

# Politics & Diplomacy

## Democracy Close to Home

*Citizen Participation and Local Governance*

Andrew D. Selee

Recent studies of democratization have focused on the wave of democratic transitions that have occurred in the Americas, Africa, Europe, and Asia over the last twenty years. Equally important, however, is a second, related wave of decentralization that has been taking place around the world as countries extend political authority to local governments. Often this entails unprecedented local government elections and the transfer of significant policy responsibilities, economic resources, and, in some cases, fiscal authority. According to one estimate, sixty-three out of the seventy-five countries with populations over 5 million have undergone a major process of decentralization since 1980.<sup>1</sup> Increasingly, local governments—including municipalities, cities, states, and provinces—are the political spaces in which citizens interact with their government and make demands for a wide range of services, from health care to social welfare to education. Local governments in many countries have moved beyond being merely administrative arms of the national government to being vibrant spaces of policy formation and political competition.

Decentralization processes vary greatly among countries, and sometimes even within them. Overall, strengthening local authorities appears to have contributed to greater government accountability to citizens, increased civil society participation, and substantial policy innovation. As a govern-

**Andrew D. Selee**  
is Senior Program  
Associate in the Latin  
American Program of  
the Woodrow Wilson  
Center and a Ph.D.  
candidate in Policy  
Studies at the Univer-  
sity of Maryland.

ment becomes closer to its people, citizens have more opportunities to become engaged in the political process.

Decentralization processes are new in many countries, however, and local governments face a learning curve in the exercise of their new responsibilities.<sup>33</sup> In many cases, central governments have been reluctant to decentralize too much responsibility to local governments, or have built in controls that reduce local governments' decision-making capabilities.

Decentralization may also exacerbate existing inequalities among regions, or help strengthen undemocratic and corrupt local practices. Democracy is uneven in many countries, and giving greater authority to local governments may sometimes perpetuate authoritarian enclaves. Moreover, decentralization may

motives of the central government play a key role in the outcomes of the decentralization process. While decentralization may be used as a strategy for improving democratic governance, it can also be a means for the central government to shirk responsibilities that it no longer wants. These different reasons may produce divergent and contradictory outcomes.

### The Origins of Decentralization.

No single factor adequately explains the wave of decentralization that has swept the world in the past twenty years. Nonetheless, initial results from two studies indicate that the trend is linked to democratic transitions and the reorganization of the state in the 1980s and 1990s. The economic crises of the 1980s and early 1990s, which led to

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exacerbate inequalities between a country's wealthier and poorer regions if mechanisms are not implemented to balance out these differences.

Three factors must be addressed if decentralization is to contribute to improved democratic governance in developing countries. First, institutional designs for decentralization influence how resources and responsibilities are distributed and whether local governments are accountable for their actions. Second, the nature of existing power relationships greatly influences outcomes, and may help determine who benefits and who is excluded as local governments gain strength. Third, the

increased poverty in much of the developing world, forced a reappraisal of the belief that a strong central state could promote growth through integrated national development. National governments were also forced to reduce their expenditures and functions in response to rising deficits and pressure from international organizations. Facing the discontent of citizens with the economic crises, many national governments sought to open up new avenues of political participation at a local level in order to legitimize their rule. Movements for democracy and human rights increasingly questioned the notions of a top-heavy state and

centralist political ideology, and sought new channels for political participation at the grassroots level.

In each country, the path to decentralization has had its own particular characteristics. Decentralization processes in South Africa, the Philippines, Brazil, and Argentina have begun within the context of negotiations over a transition to democracy. Those in Mexico and, to a lesser extent, Venezuela have taken place as part of the political opening of an exclusionary democratic regime. And still others have been influenced by peace processes at the conclusion of a civil war, as in Guatemala.

In these cases, decisions to decentralize have been made during negotiations among political party elites rather than as a result of grassroots demands or the imposition of international organizations. This has significant implications for the nature of decentralized arrangements. Since elites are often suspicious of granting local governments too much power, this has limited the extent to which reforms can be effective, as will be discussed below.

At the same time, grassroots movements and international organizations have helped shape the processes in important, if indirect, ways. The ideological shift among international organizations toward a belief in a small central government encouraged experimentation with decentralization. The IMF, World

Bank, and other international financial institutions pressed governments in the developing world to reduce their national expenditures by attaching conditions to their loans. It does not appear, however, that international organizations actually promoted decentralization as a policy or influenced specific decisions to decentralize in most countries.

During the 1980s and 1990s, substantial civic movements emerged in most countries that pushed for greater democracy and government accountability. Elites, concerned for their political survival, decentralized government structures to preserve their influence.

TABLE 1: Decentralization in Seven Countries

| Country      | Year | Process                 | Outcome                  |
|--------------|------|-------------------------|--------------------------|
| South Africa | 1994 | Transition to democracy | Decentralized government |
| Philippines  | 1991 | Transition to democracy | Decentralized government |
| Brazil       | 1994 | Transition to democracy | Decentralized government |
| Argentina    | 1996 | Transition to democracy | Decentralized government |
| Mexico       | 1995 | Political opening       | Decentralized government |
| Venezuela    | 1999 | Political opening       | Decentralized government |
| Guatemala    | 1996 | Peace process           | Decentralized government |

Although civic movements generally did not press for decentralization directly at the outset of the process, many became advocates for it at a later date.<sup>1</sup>

Decentralization should not be seen as an isolated proposition, but rather as an iterative process. Most decentralization processes have begun as a result of specific circumstances at a point in time: democratic transitions, political open-

# TABLE I: Decentralization in Seven Countries

| Country      | Year Local Government Officials First Elected | Structure  | Key Moment Starting the Decentralization Process                            |
|--------------|---|--|---|
| Mexico*      | 1982 municipal<br>1989 state                  | 31 states, 1 fed. district, 2,200 municipalities                       | Iterative negotiations among political parties, civil society actors        |
| Brazil**     | 1982 state<br>1986 municipal                  | 27 states, 1 fed. district<br>5,569 municipalities                     | Return to democracy 1988<br>Constitution                                    |
| Argentina**  | 1983  | 23 provinces<br>1 federal district<br>1,922 municipalities             | Return to democracy (1983)<br>Pacts between governors and president (1990s) |
| Guatemala    | 1985  | 22 departments<br>(governors not elected)<br>331 municipalities        | Return to civilian government (1985)<br>1996 Peace Accords                  |
| Venezuela    | 1989  | 23 states, 1 fed. district<br>330 municipalities                       | 1989 Constitution   |
| South Africa | 1994  | 9 Provinces<br>287 Municipalities                                      | Negotiations to end Apartheid<br>1993 Interim Constitution                  |
| Philippines  | 1987  | 78 provinces<br>83 cities<br>1,526 municipalities<br>40,000+ barangays | Return to democracy<br>1987 Constitution and 1991<br>Local Government Code  |

Source: Wilson Center Project on Decentralization; additional data from Shahid Burki, Guillermo Perry, and William Dillinger, *Beyond the Center: Decentralizing the State*, Washington, D.C.: World Bank, 1999.

\* Mexico has had elections for municipal and state governments since 1917; however, only one party won almost all elections until 1982.

\*\* Brazil and Argentina had elected governments until 1964 and 1973, respectively, when military dictatorships abolished elected subnational governments. Elections were permitted in some Brazilian municipalities starting in the 1970s, but competition was tightly controlled and not allowed in larger cities and state capitals.

ings, or conflict resolutions. Once local governments acquire authority, however, civil society associations, mayors, governors, and district officials often become the greatest advocates for increased local control. In most countries, this has led to periodic renegotiations over the extent and nature of local government authority. In these negotiations, civil society organizations play a more important role, particularly in countries where these groups are well established and have important mobilization capabilities.

### What Local Governments Do.

Decentralization in different countries often takes on very different characteristics. In Brazil, for example, state and municipal governments control over a third of government expenditures and

the federal government to provide many social services.

Similarly, in the Philippines, states, cities, municipalities, and *barangay* (neighborhood units) spend almost half of government revenues and assume responsibility for everything from healthcare and welfare services to natural resource management and agricultural programs. The central government transfers 40 percent of its budget according to fixed formulas that consider population, area, and special social needs. States have gained considerable authority to levy taxes, and profits from federally-owned resources are shared among the different levels of administration.

At the other extreme, Mexican states and municipalities spend around 30 per-

cent of total government resources, and are dependent on federal transfers for 91 percent and 71 percent of their budgets, respectively. Although local governments have much greater latitude for making decisions than they had twenty or even ten years ago, many of the resources transferred from the national government—especially for education and social welfare—come with

TABLE 2: Authorities, Expenditures, and Degree of Fiscal Dependence of Local Governments

| Country      | Local Government Expenditures as % of Total Government Expenditures | Local Government Revenue as % of Total Government Revenue | Local Government Dependence on Federal Transfers (%) |
|--------------|---|---|--|
| Argentina    | 10  | 10  | 90   |
| Brazil       | 30  | 30  | 70   |
| Colombia     | 10  | 10  | 90   |
| Costa Rica   | 10  | 10  | 90   |
| India        | 10  | 10  | 90   |
| Indonesia    | 10  | 10  | 90   |
| Kenya        | 10  | 10  | 90   |
| Mexico       | 30  | 30  | 70   |
| Philippines  | 50  | 50  | 50   |
| South Africa | 10  | 10  | 90   |
| Tanzania     | 10  | 10  | 90   |
| Thailand     | 10  | 10  | 90   |
| Zambia       | 10  | 10  | 90   |

are responsible for most aspects of healthcare, education, and social policy, infrastructure, and urban planning. States have a limited but growing authority over taxation, although they also receive considerable transfers from

stipulations that limit the discretion of local governments. Local governments thus remain dependent on policy decisions at the national level.

South Africa's local governments also have limited, though growing, auton-

**TABLE 2: Authorities, Expenditures, and Degree of Fiscal Dependence of Local Governments**

| <b>Country</b> | <b>Authorities of Local Governments (Degree of Decision Making Authority)</b>  | <b>Local Government Expenditures*</b>     | <b>National Government Transfers**</b> |
|----------------|--|---|--|
| Mexico         | Education (medium), Healthcare (medium), Social Welfare (limited), and Municipal Services (high)                                   | 30%                                       | States 81%<br>Municipalities 64%       |
| Guatemala      | Municipal services (high), social spending (limited)   | 20% (municipal)<br>(11% are mandated)     | 95% +                                  |
| Venezuela      |  | 27% (18% provinces;<br>9% municipalities) | Provinces 98%<br>Municipalities 32.4%  |
| Brazil         | Health (high); social welfare (limited); education (limited); municipal services (high)  | 37%                                       | States 17%<br>Municipalities 67%       |
| Argentina      | Health (high), education (high)  | 45%                                       | Provinces 70%                          |
| South Africa   | Municipal services (high), education (medium)  | 34%                                       | Provinces 90%<br>Municipalities 10%    |
| Philippines    | Primary health care (high); welfare services (high); natural resource management (high); infrastructure (medium); housing (medium) | 48%                                       | All Subnational 67.5%                  |

Source: Wilson Center Project on Decentralization; additional data from Burki, Perry, and Dillinger, *Beyond the Center: Decentralizing the State*, 2000; and from World Bank's Fiscal Decentralization Database (available at [www1.worldbank.org/publicsector/decentralization](http://www1.worldbank.org/publicsector/decentralization)).

\* Local government expenditures as a percentage of the total public expenditures.

\*\* National government transfers as a percentage of expenditures of local governments.

my. Regional authorities administer around a third of public resources, but these are largely transfers from the national government with specific conditions. Provinces depend on national government transfers for 90 percent of their budgets, and their authority is circumscribed by an arrangement known as "concurrence," that allows the national government to set policy jointly with the provinces. While municipal governments have greater autonomy and raise most of their own revenue, they have far fewer resources with which to work.

**Deepening Democracy.** Creating and strengthening elected local authority improves governance by enhancing the government's accessibility to average citizens, and by providing opportunities for local and regional innovation. The creation of a decentralized, elected government multiplies the number of elected positions available, disperses leadership, and creates more points of encounter between the state and society. In Latin America alone, one study estimates that the number of local government units with elected authorities has gone from 3,000 to 13,000 since 1973.<sup>11</sup> Although this increase is no guarantee of better governance (since local elected officials may be controlled by party hierarchies or national leaders), it does indicate a dispersion of power in countries that were previously governed by authoritarian regimes. In Mexico, the democratization of local governments (under an otherwise semi-authoritarian system) allowed opposition parties to win municipal and state elections incrementally, which eroded the hegemony of the one-party state.

Evidence suggests that local governments are more accountable to their constituents than national govern-

ments, where political competition exists and basic citizenship rights are guaranteed (this is not always the case, of course, as will be discussed below). Local governments also appear to invest more in public goods when political competition exists, helping to break down patronage networks.<sup>12</sup>

Decentralization has led to considerable innovation in mechanisms to ensure greater citizen participation in governance. Participatory budgeting mechanisms require that municipal governments be accountable to citizens for their actions and expenditures. The best examples of this are in Brazil, where several municipal governments hold annual neighborhood meetings during which budget priorities are set for the year. The following year, the municipal governments are required to hold public meetings to account for their expenditures.<sup>13</sup> Mechanisms for participatory planning in municipalities are also incipient in South Africa and Mexico. In the Philippines, laws mandate the creation of local development councils, health boards, peace and order councils, and other significant bodies that represent civil society. These participatory mechanisms have been successful in some municipalities, although they are more often the exception than the rule. Guatemala has had some success with development councils that have included non-partisan citizen representatives.

Decentralization has spawned a variety of other participatory mechanisms to engage civil society, business, and government actors in joint decision-making. In Brazil, local health services, which are highly decentralized, require an oversight committee that includes representatives of the state, the general public, and service providers. In the

Philippines, government investment projects require an oversight committee with representation from civil society. In South Africa, local school councils include representatives of the teachers, parents, and school administration.

These participatory mechanisms are secondary institutions that complement representative democratic structures, such

strengthen local authoritarian structures. Complacency, inadequate institutional arrangements, and the uneven distribution of political power across societies often undermine the effectiveness of the decentralization process. One of the serious limitations is a lack of real authority devolved to local governments. In many cases, national

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as municipal councils and elected mayors. While they are not a substitute for representative democracy, they play a critical role in developing a new relationship between society and the state. They give citizens opportunities for involvement in politics and encourage citizen vigilance of government decision-making. Participatory mechanisms also create spaces where citizens can debate priorities, negotiate community conflicts, and have direct contact with elected authorities.

Secondary institutions are not always effective, however. Elected authorities may choose to ignore them, citizens may be distrustful of participating, and civil society organizations may be too weak or co-opted by opportunistic politicians. In many cases, however, these institutions open new avenues for political contestation, public dialogue, and accountability.

**The Limits of the Local.** While decentralization promotes better democratic governance, it also has serious limitations and may exacerbate inequalities, encourage corruption, or

political leaders are skeptical about empowering local governments, and thus restrict their margin to operate. In Mexico, Guatemala, South Africa, and elsewhere, national governments have used strict conditions on resource transfers to reduce the margin of authority that local governments have to make program decisions. Policy is then set primarily at the national level, even when local governments implement the programmatic action.

In some cases, local governments lack the necessary capacity to assume new responsibilities in areas where they have had no previous experience. Moreover, disparity in the capacities of local governments within the same country limits the ability of the state to decentralize. Larger and wealthier localities generally have more people with the skills, knowledge, and training to execute new responsibilities. They also have a range of resources, including access to universities, that smaller and poorer localities lack. Some countries have developed nuanced responses to this problem. Mexico and



Brazil, for example, have decentralized parts of their healthcare system at different rates to states and municipalities according to their readiness to assume new responsibilities.<sup>13</sup>

Local governments also have different capacities to generate their own resources. In Argentina, the city of Buenos Aires raises 92 percent of its own annual budget, while some less economically endowed provinces raise only 10 to 20 percent. Most countries use a combination of locally-collected taxes and transfers from the national government to fund provincial governments, with the latter being more important in most countries (as noted in Table 2). Decentralization schemes try to balance the needs of different localities by transferring more resources to regions that have fewer possibilities of raising local revenues. Nevertheless, the formulas often fail to address the economic disparities that exist. In Mexico, some of the wealthier states receive two to three times more federal transfers per capita than some of the poorest states.<sup>14</sup> Similarly, in Brazil, the wealthier center-west states receive twice as much per capita in social expenditure transfers as the poorer northeast.

Finally, and perhaps most importantly, democracy is uneven in most countries. Some regions may be highly democratic while others are plagued by authoritarian power structures. Thus, while decentralization creates opportunities for democratic innovation, it may also reinforce undemocratic political leaders and local powerbrokers.<sup>15</sup> Civil society is itself uneven in most countries. Civic organizations and social groups may be better able to take advantage of opportunities for participation in some localities than in others. Decentralization may therefore lead to different patterns of

democratization across localities and social groups depending on the nature of local power relationships.

**Conclusion.** The relationship between the trend toward stronger local governments and democracy can be summarized by three broad findings. First, decentralization provides opportunities for increased citizen participation, better accountability, and innovations in democratic governance. In the countries discussed here, more citizens are now involved in the policymaking process than before.

Second, despite these positive outcomes, serious shortcomings remain. Decentralization under certain conditions may exacerbate inequalities and perpetuate authoritarian regimes.

Third, the different outcomes that decentralization produces are generally a result of the uneven distribution of power and resources across societies, and the motives of national political leaders.

These findings suggest that decentralization in the developing world may deepen democracy when it overcomes several challenges. The first challenge is to find institutional arrangements that balance delegation of authority to local governments with accountability of the central government. The second is to develop more equitable schemes for resource generation and distribution among local governments to ensure equilibrium among the poorest and wealthiest regions in a country. The third is to reward and replicate innovations that strengthen local democracy, such as participatory budgeting and oversight councils. The final challenge is to strengthen organizations of civil society—especially those of the poorest sectors, to take advantage of the emerging opportunities for citizen par-

ticipation, and to press for more equitable institutional arrangements.

Nevertheless, the specific nature of these challenges, just like the processes of decentralization themselves, will vary substantially from country to country.

**Author's Note:** This paper is based upon two research projects at the Woodrow Wilson Center, as well as comparative data from other studies cited in the text. The first project on decentralization in Latin America is supported by the Tinker Foundation and includes researchers from five countries in the region: Yemile Mirzahi and Le ticia Santin in Mexico;

Luis Linarez and Jesus Puente in Guatemala; Carlos Mascareño and Rosa Amelia González in Venezuela; Marco Miglo and Flávia Rezende in Brazil; and Catalina Smulyovitz and Adriana Clemente in Argentina. The second project, supported by the Ford Foundation, includes a cross-regional perspective from Africa and Asia. It has drawn from the work of Steven Friedman and Caroline Kihato in South Africa and Leonard Angeles and Francisco Magno in the Philippines. I am indebted to all of these researchers for their papers presented at two recent workshops on decentralization at the Wilson Center, and to Joseph S. Tuckman and Philip Ochom who led these workshops. I would also like to thank Joseph Tuckman, Philip Ochom, David Crocker, and Craig Fagan for reading and commenting on this article.

#### NOTES

1 K.S. Lee and R. Gilbert, *Developing Towns and Cities: Lessons from Brazil and the Philippines*, Washington, D.C.: World Bank, 1999. Please note that I have used the term "local government" to refer to all subnational governments, including those that are strictly local (municipalities and cities) and those that are regional (states, provinces, departments).

2 A few countries, such as Brazil or Argentina, had strong local governments until the 1960s (Brazil) and early 1970s (Argentina), but these were brought under central government control during long periods of dictatorship. Several other countries, such as the Philippines, South Africa, and Venezuela, had local government units that were administratively appointed by the central government or had very weak (and exclusionary) representative structures. Mexico actually has had regular elections for local governments since 1977, but only one party was usually allowed to win and candidate selection took place at the national level.

3 Manor, James, *The Political Economy of Democratic Democratization*, Washington, D.C., 1999, especially p. 31. In a few cases, such as the Philippines and Venezuela, civil society organizations played a more direct role in demanding strengthened local governments but even in these cases, their influence was initially less determinant than that of local mayors and government and other political actors.

4 Linick, Jessie, and Jessica Seddon, eds. *Democratization: Building Hope*, Washington, D.C.: World Bank Institute, 2000, pp. 16-17.

5 Among studies that address these issues are Jean-Paul Faguet, *Democratization and Local Government Performance*, Rome: FAO, 1997; Souti Khemani, *Democratization and Accountability: An Assessment of Village-level Changes in National Elections?* Washington, D.C.: World Bank, n.d.; and Karen Remmer, "The Subnational Politics of Economic

Adjustment," *Comparative Political Studies*, vol. 33, no. 4, May 2000.

6 This process is described for Porto Alegre, Brazil in Rebecca Abger, *Inventing Local Democracy: Grassroots Politics in Brazil*, Boulder: Lynne Rienner, 2000.

7 Another key element of capacity—though it is quite difficult to define and even harder to measure—is social capital, the shared norms and practices that allow people in a locality to work together. In a study of Italy, Robert Putnam found that a province's degree of social capital was the key variable accounting for its degree of success in decentralized governance in Italy (*Making Democracy Work*, Princeton: Princeton University Press, 1993). However, several recent studies have suggested that social capital is not an immutable quality of a locality, but may develop as citizens begin to mobilize to solve problems together. According to this argument, specific social struggles, natural disasters, or the conscious work of government reformers or non-governmental agencies may contribute to the construction of social capital. For one line of this argument, see Jonathan Fox ("How Does Civil Society Think? The Political Construction of Social Capital in Rural Mexico," *World Development*, Vol. 24, No. 6, 1996).

8 Ward, Peter M. and Victoria E. Rodriguez, with Enrique Cabezas Mendoza, *New Federalism and State Government in Mexico*, Austin: University of Texas, 1999, p. 102.

9 Richard Snyder presents a incisive analysis of these differences in "After the State Withdraws: Neoliberalism and Subnational Authoritarian Regimes in Mexico," in Wayne Cornelius, Todd Eisenstadt, and Jane Hindley, eds., *Subnational Politics and Democratization in Mexico*, La Jolla: Center for U.S.-Mexico Studies, 1999.

## Paradigm Shift

### *Japan's Foreign Policy in the New Era*

Masatoshi Honda

Following the September 11 terrorist attacks, Japan swiftly announced its "seven-point plan" and enacted the Anti-terrorism Special Measures Law. Japan learned a crucial lesson from the international reaction to its tepid response during the Persian Gulf War; therefore, it was prepared to play a more active role this time. National expectations of action from the popular Prime Minister Junichiro Koizumi also spurred the rapid response. The puzzling question is whether Japan's reaction is merely an ad hoc manipulation to steer clear of accusations that it shirks its international responsibilities, or an indication that it is on track to become a "normal" country—a country that is fully engaged in dealing with major transnational crises. If the latter is the case, then Japan's reaction to the attacks should be recognized as one of the most significant and active steps it has taken in the post-World War II era. This will not only affect U.S.-Japanese relations, but will also influence the balance of power in East Asia. A new Japan, that acts decisively under its restrictive constitution rather wringing its hands represents a major shift in domestic Japanese politics.

Japan's unconditional acceptance of the Potsdam Declaration in 1945 granted the Supreme Commander of the Allied Powers (SCAP) the authority to determine the shape of the post-war Japanese government. The SCAP aimed to make

**Masatoshi Honda**  
is Adjunct Associate  
Professor of Japan and  
Politics and Foreign  
Policy at the Edward  
A. Walsh School of Foreign  
Service, George-  
town University.

Japan "a Switzerland of Asia" by constraining rearmament through Article 9 of the new constitution and by making the hurdles of constitutional revision difficult, if not impossible, to overcome.

The geostrategic rivalries of the Cold War led the United States to pressure Japan to contribute to the regional security arrangement. But Shigeru Yoshida, then the Japanese prime minister, resisted, referring to Japan's new pacifist constitution and the immediate need for economic rehabilitation. Yoshida began a gradual rearmament by converting the National Police Reserve to National Safety Forces, and, in 1954, establishing the Self-Defense Forces (SDF). He kept security costs to a minimum, however, and only created the SDF as a bargaining chip in the search for more economic aid. Finally, under the terms of the United States-Japan Security Treaty, Japan was obligated to forgo all international security arrangements in exchange for U.S. military protection. The resulting "Yoshida Doctrine," which prioritized economic growth over security, became the dominant principle of Japan's foreign policy for nearly half a century.<sup>1</sup>

For the United States, political and economic stabilization of Japan was imperative for making the country a bulwark of capitalism against communism. A defense build-up by Japan was not necessary for the United States as long as it could keep its bases and forces in Japan. As Japan grew into an economic superpower, however, friction developed between the two countries. Faced with an enormous trade deficit, the United States began to bash the non-reciprocal alliance. The resentment centered on what it saw as Japan's huge investment in an ever-expanding economy by "free riding" in security. But even when discus-

sions turned to burden-sharing arrangements, few Japanese believed in the necessity to reinforce the SDF.

Although the Yoshida Doctrine remained a fundamental component of Japanese foreign policy, there were a few debates before the early 1970s on Japanese security policy, between the neutrality school and the alignment school.<sup>2</sup> Nonetheless, due to continued economic growth and social stability, these arguments never reached full steam, and post-war Japan has tended to stick close to the status quo. The Yoshida Doctrine became a common thread running through all post-war policy considerations.

The Persian Gulf War was the first opportunity for Japan to recast its image in the international arena. In the late 1980s, Japan was in the midst of the so-called "bubble economy." It was a period when mammonism swept the nation and the Japanese were paralyzed in foreign policy and crisis management. Consequently, as the 1980s drew to a close, Japan was not yet prepared to change gears from the Yoshida Doctrine. It was difficult for the Japanese to divorce themselves from an approach that had brought a long period of peace and prosperity, and it did little until provoked to action through *gaiatsu* (outside pressure). In the end, Japan took the middle way between domestic and U.S. demands, and contributed \$13 billion to the Gulf War operation.

At the time, Prime Minister Toshiki Kaifu was widely reviled for his indecisiveness. But it is hardly surprising that someone of his generation, haunted by wartime trauma and steeped in the ideology of the Yoshida Doctrine, would be so reluctant to engage militarily. It would take a younger leader from a different time to think outside of the framework

created by those powerful forces. The generational shift in fact is, a crucial element in the transformation of Japan's foreign and security policy. This gradual process began with the plea by Ichiro Ozawa, the de facto president of the ruling party during the Gulf War, for Japan to diversify its contribution to international crisis management beyond mere "checkbook diplomacy."

It was difficult for Japan to overcome the longstanding belief in "one-nation pacifism." In October 1990, the LDP

for its financial assistance was "shock therapy" enough to lead the nation to contemplate the eventual need to contribute more than just checks.

If the 1955 system is defined as single-party dominance by the LDP, then the system finally collapsed when the Liberal Democratic Party (LDP) lost power for the first time in 1993. If the 1955 system is defined as a foreign policy struggle within the framework of the Yoshida Doctrine, however, formation of a non-LDP coalition government led by Mori-

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government submitted the International Peace Cooperation Bill, but it foundered and died. Public polls suggested that more than half of the Japanese population opposed sending troops abroad. Aside from its financial donation, Japan only managed to send mine sweepers to the Gulf after the end of the war. Following the pacifist constitution and the Yoshida Doctrine for nearly four decades, Japan has acted timidly in military affairs. Finally, in June 1992, Japan enacted a law dispatching troops to join a UN peacekeeping operation.<sup>11</sup>

There was neither philosophy nor principle behind Japan's "international contribution" to the Gulf War—it was merely a safeguard against becoming an outcast in the world. The greatest shock came after the war's conclusion, when Japan was not listed in the widely disseminated advertisement published by the government of Kuwait in gratitude to its international saviors. Finding its contribution altogether unacknowledged brought great mental turmoil. Disregard

hiro Hosokawa was the beginning of the end. The Socialist Party, which also joined the coalition, was still suspicious of the policies of previous administrations—indeed, under the 1955 system, the party's very existence rested upon continued adherence to the pacifist constitution. It was not until the chairman of the Socialist Party, Tomiichi Murayama, became prime minister that the 1955 system associated with foreign and security policy finally changed. Once the Socialists officially admitted the Yoshida Doctrine, the debate over Japan's post-war foreign policy underwent a subtle yet significant shift. The polarization between the neutrality and alignment schools in the Diet became a thing of the past after Murayama took the premiership and the Socialists finally crossed the Rubicon.

Electoral reform of the House of Representatives also accelerated a review of the Yoshida Doctrine. Under the multirepresentative electoral system, the LDP had to run numerous candidates from the same district in order to obtain

a majority in the House. This electoral system intensified intra-party rather than inter-party competition. Campaign promises focused on gaining subsidies from the central government. Pork-barrel politics were an indispensable tool to candidates seeking reelection. Neither foreign policies nor security policies were argued among LDP candidates. Since it was possible for each candidate to win the election by acquiring approximately 15 to 20 percent of the electorate, raising regional or local issues rather than nationwide issues was much more effective in gaining votes. The merits of the multi-representative electoral system in a highly centralized government could not be denied, but the system also kept politicians from bringing up policies that were of interest to the nation as a whole.<sup>11</sup>

The impact of introducing a new electoral system—single-seat constituencies combined with proportional representation—is not yet fully understood. Elections have become a competition between party policies rather than struggles between candidates offering narrow, local benefits. Candidates must now address all kinds of issues, including foreign and security policy. Campaign promises also must now include more national than local issues. Furthermore, electoral reform reduced the over-representation of rural districts. This led candidates and parties, especially the LDP, to appeal to independent voters in urban areas rather than those with narrow, local interests. Also, decentralization and deregulation are changing candidates' concerns. These reforms, coupled with the end of the Cold War, make it more likely that the present coalition government will see eye-to-eye with the opposition on foreign policy alternatives.

Electoral reform has led to a small revolution in politics. The goal of political reform is to encourage political initiative in the policy-making process. To put it another way, it is to weaken the power of bureaucrats and strengthen the involvement of politicians, especially the prime minister and the ministers, in the policy-making process. Thus, electoral, parliamentary, and administrative reforms were all necessary for the larger goal of political reform. In addition to the monumental electoral reforms, the Diet passed a law to promote vigorous debate among politicians in parliament. Bureaucrats are not allowed to answer questions at the Diet any more. Mirroring the British parliament, "question time" was also introduced to clarify each party's attitude toward policies.

Earlier this year, several key administrative reforms came into effect under the title of "governmental reorganization." The consolidation of twenty-two ministries and agencies into twelve ministries was a symbolic reform. At the same time, however, the Cabinet and the National Government Organization Laws underwent revision to make top-down management by the prime minister and the ministers easier.<sup>12</sup> The prime minister also became responsible for proposing policies directly to the Cabinet. Koizumi's strong leadership has roots in the recent structural changes in addition to his widespread popularity. Furthermore, he is now attempting to revise the constitution to introduce direct election of the prime minister.

The ministries have also been given broad new powers. Ministers must take on full responsibility for any major policy proposals emerging from their ministries. To support the minister, the new positions of senior vice minister and par-

liamentary secretary were created. Such political initiatives are strengthened by getting the right people into the right places and keeping them there. Economic blunders, piecemeal policies, and numerous scandals inside bureaucracies have accelerated the power shift inside the government. While bureaucrats continue to play an important role, they are becoming increasingly subordinate to politicians. This has placed elected politicians at the helm of the ship of state.

Thus, the Gulf War, the end of 1955 system, and the recent political reforms have combined to bring Japan into a new mindset for creating foreign policy. These three steps have led to the end of the paralysis of the various parties that existed since the enactment of the 1955 system. Major parties became responsible for key national policies. Leaders

will the fault lines between parties appear? One thing is sure: Japan is seeking political rehabilitation and the restoration of full sovereignty for the first time since the end of World War II. A national consensus is forming in favor of a more active role in issues of transnational security. When the anti-terrorism bill was first proposed, it garnered a majority approval rating from the Japanese public, although there is still strong resistance to actually sending troops to combat situations abroad.<sup>13</sup> Furthermore, partly to bolster Japanese nationalism, the Japanese flag and anthem were legally recognized as national symbols in 1999. That Koizumi's controversial visit to the Yasukuni Shrine this summer received little criticism in Japan owed as much to the sentiment behind this movement as it did to his popularity.

## The demand for an active foreign policy, not a reactive "look-to-Washington" policy, is gaining strength.

cannot merely follow the Yoshida Doctrine anymore and hope to be reelected. Bureaucrats cannot be the source of new ideas. While the press and academia have tried to define a new axis that will polarize parties, none has been found yet. Some say "reform-resistance" will be the new axis, while others argue that policies will tend to merge, and parties will become indistinguishable from each other under the current electoral system. Indeed, at debates between Koizumi and Yukio Hatoyama, the leader of the Democrats, it is easier to find similarities than differences.

What will be the next point of contention in Japan's foreign policy? Where

While parties search for new identities, generational change continues to affect Japanese politics and politicians. Diet members aged sixty and above tend to hold a negative view of Japan's vigorous political and military activities. On the other hand, younger Diet members are inclined to support a more active role for Japan in world politics. In fact, there is more agreement on this issue among young politicians of different parties than there is between old and young members of the same party. The new generation, however, is not aiming to revive pre-war nationalism and militarism. Instead, it hopes to restore Japan's full sovereignty, and remove the

shackles that prevent it from contributing fully to the efforts of the international community.

The recession of the last decade also contributes to the new nationalism movement. In the post-war period, economic growth was a source of Japanese pride and identity. As long as its economy expanded, Japan maintained a strong sense of self-confidence and self-respect, and political nationalism was not an issue. Economic nationalism was equated with nationalism itself. The collapse of the bubble economy, however, caused widespread unease and pessimism. The decline of economic nationalism paved the way for the rise of political nationalism.

outcomes of this school of thought, continued action along this line might lead Japan to put stronger pressure on the Pentagon for greater engagement in Japan. The increasing threat by China and North Korea might encourage more genuine partnership between the United States and Japan.

The other camp emphasizes multilateral cooperation. Though stopping short of contradicting the United States outright, Japan may place a higher priority on its relations with other Asian countries and choose to take more initiative in international action through economic aid and peacekeeping forces under the control of the United Nations. The United States-Japan Security Treaty will

## For Japan, self-determination will not come quickly or easily.

In the new political climate, a new axis dividing political camps is emerging based on the debate over how independent Japanese foreign policy is to be from that of the United States. The demand for an active foreign policy, not a reactive "look-to-Washington" policy, is gaining strength. Japan is enhancing its political independence, and it is not unusual for Tokyo to say "no" these days to various requests from Washington. The new dichotomy can be described as a struggle between the bilateral and multilateral schools.

The bilateral school basically advocates a continuation of post-war United States-Japan relations by reinforcing the SDF. The 1997 review of the principles of United States-Japan defense cooperation was based upon this view. Although it is too early to predict the long-term

remain intact, but the reduction of U.S. bases and forces might become a condition for future negotiations that would affect its status. Japan might stress collective security involvement under the lead of the United Nations rather than collective self-defense with the United States, and burden sharing will be sought not with the United States but with international society at large. Finally, this alternative might encourage Japan to seek the renewed trust of its Asian neighbors.

These changes are not without their critics. There are some Diet members and citizens, especially in the older generation, who insist on the continuance of the post-war formula of minimum military commitment. They emphasize that the twenty-first century should be the era to finally bring to fruition their vision of the constitution—strict paci-



firm accompanied by disarmament. Even in the LDP, a conservative party, there are Diet members who were prudent in legislating counter-terrorism laws in order to limit the direct involvement of Japanese troops. This is one of the reasons why Japan did not dispatch Aegis destroyers for anti-terrorism action. For them, the Yoshida Doctrine is still a fundamental principle.

For Japan, self-determination will not come quickly or easily. The progress of the past decade has been remarkable, but the debate remains strictly within the bounds of the present constitution, which prohibits Japan from playing a more active

role on the world stage. Reinterpretation of the constitution is reaching a saturation point that will be difficult, if not impossible, to push past without invalidating the document itself. Nonetheless, in FY2005 the Research Commission on the Constitution, established in each house of the Diet, will draft a report for the first time. The outcome is unpredictable. Japan might choose to keep the status quo. The new axis may not divide into political camps so long as the LDP is in power. But if current trends continue, we may see a major change in the shape of Japan's foreign policy and its impact on the world at large in the near future.

#### NOTES

1 See, for example, Kenneth B. Pyle, *The Japanese Question*, Second Edition (Washington, DC: The AEI Press, 1996): especially chapter eight and nine.

2 Edwin O. Reischauer, *The Japanese Today* (Vernon: Charles E. Tuttle, 1988): 351-59.

3 As a result, Japan has sent troops to Angola, Cambodia, Mozambique, El Salvador and Golan Heights. To cancel the freezing and join the PKF has taken up for imperative discussion after the September 11 terrorist attack.

4 For decentralization, see Gerald L. Curtis, *The Logic of Japanese Policy* (New York: Columbia University Press, 1999): especially chapter four.

5 The Basic Law of Administrative Reform of the Central Government was enacted in June 1998 and became effective January 2001. As for former basic structure, see Bradley Richardson, *Japanese Democracy* (New Haven & London: Yale University Press, 1997): chapter five.

6 According to *Asahi Shimbun* 16 October 2001, 61 percent support the bill and 29 percent oppose it.