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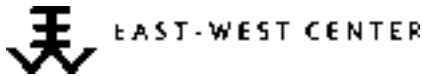
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## **Corruption and Public Trust: Perspectives on Japan and East Asia**

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# **Corruption and Public Trust: Perspectives on Japan and East Asia**

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At the outset of the twenty-first century, citizen distrust of government is a troubling trend. From Washington to Milan, from Tokyo to Seoul, public disaffection is an everyday reality. Among the advanced industrial countries, declining confidence in government and the institutions of representative democracy marks recent decades in Austria, Belgium, Britain, Canada, Finland, Germany, Ireland, Italy, Japan, the Netherlands, Norway, Spain, Sweden, and the United States (Pharr and Putnam 2000; Dalton 1997; Nye, Zelikow, and King 1997), and the problem of "critical citizens" is widespread among new democracies as well, as recent work shows (Norris 1999).

Attempts to explain the phenomenon abound. In the litany of candidate causes, two explanations stand out. The first points to the policy performance of leaders, notably their handling of the economy, and holds that good times boost citizens' confidence in government while economic downturns erode it. The second explanation looks to society, arguing, in effect, that confidence in government can be kindled in citizens only when civil society flourishes and social capital is in good supply and, conversely, that it diminishes when stores of social capital run low. Though more sophisticated formulations of this thesis posit a complex, indirect relationship between social capital and political trust (Pharr, Putnam, and Dalton 2000), much of the contemporary debate over social capital assumes that a direct relationship exists. This paper tests both of these theories by examining the experience of Japan with comparisons to other East Asian countries, notably South Korea. Looking at Japan, this paper shows, neither explanation can account for low levels of citizen satisfaction with politics and government over the past two decades. We thus offer a far more compelling explanation: corruption as a source of

public mistrust. Leadership, we hold, has two distinct dimensions: actual policy performance and “character,” an amalgam of attributes that bear on conduct in office, independent of policies themselves. Both policy performance and character are obviously important, and indeed, severe misconduct by leaders can undermine policy performance, as numerous studies by the World Bank and other bodies of the effects of corruption on economic development attest. But in democracies, quite independent of their specific policy consequences, issues of character and conduct merit attention for their potential effects on the trust binding citizens to the leaders who represent them. Focusing on Japan, this paper shows that for the past two decades, misconduct (as reported in the press) by politicians and bureaucrats has been by far the single best predictor at any given point in time of citizen confidence in government, and explores the relevance of this finding for other countries, including South Korea.

### **The “Declining Confidence” Thesis in the East Asian Context**

Disaffection has distinctive features that vary by country. Whereas the United States and a number of other advanced industrial democracies have seen public trust plummet from more halcyon days in the 1950s and 1960s, Japanese in the early postwar era were far more skeptical. The experience of losing rather than winning a war almost surely accounts for some of the difference in outlook. In place for more than a century, American political institutions, after all, had carried the country to victory and global preeminence; Japan’s prewar political institutions, in contrast, had brought the nation ignoble defeat and seeming economic ruin, and democratic institutions that had been imposed from outside were not as yet fully tested.

In that sense, Japan’s situation at the outset of the postwar era, and the climate of citizen uncertainty and distrust it engendered, probably parallels that in many newer democracies like South Korea, which in most cases must contend with fledgling democratic institutions and recent legacies of discredited regimes when attempting to build public trust (Rose, Shin, and Munro 1999:146). As John Kie Oh notes, of the three major types of crisis—economic depression, rebellion, and war—that can confront a democratic nation, South Korea experienced all of them soon after the Americans, as in Japan, put in place a democratic constitution, and all its basic guarantees were under

siege from that period until the late 1980s (Oh 1999:33). Recent research shows that confidence in governmental institutions is significantly higher in countries with well-established civil liberties, and far weaker in countries lacking such guarantees (Norris 1999:233), offering a context for understanding why South Korea's postwar starting point, when it came to citizen confidence in government, was low.

Perhaps for these reasons, then, South Korea's overall pattern of decline in confidence in government parallels the one in Japan. Starting from a low level of satisfaction with political institutions through the late 1970s, the trend took a downward turn thereafter. Indeed, comparing World Value Surveys results for 1990-93 with those for 1980-84 and using an "Institutional Confidence" scale that combines citizens' mean level of confidence in parliament, the civil service, legal institutions, and the military, the drop in confidence was sharper in South Korea than in Japan. Among 17 countries, institutional confidence declined in all of them between 1980-83 and 1990-93, but whereas in Japan's case the drift was "only marginally downwards," South Korea, along with Finland and Argentina, experienced the sharpest drop of all (Norris 1999:227-29).

For Japan, the basic pattern has been relatively low levels of confidence in government over the entirety of the last forty years. According to the World Values Survey for 1990-91, Japan's level of citizen confidence in parliament (4.0) and the civil service (4.2) placed the country well below the mean (4.5 for parliament and 4.6 for the civil service) among 24 countries. Indeed, when the scores for the two institutions are combined, Japan ranked in the bottom five nations, ahead of only Spain, Portugal, Italy, and Mexico. South Korea's combined score actually placed it above Japan (9.4 vs. 8.2). When it came to confidence in parliament (3.9), South Korea lagged Japan, but the country was ahead of Japan (5.5) when it came to confidence in the civil service (McAllister 1999: 192).

**Table 1. Dissatisfaction with Politics in Japan, 1978-96 (percent)**

Date	Dissatisfied	Somewhat Dissatisfied	Satisfied	DK/NA
12/79	61	25	5	9
12/79	61	19	5	15
12/80	50	30	6	14
12/81	54	30	7	9
12/82	56	25	6	13
5/83	53	29	6	12
12/83	58	27	6	9
3/84	52	29	9	10
12/84	48	31	10	11
12/85	40	31	12	17
12/86	47	32	9	12
12/87	47	29	11	13
12/88	57	25	8	10
3/89	68	19	5	8
12/90	50	34	10	6
9/91	48	33	10	9
12/92	53	29	9	9
4/93	66	21	5	8
12/93	51	29	8	12
12/94	61	24	5	10
12/95	<del>65</del>	21	5	9
12/96	74	15	5	6

*Notes:* The question was, "In general, are you satisfied with politics today, or are you dissatisfied?" All figures are percentages. First stage: 345 national statistical areas were classified by age structure, industrial structure, and population. Second stage: persons were randomly selected from one randomly-selected election district in each area, and were interviewed in person by university student volunteers. Response rate: around 75 percent. N=3,600 individuals nationwide who were chosen by means of a two-stage, stratified, random selection method.

*Sources:* *Asahi Shimbun*, Tokyo Morning Edition, selected years.

The Japanese pattern of low citizen trust is a persistent feature of the nation's early postwar decades throughout the 1970s (Pharr 2000 and 1997). Nor did the trend change appreciably in the 1980s, after the country attained the status of economic superpower. A majority of respondents reported dissatisfaction with politics in 18 out of 22 Asahi surveys conducted between 1978 and 1996; only in the mid 1980s and once again in 1991 did less than a majority report dissatisfaction (see Table 1). Long periods of one-party rule have sometimes been associated with popular malaise, and this was certainly true of Japan, where the conservative Liberal Democratic Party (LDP) was in power continuously from 1955 to 1993. Although one might thus have expected confidence in

government to surge with the LDP's fall in 1993, that was not the case. Despite a major overhaul of the electoral system and other political reforms,<sup>1</sup> citizen dissatisfaction with government soared to 65 percent at mid-decade.<sup>2</sup> Indeed, according to one survey conducted in December 1995, only 29 percent of respondents subscribed to the view that democracy was functioning well in Japan, while 61 percent disagreed (*Nihon Keizai Shimbun* 19 December, 1995, 1). Both for Japan and South Korea, then, citizen distrust turned downward in the 1990s, mirroring the broad trends discussed at the outset.

### **Is East Asian Democracy Different?**

The pattern just described is, of course, subject to various interpretations. Looking at Japan, some observers might argue that disaffection is not deeply held. Thirty-eight years of one-party rule, the argument goes, established a pattern in which voters sounded off about the LDP, secure in the knowledge that it would remain in power. Voicing disapproval of both the party and the political system with which it was synonymous may have been a reasonable way to check LDP excesses, but it makes survey evidence of disaffection suspect, or so the argument goes. This logic is not compelling, however. If signals of disaffection and dissatisfaction were deliberate voter strategies in a system of one-party rule, then we would have expected to see satisfaction with politics rise after 1993, particularly in the wake of reforms that voters themselves had sought, but there has been no such upswing. Indeed, dissatisfaction has grown.

Other critics might question whether expressions of disaffection in Japan, an Asian nation with a relatively short liberal democratic tradition, mean the same thing as they do in Western countries in which democracy has deeper roots. A quarter of a century ago, *The Crisis of Democracy*, which focused on the United States, Western Europe, and Japan, saw Japan as something of an outlier: because Japanese citizens were somewhat less efficacious and active in their orientation toward politics than their counterparts in other advanced industrial societies, democracy there was somewhat more fragile, the report implied (Crozier, Huntington, and Watanuki 1975). The so-called "revisionist" school, which first appeared in the late 1980s, also regards Japan as unique rather than Western and casts similar doubts on the state of Japanese democracy (Fallows 1994; van Wolferen 1989). Survey data fail to support such a conclusion, however, showing instead



a steadily deepening acceptance of the values associated with democracy. In Japan, for example, a key index is whether people are prepared to defer to authority, as in the prewar era, or adopt a more participatory stance. Data collected over fifty years by the Clean Election League reveal that citizens have steadily moved away from a belief that leaving things to leaders is preferable; far more than in the past, they believe that they should be active (“debating among themselves”) in making policy choices rather than passively accepting what leaders do. Similarly, following from top-down patterns of authority in prewar Japan, early postwar generations saw voting as a duty rather than a right. Younger people today, however, overwhelmingly view voting as a right: in the 25 to 29 year old age group, for example, 57 percent of respondents in one study saw voting as a right, while only 35 percent called it a duty (Kabashima 1987). In this sense, Japanese democracy has matured, and any lag that may have existed has virtually disappeared.

Evidence from South Korea and Taiwan similarly throw doubt on the notion that East Asian democracy is somehow different. In South Korea, where free elections were introduced in 1987, there is much evidence of a deepening of democratic values. As the 1997 New Korea Barometer showed, the ideals of democracy now enjoy widespread support there, and indeed the level of support for democracy in South Korea is higher than in most Latin American countries (Rose, Shin, and Munro 1999: 157; Diamond 1999: 186). Among South Korean citizens, 81% said they would disapprove if parliament were suspended and political parties were to be abolished, a figure that is somewhat higher than the average for seven countries in Central and Eastern Europe. (Diamond 1999: 186). In the era since democratization began in the mid-1980s, Taiwan, too, reveals a “generally steady increase” in the proportion of citizens “expressing prodemocratic sentiment and rejecting the paternalistic, collectivist, illiberal norms associated with the ‘Asian values’ perspective.” For example, the proportion of Taiwanese citizens rejecting the idea that “elders should manage politics” almost doubled between 1985 (49%) and 1991 (81%) (Diamond 1999: 188).

Japan, along with South Korea, is then among many nations today, including the United States, that has suffered a decline in citizen confidence in government and politics. While Japan, like many newer democracies today, has no postwar “golden age”

to hark back to when ordinary people radiated support for the nation's politics and political institutions, the persistence of high levels of dissatisfaction in the face of spreading prosperity and an upturn in distrust dating from the late 1980s call for an explanation. In the remainder of the paper, we first consider two common candidate causes of citizen distrust of government and political institutions and, finding them wanting, offer our own.

### **Economic Policy Performance**

No explanation for citizen disaffection with politics has greater currency in the media today than economic malaise. When times are good, the theory holds, citizens credit their leaders with wise economic policies. And deservedly or not, the public also holds leaders responsible for poor economic performance and registers their dissatisfaction with government. Undergirding this popular interpretation is a wealth of research that establishes the existence of significant links between key economic variables and political behavior and attitudes. On the one hand are theories that link citizen opinions and behavior such as voting to "pocketbook" reasoning, that is, people's estimates of how government actions affect their personal finances; and on the other are theories that focus on "sociotropic" assessments, that is, citizen evaluations of how the economy is performing overall (Kinder 1981; Kinder and Kiewiet 1979, 1981; Meehl 1977).

On the face of it, looking to the economy for clues as to why citizen satisfaction with government and politics may have declined makes sense for Japan. Since 1992, the country has endured the longest recession in its postwar history. Furthermore, economic tensions were also present in the 1980s, ranging from fear of a "hollowing out" of the economy as Japanese firms moved to low-wage countries in the face of a rising yen to a reactive nationalism triggered by market-opening pressure from Japan's trade partners. At the level of individual lives, signs of a modest economic ratcheting-down can be detected long before the recessionary 1990s. Although more than 90 percent of Japanese have routinely classified themselves as "middle class" since 1970, perceived relative prosperity within that class has undergone subtle change. According to surveys conducted by the Prime Minister's Office, the percentage of respondents who said they considered themselves "middle" middle class as opposed to "lower" middle class increased markedly

prior to 1970 as the benefits of high growth filtered down. By the late 1970s, however, the trend began to reverse itself, and this shift accelerated as the “bubble era” of the late 1980s inflated the value of land and stocks, creating a perceived gap between those people who owned these assets and those who did not. Although these differences have been fairly small,<sup>3</sup> if people’s relative sense of economic well-being affects how they judge their government and leaders, then even relatively minor shifts of this kind might matter.

Other evidence points in the opposite direction, however. Where one is coming from should affect assessments of one’s current economic situation (Samuelson 1955, cited in Nye, Zelikow, and King 1997, 124). In the United States and many other advanced industrial democracies, for example, a golden era of past productivity casts a shadow over the present. As Robert Lawrence (Nye, Zelikow, and King 1997, 125) observes after comparing America’s post-1973 record of economic performance with the previous 150 years, “Americans who are using history as their benchmark have every right to feel disappointed.” For a country like Japan, where real prosperity dates only from the 1970s, historical comparisons look very different. Japanese respondents in a 1995 study were almost twice as likely as Americans (60 percent versus 35 percent) to compare their own situation favorably with that in which their parents grew up (International Gallup Poll, April 1995; “no opinion” responses are excluded). Perhaps for similar reasons, the same survey found Japanese to be less pessimistic about the future than the people of any other advanced industrial country included in the survey except France.<sup>4</sup> These data provide a basis for speculating that in Japan, any subjective sense of economic reverses in recent decades due to a minor erosion in economic circumstances or trade tensions is offset by a strong and widely shared perception that things used to be much worse.

Against this background, we consider the fit between economic performance and citizens’ satisfaction with politics and government. Most research on how economic variables affect political behavior and opinion focuses on election outcomes and the popularity of particular governments (the so-called vote-popularity, or VP, functions). According to Lewis-Beck, “all but a handful” of over one hundred studies conducted before the late 1980s in Britain, France, Germany, Italy, Spain, and the United States found economic conditions “significantly related to electoral outcomes”; such research

establishes that economic factors accounted for roughly one-third of the change in the vote for the government (Lewis-Beck 1988, 29; Nannestad and Paldam 1994, 237). Looking at the years 1960 to 1976, Inoguchi (1980, 147) also found that economic conditions significantly affected public support for the government and the party in power in Japan. Extending the same logic, we ask whether economic conditions matter when it comes to more basic feelings about politics and the political system.

**Table 2. LDP Strength, Economic Conditions, and Dissatisfaction with Politics in Japan, 1978-96**

	Correlation with Dissatisfaction	Spearman's RHO	Pr >  t
LDP strength	-0.303	-0.347	0.145
Income per capita	0.342	0.256	0.29
GDP	0.327	0.294	0.222
Income	-0.231	-0.194	0.427
Inflation	-0.218	-0.14	0.568
Unemployment	0.209	0.23	0.344

*Notes:* Political dissatisfaction: The percentage of respondents who answered "dissatisfied" in reply to the question, "In general, are you satisfied with politics today, or are you dissatisfied?" in surveys conducted by *Asahi Shimbun* at fairly regular intervals over the period in question. See Table 1 for details.

*LDP strength:* Percentage of Lower House seats held by the Liberal Democratic Party.

*Income per capita:* Real national income (at factor prices) per capita; base year of 1990.

*GDP:* Real gross domestic product; base year of 1990.

*Income:* Percent annual change in real gross domestic product; base year of 1990.

*Inflation:* Percentage change in the consumer price index from the preceding year.

*Unemployment:* Annual change in percentage of the workforce that was completely unemployed.

*Sources:* *Dissatisfaction and LDP data:* *Asahi Shimbun* (morning edition), 1978-96. *National income data:* Ministry of Finance, *Financial Statistics of Japan, 1997*. Data on price deflators used to calculate real national income come from the Prime Ministers' Office, *Japan Statistical Yearbook, 1998*. *Unemployment and inflation data:* Bank of Japan, *Economic Statistics Annual*, selected years through 1995, and for 1996, from the Economic Planning Agency, *Pocket Statistical Indicators, 1998*. *GDP data:* International Monetary Fund (IMF), *International Financial Statistics* [cd-rom], January 1998.

To explore this question, we looked at the economic variables that have been standard in prior research, namely, unemployment, inflation, and income growth, along with several others, over the years 1978 to 1996 (see Table 2).<sup>5</sup> We also included a political variable—strength of the Liberal Democratic party as measured by its number of seats in the Lower House of the Diet—to test the proposition that a strong LDP majority would be associated, whether positively or negatively, with trust.<sup>6</sup> While the state of the economy may significantly affect electoral outcomes and the popularity of particular

governments, the results suggest that it has relatively little bearing at a more fundamental level on people's feelings about their government and politics. In Japan, the economic variable that is most strongly associated with political satisfaction is per capita national income (with a correlation of .342), but the relationship is not in the expected direction: as per capita income increases, so does dissatisfaction.<sup>7</sup> Despite widespread media claims to the contrary, pocketbook issues appear to have remarkably little to do with people's satisfaction with political life.

Recent work on South Korea similarly offers evidence that economic conditions have relatively little bearing on more basic feelings about democracy and government. As one recent study showed, Koreans' judgments of economic conditions had little effect on whether they judged the current system to be democratic or on their basic attitudes towards democracy; nor were people's assessments of economic conditions significantly related in most cases to how they saw the gap between ideal and achieved democracy (Rose, Shin, and Munro 1999: 159-62).

### **Social Capital**

Civic-ness, a wide variety of scholars, pundits, and politicians alike now say, is fundamental to social trust and attitudes of cooperation that in turn promote and sustain good government. Looking at the United States, Putnam (1995a) has argued that "social connections and civic engagement pervasively influence our public life" and that civic disengagement—a lack of social connectedness and involvement in associational life—has profound and wide-ranging effects on society and politics. A major concern of much recent research is whether civic-ness fosters political trust, and thus whether the widespread decline in confidence in government is linked to an erosion of social capital (Newton 1997a; Hall 1997).

The search for civic-ness and for ways to know when there is lack of it has been far-ranging, sending scholars sleuthing to discover how citizens spend their leisure time and transforming British pubs, the bowling greens of Italy, and Americans' backyard decks into social science laboratories (Putnam 1995a; Hall 1997). A basic measure of civic-ness, however, is citizens' participation in associational life. The nature of the group is thought to matter. Putnam observes, for example, that in Italy, belonging to a political

party is common in both the most and least civic regions, and he and others tend to discount the potential value for building social capital of membership in political parties, labor unions, and other groups to which members belong automatically or as a byproduct or extension of work (Putnam 1993, 109). In general, there is agreement that horizontally-organized, or voluntary, groups are more likely to be building blocks for social capital. Although his view has been challenged, Putnam holds that hobby groups should be optimal generators of social capital (Putnam 1993; Putnam 1995a; Levi 1996, 47). For other measures of social capital and its absence, the spotlight has fallen on television viewing on the grounds that it pulls people away from nourishing forms of civic engagement and other culturally-configured settings in which social networks operate (Putnam 1996; Patterson 1993).

Applying the “civic disengagement” thesis to Japan as a possible explanation of declining public trust is a relatively recent enterprise, but a focus on social networks and group associations as a key to understanding Japanese social, economic, and political life is not at all new. As it operates in the workplace and organizes leisure activities outside of it, social capital by other names has been at the heart of many analyses of the Japanese economic model. Indeed, Japan’s “communitarian capitalism,” the dense network of “wet” social relations within the firm that binds workers and brings them together after hours for baseball, golf, mahjong, or karaoke, has, along with other social network attributes, triggered a raft of Western management theories (Thurow 1993; Vogel 1987; Fukuyama 1995, 28). Social capital explanations were also at the heart of many analyses of Japanese politics long before the term came into vogue. It is widely agreed that at least among conservative voters, a “social network model” best explains voting behavior in Japan, and that both formal and informal groups operating around opinion leaders have been critical not only for mobilizing the vote, but also for shaping basic political attitudes (Flanagan et al. 1991, 85, 152-53; Richardson 1997; Richardson 1974). Indeed, political science research on Japan has tended to discount political ideology and class as bases for voting behavior, instead assigning the greatest importance to the mix of values and social networks that lie at the center of social capital research today.

The distinction recent research makes between horizontal and vertical interest associations—the “good” and “bad cholesterol” of social capital, as it were—is also a

familiar one in Japanese studies. Prewar Japan was rife with interest groups that were “organized by elites for elites” (Allinson and Sone 1993, 26). Prominent examples were prewar residential associations (*chūkai*, or *chūnaikai*). Tracing their origins to castle towns in the Tokugawa era, these were originally administered by landowners and house agents as omnibus religious, recreational, occupational, and residential units. In the twentieth century, such community associations became the basic unit of daily life for most people, organizing local festivals and carrying out a variety of grassroots activities, and although they elected their leaders, they were routinely used by the state as a means of administrative control and, later, mobilization for war (Hastings 1995, 70-79; Watanuki 1977). Organizations like this, in which membership is mandated by work or some other affiliation, are thought to be different from voluntary associations, which are modern, horizontally-organized, and more participatory (McKean 1981). Even types of associations that are discounted in much social capital research have been credited with fostering dense social networks in Japan. Political parties frequently offer a clubhouse environment, for example. Among the recreational and social activities provided to members of individual LDP politicians’ support groups (*kenkai*) are “baseball games and marathon races for the youth division, chess tournaments and golf outings for the middle-aged, cooking classes for the housewives, volleyball for the women, kimono-wearing lessons, tea ceremony and flower-arranging classes, and on and on” (Abe, Shindo, and Kawato 1994, 179).

The task, then, is to move beyond these types of evidence to explore more systematically how stores of social capital may have changed over recent decades. The results of our research demonstrate that changes in social capital have remarkably little explanatory power with regard to levels of confidence in Japan, for by almost any available measure, social capital has been on the rise over recent decades. Indeed, by the most common metric, the number of interest groups in general and of voluntary associations in particular, has soared in Japan.

**Table 3. Interest Groups in Japan, the United States, and Korea, 1960-96**

	1960	1975	1986	1991	1996
<b>Japan</b>	<b>11.1</b>	<b>18.4</b>	<b>27.7</b>	<b>29.2</b>	<b>30.3</b>
USA	34.6	37.5	35.4	35.5	35.6
	(1962)	(1976)		(1990)	(1995)
Korea	–	12.8 (1981)	13.5	9.5	29.2

*Notes:* Number of interest groups per 100,000 people.

*Source:* From Yutaka Tsujinaka, "Interest Group Structure and Regime Change in Japan," Maryland/Tsukuba Papers on U.S.-Japan Relations, November, 1996: 12-13. Data for 1996 added from Yutaka Tsujinaka, Japan's Mature Civil Society and Its Interest Associations," paper presented at the Annual Meeting of the Association for Asian Studies, Boston, March 11-14, 1999. Data are for non-governmental, non-profit organizations and associations. Japan: Management and Coordination Agency, Bureau of Statistics, *Census on Establishments*, selected years; United States: Bureau of the Census, *County Business Patterns*, selected years; South Korea: National Office of Statistics, *Report on Census of Establishments*, selected years. Categories include: business, labor, political, civil (sic), professional, academic, and "not elsewhere classified."

The gains have been steady. According to leading experts, interest groups proliferated in Japan over the first two decades of the postwar period (Muramatsu, Ito, and Tsujinaka 1986, 72-76). Since then, the most ambitious study to date concludes, Japan's interest groups have moved toward "greater participation and pluralization"; indeed, the number of interest groups *almost tripled* between 1960 and 1996 (Tsujinaka 1999, Table 1; see also Tsujinaka 1996 and 1986) (see Table 3). By contrast, the number of interest groups in the United States, though significantly higher than in Japan, has remained flat.

The data in Table 3 present problems for distinguishing between voluntary and non-voluntary associations, at least initially. The figures for Japan, unlike those for the United States, do not include a category for civic associations as opposed to business, labor, political, professional, and academic groups. The data do reveal dramatic growth in every category, however, including the large and intriguing category "other," which includes civic associations along with foundations and quasi-official bodies (Tsujinaka 1999 and 1996: 21, 37, and personal communication with the author), and which *soared 430 percent* over three and a half decades. Collectively, these facts support the conclusion that all types of interest groups, including voluntary associations, are dramatically multiplying (see Table 4). Other sources provide additional evidence of the growth of horizontal organizations. Between 1965 and 1975, for example, citizens' grassroots groups organized to press for solutions to environmental problems mushroomed (Krauss and Simcock 1980, 187; Pharr 1990, 2-3). The number of people in consumer



cooperatives—organizations owned and operated by consumers to improve their daily life—almost quadrupled between 1970 and 1995, leaping from 12.7 million to 45.2 million people (*Asahi Shimbun* 1999, 195). Furthermore, hobby groups of the kind championed by Putnam scored impressive gains. In a 1996 government survey, 36.6 percent of respondents rated leisure and leisure activities as their highest priority in life—a doubling of the 18.1 percent who gave that answer in 1976—with group activities figuring prominently among people’s recreational interests. Bowling, the most popular sports activity, boasted 37.3 million enthusiasts (*Asahi Shimbun* 1998, 268, 272). The enormous popularity of foreign travel, which Japanese typically undertake in groups as an extension of the activities of clubs and other pre-existing social collectivities, is yet another sign of deepening social networks and enriched stores of social capital. Such travel has increased so dramatically over recent decades that Japan’s “tourist deficit” was responsible for 39.2 percent of the country’s trade surplus in 1996; more than 13.5 million Japanese traveled abroad for sightseeing that year (*Asahi Shimbun* 1998, 273).

**Table 4. Growth of Interest Groups in Japan by Type, 1960-96**

	1960	1975	1986	1991	1996	% increase 1960-1996
Business	4,698	10,027	13,386	13,798	14,728	313%
Labor	1,572	2,268	4,816	5,116	5,248	334%
Political	169	532	790	828	840	497%
Academic	147	455	679	878	942	597%
Other	3,771	7,332	13,997	15,520	16,224	430%

*Note:* Figures indicate number of interest groups.

*Sources:* From Yutaka Tsujinaka, “Interest Group Structure and Regime Change in Japan,” Maryland/Tsukuba Papers on U.S.-Japan Relations, November 1996: 12-13. Data for 1996 added from Yutaka Tsujinaka, “Japan’s Mature Civil Society and Its Interest Associations,” paper presented at the Annual Meeting of the Association for Asian Studies, Boston, March 11-14, 1999. Data are for non-governmental, non-profit organizations and associations. Japan: Management and Coordination Agency, Bureau of Statistics, *Census on Establishments*, selected years; United States: Bureau of the Census, *County Business Patterns*, selected years; South Korea: National Office of Statistics, *Report on Census of Establishments*, selected years.

In exploring claims that social capital may be eroding in the United States, television viewing has come in for scrutiny on the grounds that spending hours in front of the screen diminishes time for building social networks (Putnam 1996). The average number of hours Japanese spend watching television certainly merits attention because it surpasses even the U.S. level: while 53 percent of Americans watched two or more hours of

television per day in 1995, the figure was 59 percent in Japan (Inglehart 1996). Nevertheless, television watching is an unlikely explanation for the low levels of satisfaction with government and politics seen in Japan over many decades and for the rise in dissatisfaction witnessed in the 1990s. Low levels of political trust precede the television era, and heavy television viewing has actually *declined*: whereas 34 percent of respondents watched more than three hours a day in 1976, that figure had dropped to 24 percent by 1996 (Inglehart 1996; Flanagan 1996, 281).

To give the social capital explanation its due, we finally examined cross-sectional data from the 1996 Japan Election and Democracy Study (JEDS). If associational life is directly related in some fashion to confidence in politics and government, as some have claimed, then people embedded in dense social networks by means of multiple group memberships should have higher levels of political trust. But this is not the case: belonging to three or more groups of any kind or to several voluntary groups had no significant effect on one's level of political trust (Pharr 2000). Belonging to sports or hobby groups also made no significant difference. The only type of membership that was positively associated with satisfaction with politics was belonging to farmers' cooperatives, a type of "non-voluntary" association found in the rural stamping ground of Japan's conservative ruling party. Perhaps it is no surprise that farmers, who constitute the core of the LDP's support, would enjoy higher levels of satisfaction than most people with a political system that has been almost synonymous with that party. Indeed, the relationship between membership in farmers' groups and satisfaction with politics became statistically insignificant once we controlled for political ideology.

At the other end of the continuum, membership in a residential (*jumin*), consumer, citizens', or women's movement was inversely related to satisfaction levels. This finding, too, is not surprising. As Sid Tarrow notes, it is reasonable to expect that citizens who join social movements are less trusting of government and politics than people with more conventional types of group membership (Tarrow 2000; see also Hall 1997). It is nevertheless troubling that members of citizens' movements, which are widely interpreted as a bellwether of grassroots civic-ness in Japan, should be less satisfied with politics than members of other groups. Although the number of people in this type of group was small (18) in the JEDS data, their lack of trust raises especially serious doubts

about a direct relationship between social capital and political confidence. Indeed, when we combine this finding with the fact that voluntary group membership was a better predictor of dissatisfaction than satisfaction with politics (even though it did not approach levels of statistical significance), then any kind of a claim of a direct link between an individual's social capital and civic engagement on the one hand and political confidence on the other seems especially suspect.

These findings are consistent with the work of *Crisis of Democracy* coauthor Joji Watanuki. For Watanuki, embeddedness in dense social relationships and membership in traditional non-voluntary associations meant social capital, but of the "bad cholesterol" type. To him, like many other scholars, "dense social networks" have been virtually synonymous with clientelism. He has seen the kind of political trust generated within such social networks as a remnant of anti-democratic attitudes and behavior associated with "traditional" as opposed to "modern" behavior. Though such social capital was associated with high political trust, the result was bad for democracy. In contrast, membership in modern voluntary associations—of which citizens' groups and movements are an optimal example—translates into social capital of the "good cholesterol" variety. His "modern man" of the kind most desired in liberal democracies stands apart from traditional social networks, enters more new, vibrant, civic ones, and has "less trust in politics at all levels of government" (Watanuki 1977, 92).

An individual's degree of civic-ness, then, appears to have relatively little to do with that person's satisfaction with politics, at least in Japan. Furthermore, the data presented earlier on the rise of interest groups in Japan challenge even the "rainmaker" hypothesis that overall low or declining levels of social capital and social trust produce poor government, which in turn lowers political trust and confidence among all citizens (Pharr, Putnam, and Dalton 2000). The logic of the "rainmaker" hypothesis would lead us to predict better government in Japan as a consequence of the rise of associational life and increasing social trust, which in turn should translate into higher levels of satisfaction with politics. But this has not occurred. Low levels of satisfaction with and confidence in the political system have persisted at a time when interest groups of all kinds have been exploding on the scene, embedding Japanese in new kinds of social networks. Nor is the trend toward greater stores of social capital likely to subside. An "NPO [i.e., Not-for-

Profit Organizations] Law” that went into effect in December 1998 is expected to spur the growth of new civic groups by providing them with a long-sought avenue to legal status.<sup>8</sup>

### **Comparative Perspectives on South Korea**

How do these compare to those for elsewhere in East Asia, notably South Korea? Data are lacking for the period before 1981, but for the years since, the pattern of interest group formation has vacillated widely (see Table 5). Business groups—in 1981 the most prominent type of association—have dropped dramatically in number, while the number of citizens’ groups (which dominate the “other” category [Tsujinaka 1999:8]) and labor groups has soared, to the point that by 1996 citizen-led associations predominated in South Korea’s associational life. Between 1981 and 1986, social capital, to the extent that it is measured by the number of interest associations, actually declined. However, if we focus on the overall period between 1981 and 1996, the pattern strikingly parallels the one in Japan: a major leap forward (a 244% increase in the case of South Korea) in the total number of interest associations. Indeed, a 1987 upsurge in civil society—in a coalition including student and labor groups, writers, academics, professional association members, and members of religious groups of all persuasions, Buddhist, Protestant, and Catholic—is credited (as in the Philippines the previous year) with triggering the transition to democracy (Diamond 1999: 235-6). Furthermore, the dramatic increase reversing the earlier trend occurred recently, precisely when confidence in government and institutions suffered a downturn. For these reasons, then, the notion that social capital declines explain a downturn in citizen confidence in government is no more plausible in South Korea than in Japan.

**Table 5. Growth of Interest Groups in South Korea by Type, 1981-96**

	1981	1986	1991	1996	% change 1960-1996
Business	3,576	3,309	1,946	1,230	-291%
Labor	186	46	497	1,552	834%
Political	207	352	645	827	396%
Professional	254	733	703	875	344%
Other	739	1,064	312	8,594	1162%
Total	4,962	5,604	4,103	13,078	264%

*Note:* Figures indicate number of interest groups.

*Sources:* From Yutaka Tsujinaka, "Interest Group Structure and Regime Change in Japan," Maryland/Tsukuba Papers on U.S.-Japan Relations, November 1996: 12-13. Data for 1996 added from Yutaka Tsujinaka, Japan's Mature Civil Society and Its Interest Associations," paper presented at the Annual Meeting of the Association for Asian Studies, Boston, March 11-14, 1999. Data are for non-governmental, non-profit organizations and associations. South Korea: National Office of Statistics, *Report on Census of Establishments*, selected years.

### The Problem is Political

Focusing on Japan and South Korea, then, we conclude that the source of low satisfaction with politics lies neither in depleted coffers of social capital nor in the government's recent or past mismanagement of the economy, but in politics itself. The question is where. And though systematic data are lacking, preliminary evidence of the kind assembled here raise serious doubts that either an economic or social capital explanation sheds much light on diminished citizen confidence levels elsewhere in East Asia.

In looking at Japan, the first and most obvious possibility is that levels of political satisfaction have varied with the strength of the ruling party. Voters consistently returned the Liberal Democratic Party to power between 1955 and 1993, and once again after 1995. If party politicians are agents of voters, then it should follow that when an election results in a strong majority for the ruling party, a correspondingly large portion of voters should be satisfied with this outcome, and this in turn should translate into higher overall levels of political satisfaction. Conversely, a weak LDP majority should translate into lower levels of satisfaction. Despite the compelling logic of this hypothesis, numerous observers of Japanese politics challenge it with a diametrically-opposed hypothesis. In the absence of a better alternative, they argue, voters may have returned the LDP to power, but they still fear its excesses. If this line of reasoning is correct, then a strong LDP majority should mean lower overall citizen satisfaction with politics. As it turns out,

the evidence supports neither hypothesis (see Table 2). LDP strength was in fact positively correlated with political satisfaction (or, as stated in Table 2, it was inversely related to political dissatisfaction), but the relationship was not strong enough to be statistically significant. Thus we turn to other political explanations.

### **Misconduct and Public Distrust**

This investigation has brought us full circle, to focus once again on the performance of public officials. Although performance in managing the economy is a surprisingly poor predictor of satisfaction with leaders, as this paper has demonstrated for Japan, leaders' performance still remains a logical place to look. As Inglehart (1997a, 294-95) notes, it "seems inconceivable that governmental performance *would not* influence public evaluations" of the political system and government (italics in the original). Thus, we step back to consider leaders' performance more broadly.

This explanation is all the more compelling because of the close correlation in so many countries between low satisfaction with government and politics and negative evaluations of specific institutions of government, including the prime ministership, legislature, and bureaucracy (Pharr, Putnam, and Dalton 2000; Newton and Norris 2000). Over postwar decades marked by low levels of satisfaction with politics, distrust of politicians has been a regular feature of Japanese survey results. Although bureaucrats previously fared better, as overall levels of public distrust reached near-highs in the 1990s citizens reported little trust in bureaucrats as well. In a December 1995 survey, for example, 70 percent of respondents answered "no" when asked if they had confidence in legislators, and 65 percent distrusted central government bureaucrats (*Nihon Keizai Shimbun* 19 December, 1995, 1). In contrast to leaders at the national level, prefectural and local officials have enjoyed more trust, and this overall trend continues: the closer to the voter, the greater the trust (surveys conducted by the Clean Election League). Trust in local leaders dropped precipitously in the 1990s, however. Only 12 percent of respondents in one survey judged local government to be "quite responsive" or "somewhat responsive" to people's opinions and wishes (*Nihon Keizai Shimbun* 19 December, 1995, 1).

Some would argue that negative evaluations of public officials reflect a gradual increase in more general anti-authority attitudes that result from broad socioeconomic transformations (such as rising educational levels) in the advanced industrial democracies (Dalton 2000; Inglehart 1997a). Such an explanation is not very applicable to Japan, however. Asked to rate the trustworthiness of various domestic institutions in 1995, Japanese reported far more favorable impressions of the courts (29 percent), police and prosecutors (42 percent), hospitals (35 percent), and newspapers (34 percent) than about the prime minister (3 percent), the legislature (6 percent), central government offices (4 percent), and local government offices (9 percent). The Japanese public, in other words, makes distinctions when awarding trust, as did citizens in the United States, England, Germany, and France in response to the same survey (Gallup-Yomiuri Poll, May 1995, reported in *Yomiuri Shimbun* 22 June, 1995).

To advance the inquiry, we argue that the performance of public officials involves two dimensions: policy performance and "character." By the latter term, we mean conduct, or deportment, with respect to handling the duties and privileges of public office. A great deal of research has focused on how leaders perform in policy roles and how this affects a whole range of public responses, from voting to issue support. But as we showed, policy performance even in the crucial area of the economy appears to explain little about levels of public confidence or satisfaction with politics in Japan or elsewhere. In the remainder of this paper, we argue that a perceived leadership deficit in the second performance dimension, character, is the single best predictor of citizens' level of satisfaction with government and politics, at least in Japan.

This thesis flies in the face of much of the political science literature, in which citizens' judgments of character and of misconduct cases when they arise have been regarded as less durable or stable over time than the public's issue preferences (Page and Shapiro 1992). Despite the maelstrom of media furor and public debate that frequently greets corruption and other ethical lapses on the part of officeholders, the public reaction is thought to be epiphenomenal, in contrast to its views on policy issues. Some scholars treat corruption and other ethics scandals as socially constructed, implying that they have no real or lasting weight (Giglioli 1996, 381-93). Others claim, in the absence of any particular evidence, that low evaluations of politicians are a cause rather than an effect of

officials' misconduct: negative judgments of officials supposedly give license to officials' wrongdoing or, alternately and more cynically still, such wrongdoing should be taken as a given and comes to light only when citizens register low evaluations of leaders in general (Mortimore 1995, 579). Anthony King's call (1986, 173-222) for research that would link issues of official misconduct with larger characteristics of political systems was met with a deafening silence punctuated only rarely by serious investigations (Markovits and Silverstein 1988). And indeed, political science research grounded in economic theory, with its assumptions about self-interested, rent-seeking utility maximization, in effect treats corrupt government as normal and makes it hard to explain how the impulse to constrain corruption could arise (Miller 1992; Miller forthcoming; Bicchieri 1999). Although studies of individual corruption and political ethics cases go forward, and corruption itself, its causes and cures, attracts research, the deeper significance of character and misconduct issues for relations between mass publics and leaders in democracies goes largely unexplored.

The frequency with which politicians charged with major ethics violations are returned to office reinforces the assumption that character and ethical conduct are secondary to other dimensions of job performance (Peters and Welch 1980; Dolan, McKeown, and Carlson 1988). The view that leaders' conduct in office is of little importance to the Japanese public has been a persistent feature of research. Periodic corruption scandals have so flooded the political landscape that elections have even been named for them (e.g., the Lockheed Election of 1976, the 1983 Tanaka Verdict Election, the 1989 Recruit Election), leading to the conclusion that "structural corruption" prevails and is widely tolerated (Johnson 1986; MacDougall 1988; Reed 1994). Throughout the postwar era, much of this research maintains, citizens readily accepted politicians' corruption in exchange for porkbarrel benefits and high growth (Ramseyer and Rosenbluth 1993). As in the United States, the high reelection rate enjoyed by Diet members implicated in corruption scandals seemed to support such claims. Although Reed (1996, 5) shows that scandal-tainted Diet members have incurred a significant vote penalty (an average of 15,000 votes in 1976, for example), the simple fact that they were frequently reelected was taken as sufficient evidence that citizens accepted a Faustian bargain with the LDP: high growth in exchange for tolerance of corruption. Indeed, 38



years of uninterrupted rule by the LDP was taken as proof positive of citizen acceptance of character lapses.

This perspective, we hold, overlooks the many reasons why serious misconduct, as manifested in corruption and ethics scandals—whether socially constructed or not, and regardless of the forces that bring them to light—have to make a difference in the bond between the governed and those who govern them in the moral universe of democracies. After all, the basis for that bond involves a covenant between leaders and followers that is based on trust. Indeed, it is mainly in democracies that scandals over political ethics lapses on the part of leaders arise in the first place; elsewhere, they are generally suppressed. It is basic to democracy that there is continuing tension over the uses of political power, which is addressed—but never fully resolved—by sharply differentiating the public and private realms and relying on due process and public scrutiny to contain the secrecy and arbitrariness inevitably involved in the exercise of power. (Markovits and Silverstein 1988, 5-6; Huntington 1981; Sandel 1996). Given this ideological tension, the exercise of power is inherently suspect, and legitimate only when it occurs in public (Markovits and Silverstein 1988, 6). In countries with recent histories of massive abuses of authority, like Japan, Germany, and Italy with their legacies of fascism, and in South Korea, with its recent history of authoritarianism and repression, it is reasonable to believe that such suspicion is greater still.

Misconduct cases almost always involve activities of public officials that occur in secrecy outside the public realm and, in effect, extend political power arbitrarily, at the expense of rules and procedures designed to check abuse of privilege. Given the deep suspicion inherent in democracy toward something as basic to government as the notion of delegating power to leaders, it seems obvious that violations of trust in the leader-follower bond potentially have an important bearing on the public's overall confidence in, and satisfaction with, democracy itself and the institutions it comprises.

Despite the suppositions of many political scientists, there is abundant evidence to support the claim that mass publics take misconduct charges seriously. Studying trends in American public opinion and policy preferences over a fifty-year period, Page and Shapiro found that official misconduct and corruption were among the very small number of triggering events for abrupt but enduring shifts in public opinion. Among other things,

the Watergate revelations “led many people to conclude that campaign finances needed closer regulation...and that the presidency itself should be restrained”; similarly, reports of corruption in labor unions “contributed to increased support for strict regulation of labor” (Page and Shapiro 1992, 337-38). Even in Japan, where the public is widely thought to be inured to misconduct on the part of officeholders, public opinion surveys routinely show that citizens rate political ethics violations as one of the most important issues that need to be addressed. In the 1996 JEDS, 20 percent of respondents ranked political ethics among the top problems facing Japan, and an additional 40 percent listed administrative reform, which to many people means downsizing bureaucracy and reducing its discretion as a response to recent cases of wrongdoing by officials (Pharr 1998). Furthermore, there is substantial evidence that the quality of politics is of considerable importance to citizens’ lives. In a 1987 survey, when asked whether improving politics had any relation to their lives, 65 percent of respondents said that it did; only 15 percent saw no meaningful connection between the two (Yamamoto 1995, 93).<sup>9</sup>

There is ample evidence that what people do, as well as what they say, is affected by their perceptions of how their leaders are behaving in office. The presumption that voter disapproval of scandal-tainted candidates can be measured only by whether they lose or win by a reduced margin of victory has been strongly challenged; it has been argued that the total movement of votes is a far more accurate measure (Lodge, Steenburgen, and Blau 1995). By analyzing the results of three major Lower House elections in Japan in which major corruption cases figured prominently, Reed calculated both the “scandal penalty” to incumbents and the vote gain to alternative new party candidates as a result of vote-switching, and he concluded that the 1993 defeat of the ruling LDP is best interpreted as a delayed response to these corruption scandals and the lack of significant political reform in their wake. Japanese voters routinely penalize incumbents who are implicated in conduct-in-offices lapses by switching votes away from them when a new alternative candidate appears (Reed 1996, 8-9). Watershed misconduct cases such as Watergate in the United States are widely agreed to have major, long-term effects on voter turnout. If misconduct cases can have these kinds of effects on citizen behavior, then it is reasonable to explore their effects on more basic orientations of the kind

reflected in citizens' level of confidence in, and satisfaction with, politics and government.

### **Misconduct Reports**

There are formidable obstacles to testing the hypothesis that officials' misconduct has important consequences for public confidence in government and that changes in this dimension help explain changes in confidence levels. Because the absolute amount of misconduct is unknowable, our assessments must be based on reported wrongdoing, but the level of reported misconduct in a country can increase for two reasons. First, the amount of wrongdoing may have actually increased. Second, it is possible that more wrongdoing is being reported than in the past irrespective of the actual level of misconduct; this may occur because the legal environment has become more restrictive or because of increased media attention to cases of misconduct.

For the purpose of investigating the relation between reported misconduct and citizen confidence, we take the position that which of these reasons applies is not really relevant. A given report of misconduct is a fact, a data point, in that it records a specific occurrence in which a public official is accused of wrongdoing. Obviously, it matters a great deal to democracy and the quality of political life whether an increase in the number of such reports represents an objective increase in official misconduct or an increase in information about such misconduct. The remedies for the former (e.g., increasing the penalties for wrongdoing, raising the salaries of public officials to reduce incentives to misbehave) are not the same as those for the latter (e.g., changing the nature and amount of media coverage). The immediate issue for us here, however, is not what remedies are in order, but simply whether reports of misconduct have increased, and if so, whether this change affects citizens' satisfaction with politics.

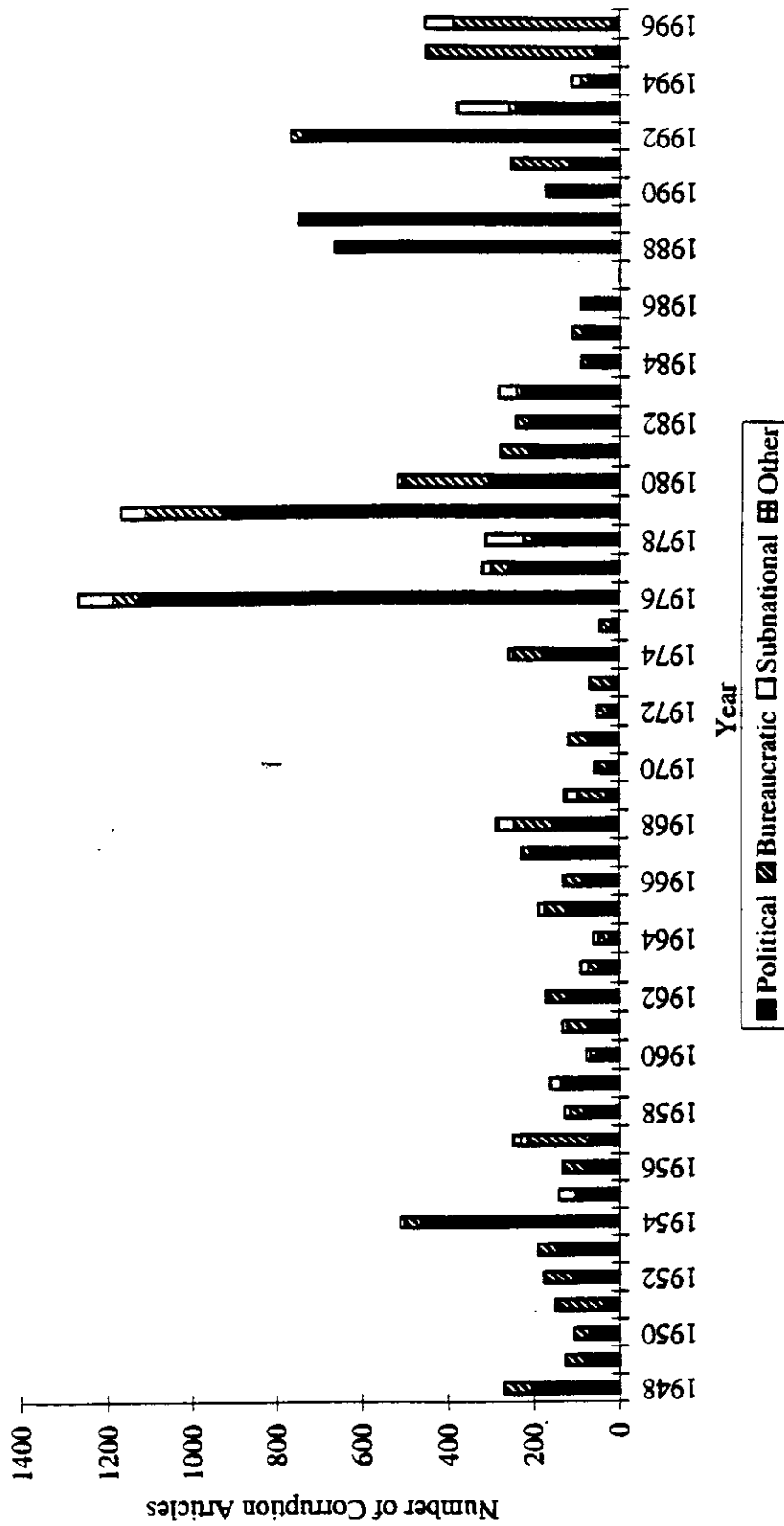
To test for this relationship over recent decades in Japan, we first compiled an *Asahi* Corruption Report Database for the years 1948 through 1996. The database consists of all stories that appeared in *Asahi Shimbun*, one of Japan's four leading, mass circulation daily newspapers, on the subject of corruption, categorized as political, bureaucratic, subnational, and other. Selecting one newspaper might be a problem in some countries such as the United States, where almost all newspapers are local. In Japan, however, the

major newspapers are national, and though research does reveal modest ideological differences among them, a number of characteristics of the Japanese news media assure relative uniformity of coverage (Freeman 1995; Pharr 1996). Stories that dealt with corruption occurring in other countries were excluded unless they involved Japanese nationals, in which case they were classified as "other." The resulting database consisted of over 15,000 corruption reports (see Figure 1).

A number of features stand out in the pattern that emerges. An obvious one is the importance of a single watershed misconduct case, the Lockheed scandal of 1976. Like the Watergate scandal of a few years earlier in the United States, no scandal since that time has attracted comparable media coverage.<sup>10</sup> But if the Lockheed case is in a league of its own in the number of corruption reports it generated, there has been a dramatic ratcheting-up since then in the average number of corruption reports per year. Thus, between 1948 and 1975, the annual number of misconduct reports exceeded 200 in only five years; in contrast, for the years 1976 through 1996, the number of such reports exceeded 200 in *all but* five years. Furthermore, compared with the previous decade, the annual average jumped significantly in the 1990s. In the first half of the 1990s, for example, the average annual number of misconduct reports implicating bureaucrats increased by 27 percent over the annual average in the 1980s.

The *Asahi* Database provides a starting point in our analysis; the next step is to explore the relation in recent decades between misconduct reports and levels of citizen satisfaction with politics. If, as many scholars have claimed, character and misconduct issues are of little real importance to citizens or if citizens discount them in various ways, then the number of misconduct reports in the media should have no bearing on something as fundamental as people's overall satisfaction with politics and government.

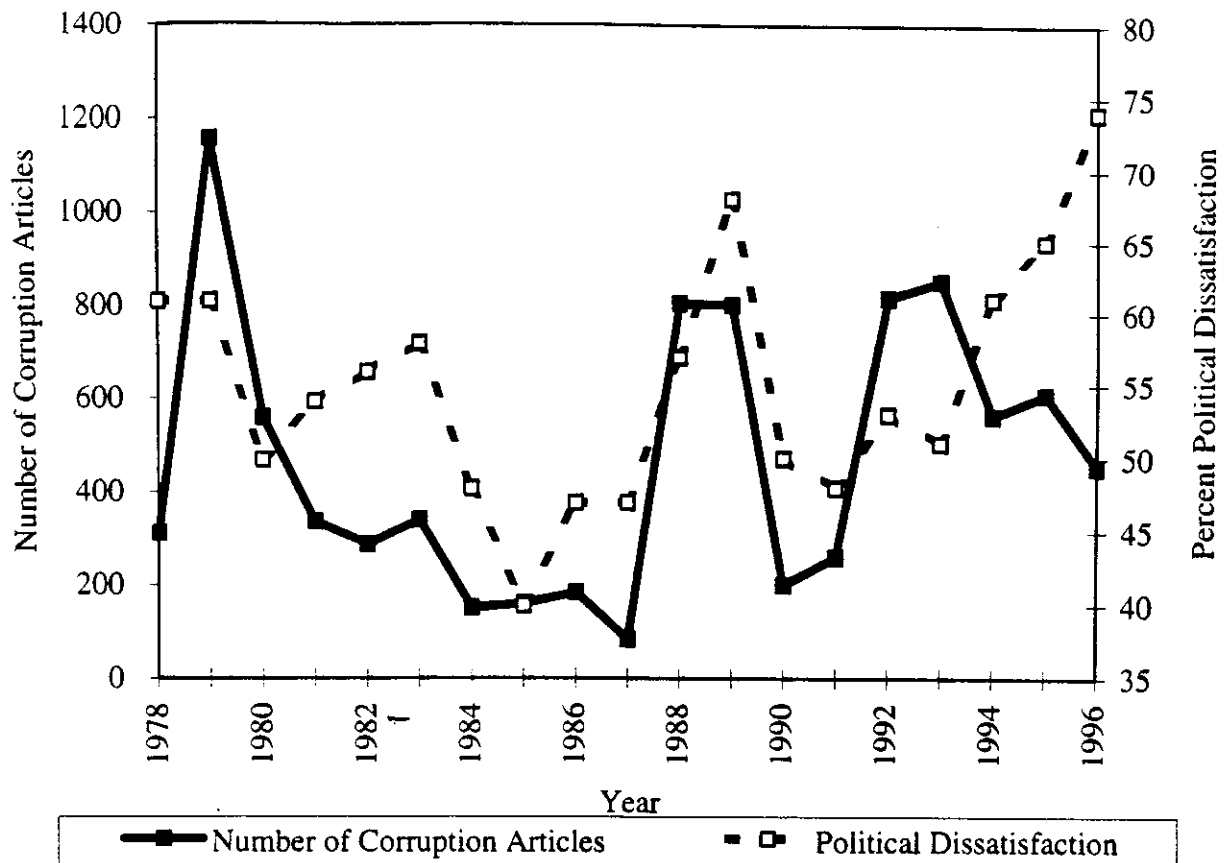
Figure 1. Media Reports on Corruption in Japan, 1948-1996



Note: Number of corruption-related articles per year, classified according to the four categories political, bureaucratic, subnational, and "other," which includes corruption occurring outside Japan but involving Japanese public officials and general articles on corruption.

Sources: The annual number of stories on corruption in Japan as reported in the *Asahi Shimbun*, one of Japan's top four daily author using optical-disk indexed storage files, clipping counts, and, for updating, keyword searches of the *Asahi Shimbun*.

To determine whether misconduct matters, we conducted a time-series analysis of the relation between the level of misconduct reports and the level of dissatisfaction with politics over the years 1978 through 1996 in Japan and plotted the result (see Figure 2). The result is quite striking. Not only do confidence levels mirror to a remarkable degree swings in the number of misconduct reports over the period in question, but causation is strongly implied by the fact that a spike in citizens' dissatisfaction with politics follows closely on the heels of a spike in misconduct reports. The pattern is especially dramatic over the years 1988 and 1989. The Recruit scandal broke in 1988, sending the number of corruption stories soaring, and soon after, levels citizen dissatisfaction reached a record high.

**Figure 2 Corruption and Dissatisfaction in Japan, 1978-96**

Notes: Political dissatisfaction: percentage of respondents answering "dissatisfied"

when asked, "In general, are you satisfied with politics today, or are you dissatisfied?" See Table 1 for details.

Sources: Political dissatisfaction data: *Asahi Shimbun*, Tokyo Morning Edition, selected years.

Corruption reports: the annual number of stories on corruption in Japan reported in *Asahi Shimbun*. See Figure 1 for details.

To explore the relationship with somewhat greater precision and take into account other explanations for changes in levels of citizen confidence, we ran a Cochrane-Orcutt regression that included LDP strength and the most promising of the many economic variables we had tested earlier. The result offers exceedingly strong evidence of a positive relationship between reports of officials' misconduct and citizen dissatisfaction (see Table 6). The tepid correlations for the "Big Three" economic variables of unemployment, inflation, and income growth (see Table 2) pale beside the robust correlation (.58) between misconduct reports and citizens' dissatisfaction with politics.

Misconduct reports are the one and only variable that rises to the level of statistical significance ( $p \leq .050$ ).

**Table 6. The Effect of Corruption Reports, LDP Strength, and Changes in Economic Conditions on Political Dissatisfaction in Japan, 1978-96**

	Coefficient	STD. Error	T-Statistic	P>T
Number of corruption articles in <i>Asahi Shimbun</i>	0.017	0.007	2.23	0.050
Dissatisfaction, preceding year	0.524	0.336	1.56	0.149
GDP, annual change	-1.45	1.48	-0.986	0.369
Inflation	0.073	1.35	0.054	0.958
Unemployment	11.6	7.47	1.55	0.153
LDP Strength	0.767	0.581	1.32	0.216
Constant	-45.7	50.5	-0.905	0.387
Adjusted R-squared	0.46			
Number of observations	17			

*Notes:* Cochrane-Orcutt regression correcting for serial auto-correlation.

*Political dissatisfaction:* The percentage of respondents who answered "dissatisfied" to the question, "In general, are you satisfied with politics today, or are you dissatisfied?"

*GDP, annual change:* annual percent change in real gross domestic product; base year of 1990.

*Unemployment:* percentage of the workforce that was completely unemployed.

*Inflation:* annual percentage change in the consumer price index; base year of 1995.

*LDP strength:* percent of total seats in the Lower House held by the Liberal Democratic Party.

*Sources:* *Dissatisfaction data:* *Asahi Shimbun*, Tokyo Morning Edition, selected years. See Table 1 for details. *Corruption reports:* *Asahi Shimbun*. See Figure 1 for details. *Unemployment and inflation data:* Japan Management and Coordination Agency. *GDP data:* International Monetary Fund (IMF).

## Conclusion: Perspectives on East Asia

In explaining people's satisfaction or dissatisfaction with their leaders and government, many observers claim that the state of the economy, above all else, shapes how citizens feel about their government and leaders. Meanwhile, an outpouring of scholarship in recent years posits that social capital holds the key for taking the measure of democracy and, by extension, for shaping public orientations toward political life. This paper has demonstrated that at least for Japan, neither explanation has much relevance for understanding and interpreting changes in citizens' basic level of satisfaction with government and politics over the past two decades.

That economic conditions have limited explanatory power is supported not only by the results presented for Japan in this paper, but by studies involving a wide range of countries. After examining much evidence, Ian McAllister, for example, concluded that "the political economy of confidence in democratic institutions is...strictly limited." The



finding, he concludes, holds especially well for the established democracies such as the United States, and less well in newer democracies, where economic volatility is far greater and where democratic institutions have less legitimacy and are more likely to be blamed in an economic downturn (McAllister 1999: 203).

Looking beyond Japan to the newer democracies of South Korea and Taiwan, however, the case can be made that these potential effects have been offset by the broad consensus on economic growth across the political spectrum. Thus South Korea and Taiwan, Diamond argues, are more like the advanced industrial countries in the relation between economic conditions and citizen confidence in the institutions of representative democracy, in that the “band of variation” in debate over macroeconomic policy, tax policy, wage increases, and the like is much narrower than in many new democracies in other regions, including Latin America and Central and Eastern Europe (Diamond 1999:86). There is some evidence that the severe economic disruptions in South Korea resulting from the Asian financial crisis had some adverse effects on citizen evaluations of democratic institutions, but the nation’s rapid recovery from the crisis gives a basis for believing that these may be short-lived. On the eve of the financial crisis in 1997, it is quite striking that 89 percent of even those citizens who said they were dissatisfied with democracy also said that they wanted a more democratic government (Rose, Shin, and Munro 1999: 164).

The finding that stores of social capital have little bearing on citizen satisfaction with politics and government in Japan and South Korea echoes the conclusions of a great deal of recent research on a variety of advanced industrial countries (Hall 1997; Newton 1997a). The evidence for Japan and indeed for South Korea poses a particularly strong challenge to theories that posit a link between social capital and citizen confidence levels. Low satisfaction with government—which fell lower still in the 1990s—has characterized decades over which Japan’s stores of social capital have increased dramatically by a wide variety of measures, and in South Korea, the downturn in institutional confidence at the start of an era when voluntary associations, including civil society groups, were soaring in number further challenges the claims for such a relationship.

Governmental performance, then, holds the key for illuminating citizens' confidence in the government. But policy performance—at least in the all-important economic domain—explains little when it comes to public trust. We therefore shifted our focus to a second dimension of leaders' performance, which we call "character," their deportment in carrying out their duties on behalf of the citizens they serve. This paper has provided a strong basis for the claim that severe misconduct by leaders is a far more important cause of citizen distrust in political institutions than either economic or social capital deficits. Indeed, the paper showed that at least for Japan, leaders' reported corruption was by far the single best predictor at any given point in time of confidence in government over the past two decades. The more numerous the media reports of leaders' misconduct in office—as measured by the number of corruption stories between the years 1978 and 1996 in Japan's national daily newspaper of record—the lower the public's confidence in government.

Is this result surprising? After all, it stands to reason that leaders' poor conduct in office would diminish citizens' trust in them. However, as noted earlier, previous research often has been dismissive of corruption as a major factor of consequence in democracies. A great deal of work on Japan and elsewhere in East Asia, for example, has portrayed the public as inured to corruption, willingly or tacitly accepting it in exchange for high economic growth. Alternately, research has seen the public as critical of corruption, but only cyclically: that is, it is claimed that the public normally tolerates it, but in the face of a major corruption scandal rises up against it only to return to passive acceptance of corruption once the case disappears from the headlines. However, this paper shows, in the case of Japan, that both through good economic times and economic downturns the level of reported corruption consistently predicted public trust levels, and furthermore that there was little evidence of a cyclical trend. It is true that the pronounced downturn in public satisfaction in government in Japan dates from 1988, when a major corruption scandal (the Recruit scandal, involving gifts of stock by an upstart service sector firm to a wide circle of Japan's leadership in exchange for favors that in most cases were not specified) broke, but there is little evidence of a cyclical effect since that time. Instead, public concern over corruption, far from fading, appears to have been sustained over the past decade, creating an environment of greater public scrutiny of the conduct of

leaders to which the Japanese media have been highly responsive, and leading to demands for reform. Indeed, so great have been the public's demands for reform that the Liberal Democratic party, in power virtually continuously for 38 years, fell in 1993 when internal division over how to respond to reform pressures caused fractures within it and the exit of break-away parties. Looking at South Korea, there is considerable evidence that the climate of fairly sustained public scrutiny of leaders prevails there as well in the 1990s, also set in motion by the surfacing of corruption cases on a momentous scale.

Reports of leaders' misconduct are obviously open to interpretation. Some observers would argue that in certain industrial democracies—particularly Italy and Japan, given the scale and number of corruption cases that have come to light—the actual amount of wrongdoing by public officials may have increased over recent decades. Others would contend that changes in technology and in the political economy of the mass media in the established democracies are eroding the boundaries between the public and the private, thereby exposing officeholders to greater scrutiny and more charges of wrongdoing. The position we adopt is that whichever of these is true (and they are not mutually exclusive), this is basically irrelevant to an investigation of whether reports of misconduct matter to citizens.

A major issue, of course, is why reports of misconduct apparently matter so much to citizens in contemporary democracies. After all, leaders' policy performance has a far more direct effect on their lives than a great many types of misconduct by officials. Even in Japan, which has experienced a series of major corruption scandals implicating a significant number of politicians (if far fewer than was the case in Italy's Tangentopoli scandal of 1992), most incidents have involved illegal campaign contributions; in other words, citizens experienced no direct harm. In order to explain why misconduct matters, four factors stand out. First, given the premise that democracy depends on the accountability of public officials to citizens, misconduct reports represent information that is relevant to everyone, not just a select few (unlike many public policies). Second, officials' misconduct inevitably involves violations of the rules and procedures that are supposed to govern political life, and evidence of such misconduct thus gives rise to perceptions that the political system is basically unfair. A wealth of recent social psychology research establishes the central importance to people of procedural fairness in

shaping their basic reactions to authority and the law. Lind and Tyler found that procedural fairness generally mattered more to people than actual outcomes, suggesting why policy performance may trail officials' misconduct in shaping basic orientations toward the political system (Lind and Tyler 1988; Tyler 1990). Third, compared to many other kinds of information about what the government does, newspaper accounts of misconduct on the part of public officials are generally easy to understand, in part because they closely parallel ethical and moral dilemmas in everyday life or can easily be related to citizens' lives through media priming (Iyengar and Kinder 1987, 114-16). Fourth, because of the presumption of accountability in liberal democracies and also because of the often-strong moral content of the charges themselves, misconduct reports are likely to trigger what cognitive psychologists call "hot cognitions," judgments that carry powerful emotions, facilitating the retention of such reports (Zajonc 1980). And indeed, empirically speaking, we know that across class, educational, and age lines, people tend to be remarkably aware of major corruption cases, often far more than they are about many other domains of government action or policy. For all these reasons, leaders' misconduct offers an important key for understanding declining citizen confidence in government.

Finally, there is the issue of how widely the findings reported in this paper hold. Though systematic comparative data are lacking, preliminary evidence for Italy, France, and Germany, and indeed for a wide range of industrial nations, reveals a striking (albeit rough) correlation between citizen confidence in government on the one hand and perceived level of corruption on the other (della Porta 2000). When it comes to newer democracies, such as those elsewhere in East Asia, there is a strong basis for believing that misconduct in the form of corruption matters far more. After all, by the standards of many new democracies, corruption in Japan has been on a modest scale. Even the Lockheed scandal of 1976, which generated more media coverage than any other postwar scandal, involved a bribe to Japan's prime minister of under \$3 million. In a substantial number of Asian countries, the sheer scale and frequency of corruption, before and after the era of democratization, is vast in comparison. By the time of his death in 1963, for example, the Thai military dictator Sarit Thanarat had amassed a fortune that corrected for inflation equaled 26% of Thai government spending in 1990, and according to *Time*

Magazine, the wealth of Indonesia's President Suharto came to \$15 billion during an era when his salary was \$36,000 per annum (*International Herald Tribune*, July 21, 1999). Major scandals over corruption on a massive scale have rocked governments and leaders in South Korea, Cambodia, and the Philippines, in addition to Thailand and Indonesia. Furthermore, for many of these countries there is hard evidence of the seriousness citizens assign to corruption. Among South Koreans surveyed in 1990, for example, when asked about obstacles to democratization, "politicians' corruption" outranked all other replies (Cotton 1995).

Much attention has focused on the harmful social and economic effects of corruption, and major international institutions, from the World Bank to OECD, have taken steps in the 1990s designed to curb it. This study suggests yet another adverse and until recently, little-studied effect of corruption, namely its corrosive effects on the bonds that link citizens in democracies to their leaders and political institutions. In a post cold war world, democracy has emerged as the leading political system with no real rivals, but sustaining democracy requires, above all else, public trust. Taking steps to foster and maintain responsible leadership, political and bureaucratic, is thus a critical issue for the next millenium.

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## Notes

<sup>1</sup> Until 1994, Japan had a system of medium-sized, multi-member electoral districts that weighted rural votes over urban ones and, critics held, drove up campaign costs by pitting members of the same party against one another for the multiple seats available. A major political reform package passed on January 29, 1994 introduced a new system that combines redrawn and smaller single-member districts with proportional representation. A new law provided public campaign funds for the first time; it made available ¥30.9 billion (\$283 million) to be distributed among parties. Furthermore, in a frontal attack on “money-power politics,” the reform package set limits on company donations: companies can contribute no more than ¥500,000 (\$4,600) per politician per year, and the law virtually phased out corporate contributions to candidates over a five-year period. (See Hayano, Sone, and Uchida, 1994; also, *Economist*, February 5-11, 1994, 27.)

<sup>2</sup> The survey data presented here are from *Asahi Shimbun*, one of Japan’s four national, mass circulation dailies. Although it is considered to be on the liberal-progressive end of Japan’s political spectrum, it is the daily most widely read by opinion leaders. The two-decade trend revealed in the Asahi data is mirrored in NHK data as well as other data sources (Pharr, 1997). Unfortunately, most surveys relevant to this inquiry have asked about “satisfaction” (*manzoku*) with politics rather than about “confidence” or “trust.”

<sup>3</sup> The percentage of people considering themselves middle-middle class fell from 60.6 percent in 1979 to 53.6 percent in 1992, while the percentage who considered themselves lower-middle class correspondingly rose from 22.2 percent to 26.2 percent. The difference in income between these two groups is quite small. The most significant difference is in the floor space of their homes: an average of 50 square meters for the self-identified lower-middle class versus 75 square meters for those who thought of themselves as middle-middle class (NHK 1995, 229-33).

<sup>4</sup> Fifty-eight percent of Japanese believed that the next generation would be worse off compared to 56 percent of French, 70 percent of Germans, 64 percent of Canadians, 63 percent of Britons, and 60 percent of Americans (International Gallup Poll, April and May 1995).

<sup>5</sup> The “Big Three” economic variables in VP work are widely agreed to be inflation, unemployment, and income growth (Fair 1978, 164; Lewis-Beck 1988, 29; Nannestad and Paldam 1994; Schneider and Frey 1988, 243). In Australia, Denmark, Germany, Great Britain, New Zealand, Sweden, and the United States unemployment typically trumps inflation or income growth in importance for electoral outcomes; in Japan, however, inflation and income growth have been found to matter more (Schneider and Frey 1988, 247).

<sup>6</sup> See discussion of this explanation later in the paper.

<sup>7</sup> Although none of the economic variables meet tests of significance, this finding (paralleled by a similar finding of a positive relationship between GNP growth and dissatisfaction) raises at least the possibility that economic prosperity in Japan — and with it, the spread of education — has, if anything, helped create a more skeptical citizenry rather than inspire public trust.

<sup>8</sup> Under the new law, which was expected to take effect in April 1999, the government will grant corporate status to groups whose activities fall within 12 areas: health and welfare; social education; community development; culture, arts, and sports; environmental protection; disaster relief; community safety; human rights and peace advocacy; international cooperation; gender equality; youth programs; and groups providing aid to citizens’ groups that fall in one of the other categories. Official status will make it easier for groups to rent space, order phone service, and open bank accounts. On the basis of an April 1997 Economic Planning Agency survey, it was anticipated that over 10,000 civic groups would apply for corporate status under the new law (*Japan Times Weekly International Edition*, March 30-April 5, 1998, 4).

<sup>10</sup> Data are from the Akarui Senkyo Suishin Kyokai (Clean Election League) national survey conducted in March 1987. Fourteen percent of respondents said they saw "no relationship between politics and our lives," and another 15 percent said, "We do not count on politics to improve our lives."

<sup>11</sup> According to preliminary work on a similar database for the United States that uses a Lexus-Nexus search of *The New York Times* for the years 1969-96, the nearest rival to Watergate (which resulted in 6,874 reports in 1973) was Whitewater (with 727 reports in 1994). The other leading conduct-in-office cases in the United States for this period (and the number of reports for each) were: Ellsberg Break-In/Pentagon Papers, 1971 (661); Abscam, 1980 (555); Wedtech, 1987 (409); Tongsun Park, 1977 (266); Vesco, 1973 (215); Keating, 1990 (117); House banking scandal, 1993 (113); FBI files ("Filegate"), 1996 (43); and the White House Travel Office, 1993 (42).

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