict," (Manuscript, Department of Political Science, Stanford University, 1998).

[44] The plots we examined were those pairing predicted probabilities with (1) changes in the Pearson X^2, (2) changes in deviance, and (3) changes in influence.

TABLE 2
POLITICS, PRESSURE, AND ECONOMIC STIMULUS POLICIES:
RESULTS FROM ESTIMATING THE AMENDED MODEL

	With Temporal Dummy			*Without Temporal Dummy*		
Variables	*Estimates*	*SE*	*Z*	*Estimates*	*SE*	*Z*
Constant	−3.633**	0.472	−7.706	−3.589**	0.453	−7.911
Elections (t-2)	1.845*	0.861	2.143	1.927*	0.841	2.292
Gaiatsu						
U.S. pressure	2.513**	0.842	2.981	2.451**	0.827	2.963
New govt. (t-1)	1.712*	0.790	2.168	1.662*	0.780	2.130
Cabinet support						
(t-4)	−0.034	0.031	−1.090	−0.033	0.031	−1.052
(t-5)	0.049	0.035	1.414	0.048	0.034	1.370
(t-6)	−0.021	0.016	−1.305	−0.020	0.016	−1.299
Economic conditions						
(t-2)	0.237	0.153	1.546	0.239	0.152	1.565
(t-3)	−0.297	0.171	−1.738	−0.287	0.168	−1.703
(t-4)	0.011	1.434	0.082	−0.001	0.139	−0.014
Temporal dummy	0.525	1.238	0.425			
	Total cases 274 Log likelihood −47.728 Chi square 20.86 DF = 264; significance = 0.0012			Total cases 274 Log likelihood −47.811 Chi square 20.69 DF = 265; significance = 0.0057		

** $p < .01$; * $p < .05$.

probability (0.703), but no package was announced. Our investigation of this case shows that the reason for the high predicted probability is a cabinet support rating at time t-6 that is near that variable's minimum in our series.[45] Since our theory suggests that low cabinet support rates would lead to the use of the policy process only if they were low for several consecutive months, this case does not undermine the amended model's theoretical underpinnings.

The four remaining anomalous cases involve months for which the model predicted a low probability of an announcement of an economic stimulus package, yet one was announced. Three of these cases partially

[45] For this case, cabinet support rates were positive at lags four and five, and no other independent variables took on values that would have indicated the announcement of an economic stimulus package was a high probability.

fit the amended model in that each involved several consecutive months of low cabinet support rates.[46] The remaining case, December 1997, represents more of an outlier because it involved low cabinet support rates, but not at the lags we specified.[47] Accordingly, we were interested to know if this case also exerts a strong influence on the results. By reviewing a plot of predicted probabilities with logit's equivalent of a Cook's D, we discover that there were no cases that were either unduly influential or that contradicted the main pattern reflected in the data. With these issues resolved, we now turn to a substantive interpretation of our results.

Discussion

From the estimates provided at the bottom of Table 2, we can say that the model is well within the range of statistical significance. Also, the large and statistically significant coefficients on the "Elections (t-2)," "*Gaiatsu*," and "New Government (t-1)" variables tell us that when we consider the Japanese government's use of economic stimulus policies, domestic politics and foreign pressure matter. With regard to national elections, the coefficient in Table 2 suggests that two months before an election is held, the probability that an economic stimulus package will be announced increases by almost seven times.[48] Furthermore, our results indicate that domestic politics increase the probability of a package being announced in another way—one month after the formation of a new government, the odds that an economic stimulus package will be announced increase by over five times.[49] Perhaps the most interesting finding is that foreign pressure increases the odds of an economic stimulus package being announced more than any other factor—a formal meeting between a Japanese prime minister and a U.S. president

[46] These were the cases for December 1977, September 1978, and May 1995.

[47] Cabinet support rates were low at times t, t-1, and t-2. It is therefore possible that our lag structure is somewhat misspecified. See the discussion in fn. 51.

[48] The decision to include national elections at a two-month lag was based on our understanding of how incumbent governments like to time the packages; to receive credit for taking such an action, but to escape punishment for being overtly political. In the interest of robustness, however, we ran the model with this variable at different lags. The results were statistically insignificant coefficients on this variable at time t (a lag that predicted failure perfectly), time t-1 (coefficient = 0.832 and significance = 0.352), and time t-3 (coefficient = 0.325 and significance = 0.775).

[49] As in the case of national elections, our determination that a one-month lag on the "new government" variable was appropriate was theoretically based. To determine if this was the only statistically significant lag, however, we ran the model with the "new government" variable at lags t(0), t-2, and t-3. In each case, the new government variable predicted failure perfectly.

raises the odds of a package being announced by approximately 11.6 times.[50]

The coefficients for year-on-year changes in the nation's production index were all statistically insignificant, although the coefficient at time t-2 was just out of range ($p < .08$). Unfortunately, it was only at lags three and four that the signs on this macroeconomic conditions control variable were in the correct direction. Weak results also characterized the coefficients on our cabinet support variable. None of its coefficients were statistically significant, and the sign was in the wrong direction at lag five.[51] Our motivation for including cabinet support rates and year-on-year changes in the nation's production index was to be certain that our principal foreign and domestic politics variables were independently operative, as our theoretical discussion suggests. However, it is entirely possible that the inclusion of these variables was unnecessary and that a reduced model retains the same level of explanatory power. To test this idea, we must determine if the coefficients on our cabinet support and production index variables are zero.

Multiplying the difference between the models' log likelihoods by –2 produces a theoretical chi square of 7.53. At six degrees of freedom, we obtain $p < .30$ and therefore must accept the null hypothesis that coefficients for our two sets of control variables are zero, allowing us to use a reduced model. A comparison of the reduced model's estimates with those of the original model is presented in Table 3. The results indicate that the reduced model is well within the range of statistical significance and that coefficients on the foreign pressure and domestic politics variables are statistically significant at the same levels as in the original model. The one difference suggested by the new estimates is that the substantive impact of each of our explanatory variables is a little lower than in the reduced model. Regardless, the theoretical relationships specified earlier in the article have all been confirmed by our results—

[50] Because foreign pressure was not operative until after 1986, we ran the model with a structural break variable that produced no change in the overall fit of the model and no substantive or statistical change in its coefficients. Moreover, the log odds ratio for the structural break variable was small (0.402) and well out of the range of statistical significance ($p < .55$). When we ran the model for the post-1986 period, results were somewhat different. The overall statistical significance of the model did not change, but the substantive and statistical significance of some of the variables did move. In the post-1986 period elections were much more important than for the whole series (a log odds ratio of 2.718) while *gaiatsu* dropped but only very slightly (a log odds ratio of 2.219). The log odds ratio on the new government variable represented the most important change; although it remained virtually unchanged in size, it moved just out of the range of statistical significance.

[51] Running the model at different lags for cabinet support and year-on-year changes in the production index resulted in differences of neither substantive nor statistical significance for these two control variables.

TABLE 3
POLITICS, PRESSURE, AND ECONOMIC STIMULUS POLICIES:
ORIGINAL AND REDUCED MODELS

	Original Model			*Reduced Model*		
Variables	*Estimates*	*SE*	*Z*	*Estimates*	*SE*	*Z*
Constant	−3.633**	0.472	−7.706	−3.525**	0.360	−9.488
Elections (t-2)	1.845*	0.861	2.143	1.689*	0.770	2.193
Gaiatsu						
U.S. pressure	2.515**	0.842	2.981	2.147**	0.768	2.799
New govt. (t-1)	1.712*	0.790	2.168	1.535*	0.742	2.069
	Total cases 274			Total cases 278		
	Log likelihood −47.728			Log likelihood −51.577		
	Chi square 20.86			Chi square 13.61		
	DF = 265; Significance = 0.0012			DF = 274; Significance = 0.0035		

** P < .01; * P < .05.

Japanese economic stimulus policies during the last three decades have been influenced by domestic politics and foreign pressure. As previously discussed, we wanted to be sure that we addressed the potential endogeneity problem with respect to our elections variable; thus we estimated the model using an elections variable that excluded elections held more than six months before constitutionally required and it produced virtually no change in our results. Log odds ratios on *gaiatsu* and new governments were the same—both substantively and statistically—while the log odds ratio on the elections variable increased slightly from 1.689 to 1.771 in the model with the amended variable.[52]

Having shown that domestic politics and foreign pressure are the principal factors behind the Japanese government's use of economic stimulus policies over the last twenty-five years, we conclude analysis with a brief statement of why these findings are important. A thorough analysis of the impact of Japan's economic stimulus policies is beyond the scope of this article, but we contend that the Japanese government's use of these policies in response to foreign and domestic pressure has been attendant to fiscal implications. As previously stated, supplementary budgets were passed by the government almost every year for a variety of reasons, including funding economic stimulus packages. For the period covered by our series, supplementary budgets were, on average, 3.25 percent of the Japanese government's general account budget. In

[52] This proved to be a statistically insignificant difference.

the year following the announcement of an economic stimulus package, however, this percentage increased to 4.05 percent, while in other years, it was 2.72 percent. In view of this, we believe the government's use of economic stimulus policies did have an impact on the budgeting process in Japan, but a detailed investigation will have to be the subject of additional research.

Appendix

National Elections

UPPER HOUSE	LOWER HOUSE
July 7, 1977	December 12, 1976
June 6, 1980	October 10, 1979
June 6, 1983	June 6, 1980
July 7, 1986	December 12, 1983
July 7, 1989	July 7, 1986
July 7, 1992	February 2, 1990
July 7, 1995	July 7, 1993
July 12, 1998	October 10, 1996

Cabinet Changes That Resulted in the Formation of New Governments

Formation of the first Fukuda cabinet, December 1976
Formation of the first Ohira cabinet, December 1978
Formation of the first Suzuki cabinet, July 1980
Formation of the first Nakasone cabinet, November 1982
Formation of the first Takeshita cabinet, November 1987
Formation of the first Kaifu cabinet, August 1989
Formation of the first Miyazawa cabinet, November 1991
Formation of the first non-LDP (coalition) government since fall 1955 led by Japan New Party president, Morihiro Hosokawa, August 1993
Formation of minority (coalition) non-LDP government under New Life Party leader, Hata Tsutomu, April 1994
Formation of first Socialist-led government since 1947 under Murayama Tomoichi, June 1994
Formation of LDP-led government under Hashimoto Ryutaro, January 1996, after Murayama announces his resignation

Gaiatsu: Bilateral Meetings between U.S. Presidents and Japanese Prime Ministers (Includes Only Meetings Coded as *Gaiatsu*)

October 1986: Nakasone-Reagan
April 1987: Nakasone-Reagan
February 1989: Takeshita-Bush

September 1989: Kaifu-Bush
March 1990: Kaifu-Bush
July 1991: Kaifu-Bush
January 1992: Miyazawa-Bush
April 1993: Miyazawa-Clinton
February 1994: Hosokawa-Clinton
January 1995: Murayama-Clinton
April 1996: Hashimoto-Clinton
April 1997: Hashimoto-Clinton