Kjeld Eric Brodsgaard and Susan Young (eds.), *State Capacity in East Asia: Japan, Taiwan, China and Vietnam*, Oxford University Press, 2000

The concept of state capacity has attracted increasing attention in recent years. At a normative level, it has provided a rallying point for scholars dissenting from the dominant neo-liberal paradigm. It has a double appeal, attracting those in developed states looking for alternatives to pro-market ideologies, as well as those in developing states dissatisfied with the market-focused 'Washington consensus'. The idea of state capacity has also proved fruitful theoretically. It suggests a common point of reference for otherwise disconnected fields such as area studies, comparative politics and institutional theory in its various forms. Scholars such as Douglass North have provided one framing; others have been offered by historical institutionalists such as Linda Weiss or Peter Hall and David Soskice.

State capacity presented what seemed at least a robust summary construct and at best a testable model. In one formulation, it provided a powerful interpretative prism through which state evolution over prolonged periods could be analysed. Specific capacities such as extraction, penetration, legitimisation and coercion were identified. Other approaches associate particular capabilities with particular state orientations and/or aspirations. For example, contributors to this present volume introduce or cite a number of summary (descriptive or normative) metaphors for 'strong' states, including 'developmental', 'entrepreneurial', 'networked', and one, namely 'sandwiched', for a 'weak' state. This last refers to states that are jammed between the external pressure of the global economy and internal forces of social change. More recently, Hall and Soskice have developed a testable theory of comparative institutional advantage which has wide potential application. (*Varieties of Capitalism, The Institutional Foundations of Comparative Advantage*, Oxford University Press, 2001.)

The present study explores the framing of state capacity associated with the so-called East Asian developmental states. Here there seemed clear evidence of the contribution of strong states to just growth. A particular suite of capabilities was associated with this outcome. Pioneered by Chalmers Johnson, extended by Robert Wade and most recently refined in Peter Evans’ concept of ‘embedded autonomy’ or Linda Weiss’ ‘governed interdependence’, the developmental state constituted an influential contribution to the conceptual repertoire. It offered an alternative paradigm to that sponsored by neo-classical economists and the major
developmental agencies, such as the World Bank or the IMF. In the literature on East and Southeast Asia, this concept was originally minted as a description of Japanese experience and observed (in variants) in Korea and Taiwan. In these latter states, and until the early 1990s, authoritarian governments provided the political base. Most recently, new elements enter the equation as democratisation takes root. The application of this concept to Southeast Asian states was more problematic. Malaysia has sought to emulate aspects of this approach and Indonesia, if only for a brief period and in particular sectors, gestured to state-led development. It was never much evident in the Philippines or Thailand. The financial crisis has profoundly effected all these societies.

This present volume, compiled after the financial crisis, presents 12 essays that together offer sustained, if varied, reflections on the concept of state capacity and its particular operationalisation in East Asia. It is an eclectic collection, perhaps appropriate to the protean character of the central concept. Three essays explore aspects of Japanese experience, two cover the evolution of state capacity in Taiwan, one compares Taiwanese and Chinese experience, three essays focus on aspects of Chinese social and economic development and two essays explore Vietnamese experience. A concluding, more speculative, paper by David Apter ostensibly explores the outlook for these latter two states, but his wise meditations range much more widely. After so many chapters have cast doubt on its viability, Apter ends the volume with a clear affirmation of the normative value and explanatory power of state capacity. He does this without in any way glossing over its complex structure or evolving character.

It will be immediately apparent that the countries covered differ widely in their economic, social and political experience. This is reflected in the patterns of state capacity that are discussed. Further, whilst some essays focus on the specific links between state capacity and economic development, most also broaden their purview to include political and social development. This naturally extends significantly the complexity of the analysis.

As noted above, no coherent idea of state capacity emerges: indeed one could be forgiven for questioning the viability of the governing theme in the face of the seemingly discordant variations that follow and the methodological and empirical scepticism that is advanced. This is particularly the case in the first two essays on Japan, by Sam Steffensen and Anil Khosla respectively.

Indeed, there would seem to be two principle themes unifying this otherwise extraordinarily diverse collection of perspectives. One is a critique of the concept of the developmental state in its varied mutations. The other involves an effort to extend the idea of state capacity – to accommodate the dynamic elements, both domestic and external, that are obliging states to redefine themselves. Here the task is to specify more precisely the systemic challenges associated with various transitions, or more accurately co-occurring transitions. In the case of East Asian states, this includes Japan’s gestures towards some new politico-economic settlement, in Taiwan’s case the endeavour to accommodate new patterns of state–society interaction and in the case of China and Vietnam, to reconcile the dynamics of a market economy with what is termed ‘managerial socialism’.

David Apter, in the concluding essay, offers a beautifully condensed summation of the way these antinomies are reconciled in western systems. Beneath the often turbulent surface of mature democratic-market-oriented states, he suggests, are two mutually responsive domains ‘economic and political, in which money and votes are instruments of exchange, reflecting the preferences and needs of consumers and voters, their twin sovereignties registered in
appropriate institutions of accountability, consent, law and constitutionalism, with political ‘order’ less a result of the exercise of state violence than a principle of moving equilibrium. Such equilibrium is not without unrest. But unrest, unwelcome though it might be, also provides information. Moreover, in each market there are ways of compensating for inequities, adjusting grievances and making compromises which, even if they satisfy no one completely, make for long-term stability’ (p. 280). In considering the relevance of this order to east Asian transitions, one is reminded of Karl Polanyi’s graceful study of its troubled and contingent genesis.

Later, referring specifically to China and Vietnam, Apter comments: ‘There is virtually no conception of how the intersection of the economic and political might work to establish ‘order’ as a moving equilibrium based on a preference schedules and tandem relationships between the economic and political and their ability to produce self-rectifying compensatory policies’ (p. 288). Earlier in the present volume, Thomas Gold and Jurgen Domes, in stimulating essays on Taiwan, had explored how a democratic transition is (perhaps) progressively embedding analogous capabilities in that remarkable polity. A study of recent Korean experience, which contrasts so sharply with the Taiwanese story, is a notable omission from this volume.

In the light of Apter’s prism, the individual essays on China and Vietnam might be seen as detailed studies of particular aspects of the complex and multi-facetted transitions that are occurring in both states. Apter himself recognises the possibility of some uniquely post-socialist form that would reconcile economy and polity in a new pattern. A new durable politico-economic architecture is not ruled out. But Apter is sceptical. Meantime, the contradictions that he foresees in politico-economic evolution, the lacunae that the leadership exhibits and the ambitions that they harbour, lead him to pessimistic conclusions concerning the outlook, particularly for China. Brodsgaard and Shel in an essay on the informal economy in China, perhaps lend more weight to the possibility of a unique form reconciling economy and polity. But Bakkens essay on the diminution of social control suggests contrary pressures.

As mentioned above, two of the three essays on Japan challenge the developmental state concept and approach. Referring to Linda Weiss’ concept of a transformational state (The Myth of the Powerless State, Polity Press, Cambridge, 1997), Steffenson makes the obvious point that its presence could never be determined until after the event. He ridicules earlier characterisations of the United States as a weak state. He also suggests much of the social science literature on Asia reflects ‘a natural urge (by social scientists) to construct flexible frameworks of interpretations extracted explicitly from their own experiences, for example, by reflecting the prevalent social exchange and network character of their own societies’ (p. 25). The essay form is too contained for a fully convincing rebuttal of developmental interpretations of Japan, which Steffensen attempts. Nevertheless there is enough here and in Khosla’s following essay to pose methodological and empirical questions that deserve a response. At the least, they mount a powerful case against any narrow conception of this construct.

There is no easy coherence between the essays collected in this volume. Casual readers might see only an eclectic array unified by what is at best no more than a contested metaphor. But broader themes are available for readers willing to do the work. The concept of state capacity in East Asia needs regrounding. Its architecture is being re-patterned at both systemic and sub-system (or specialised) levels. (For example, Ronald Dore in a recent study of Japan offers, a fuller exposition of that country’s options. Whilst discounting the likelihood of
convergence, he nevertheless acknowledges the special pressures occasioned by global financial integration. *Stock Market Capitalism: Welfare Capitalism*, Oxford University Press, 2000.) Perhaps institutional theory could underpin a more robust model. Meantime, in the East Asian context, even an inductive construct must recognise and accommodate at least five (dynamic) factors:

1. first, responses to economic globalisation (particularly of capital markets) and regional economic integration;
2. second, domestic political change, including (where appropriate) democratisation and state-society interactions;
3. third, the precise moments that are pertinent in one or both of these latter transitions;
4. fourth, the state’s historic trajectory, particularly its ‘received’ orientations and aspirations; and
5. finally, the competing ideologies which, at each systemic level, frame choice sets and transfigure uncertainty.

Convincing accounts of state capacity, whether synoptic or specialised, now need to be framed in the context of at least this range of pressures. This is a formidable test of imaginative power. To those attracted by this challenge, this present volume offers both reward and stimulus.

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Grimes has written a richly detailed and thoughtful book that purports to explain one of the greatest puzzles troubling observers of Japan: how did such a well-run economy get into so much trouble? His answer is that the very strength of the Ministry of Finance (MOF) in keeping down budget deficits resulted in the overuse of exchange rate policy and monetary laxity to solve Japan’s various and sundry stimulus needs. The consequence, as we now see in retrospect, was an asset bubble that finally collapsed under its own weight.

Grimes’ account, however, fails to explain an even more intriguing phenomenon: why do Japan’s current political leaders, including Prime Minister Koizumi Junichiro, continue to resist fiscal expansion? The answer seems to be one that Grimes does not consider: many leaders in the Liberal Democratic Party (LDP) – not just MOF bureaucrats – have been and continue to be fiscally conservative for political reasons. Business contributors do not like the taxes and inflation, and markets saturated with government bonds that Tanaka-style over-spending brought in its wake. Nakasone Yasuhiro rode into political power from the political backwaters in the early 1980s because of the overwhelming popularity with the business community of the fiscal conservatism he espoused.

Grimes recounts the tense relations between the LDP and the MOF that ensued after the LDP regained control of the government in 1994. But there is nothing in those events that
suggests that the LDP was angry with the MOF for hogging control of macroeconomic policy. Instead, Vice Minister Saito Jiro was in deep trouble for collaborating with Ozawa Ichiro, the renegade politician whose departure from the LDP destroyed for a time the party’s long-standing legislative majority. That the LDP went to the trouble of dismantling the MOF as a comprehensive financial and fiscal agency, without managing fiscal policy in an appreciably different way, speaks volumes. We remain unconvinced that the MOF had been acting, all these years, to pull the wool over the eyes of politicians with strategic use of information and other forms of policy making subterfuge.

Grime’s sole indicator of fiscal policy, the size of the total government spending, might give one an impression that the MOF was powerful enough to curb fiscal expansion despite all the political pressures from the governing party. However, eyeballing how the budget was sliced up both regionally and sectorally reveals a different picture of fiscal policy in the very same period. Why did Niigata absorb such a huge amount of government spending when Tanaka Kakuei was the LDP’s kingpin? Why then Shimane after Takeshita Noboru seized Tanaka’s position? Why would a revenue-maximizing MOF have been willing to spend so much on inefficient pork barrel projects at the cost of future macroeconomic growth? With the empirical evidence of this kind, we are puzzled by Grime’s argument that the MOF’s policy failure was the prime cause of Japan’s recent stagnation. There seems ample evidence that the tension between fiscal conservatism and the electoral demand for pork barrel politics has existed within the LDP itself, and is not simply a battle between bureaucrats and politicians.

As we see it, the issues here are essentially empirical ones and not theoretical at all. At stake is not ‘principal-agent analysis’, which is simply a general framework for understanding the dynamics between legislative majorities and the civil service. Principal agent analysis does not predict that politicians will always have the means to control bureaucrats, but suggests instead the conditions under which politicians are more likely to delegate broad powers to bureaucrats – even at some cost of political control – and conditions under which politicians should be more leery of doing that. In parliamentary systems, where the majority party can coordinate on the passage of laws fairly easily, we should expect to see bureaucrats with broad powers to formulate and implement policy. This is not, as (Chalmers) Johnsonian analysis would have it, the result of bureaucratic usurpation of legislative power. It is rather a happy legislative–bureaucratic division of labor that functions under the shadow of the legislative sword-on-the-wall (*Denka no Hoto*).

The empirical question, then, is how much political power over macroeconomic policy was the LDP willing to relinquish for the convenience of having the MOF handle everything? Did the LDP become lazy or overconfident in its oversight, to their peril? If the asset bubble and its burst was the fault of the MOF’s overzealous use of fiscal stringency, as Grimes would have it, the answer is yes. But if the LDP itself was a complicitor in this policy choice, the answer is no. Grimes’ book is an interesting argument. But it rests, ultimately, on a combination of strong assumptions and on incomplete empirical evidence.

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What role do opposition parties play in a legislature of a parliamentary system? This question has a distinct meaning in the Japanese context, where one party, the Liberal Democratic Party (LDP), has formed the cabinet by itself most of the time in the postwar period, whereas the opposition was divided into two to four major parties. Kentaro Fukumoto argues in this book that opposition parties in Japan did much more than merely resisting the passage of the government’s legislation.

Before Fukumoto’s book was published, two views were dominant on the role of the Diet in the Japanese political system. One was that the Diet does no more than issuing a ‘rubber stamp’ on decisions made by actors outside the Diet, notably the LDP and the cabinet. The other view was that opposition parties in Japan play a larger role by prolonging and delaying deliberation through refusal to deliberate and by adopting various parliamentary tactics. Challenging these two theses, Fukumoto recognizes an even stronger role of Japanese opposition parties. He argues that opposition parties resist the government not only ‘by withholding deliberation’, but also ‘through participation in deliberation’, such as by requesting opportunities for additional discussion in formal legislative proceedings.

Fukumoto’s main target of criticism is the second existing view presented most vividly by Mike Mochizuki in his unpublished, but frequently cited, Harvard dissertation of 1982. By employing the notion of ‘viscosity’ (a term coined by Jean Blondel, not by Mochizuki himself), which means the ability of a legislature to ‘block, delay, or alter’ the cabinet’s legislative proposals, Mochizuki argues that viscosity in the Japanese Diet is quite high because time is a scarce resource there. Legislative bills must go through two chambers, both with a committee system, within a limited time in which deliberation on a bill cannot be carried over to the next session without special agreement. Opposition parties take advantage of these constraints and demonstrate their objections by not participating in deliberation. Although the government can theoretically force the Diet to approve bills without the presence of opposition parties, the electoral cost of doing so is high. Moreover, unanimity norm has existed in the House Management Committee that controls the flow of legislation, giving further constraints to the amount of time available for the LDP.

Fukumoto rightly points out that this viscosity thesis has not been tested against systematic legislative data. In this book, Fukumoto therefore constructs a data set of all legislative bills submitted to the Diet by the government from 1947 through 1996. Among the various measurements of these bills he presents in Chapter 1, the two most important are the average length of interval between deliberations of a bill and the frequency of deliberations of a bill. The distinction between these two variables is important for Fukumoto, because the interval variable reflects the degree to which opposition parties resist ‘by withholding deliberation’, whereas the frequency represents the level of their ‘resistance through deliberation’. Fukumoto argues that the frequency of deliberation is associated with the importance of legislation (pp. 30–32); important bills are debated more often because opposition parties want to express their views in committees and on the floor.

Using the principal component analysis and clustering technique, Fukumoto then shows in Chapter 2 that government bills can be classified into three groups: ‘deliberative mode’ (19
per cent), ‘viscous mode’ (32 per cent), and ‘non-conflict mode’ (49 per cent, which is further divided into ‘early’ and ‘late’ ones, depending on the timing in a session when bills are introduced to the Diet). ‘Non-conflict’ bills deal with politically unimportant issues that receive short deliberation, little opposition and fast passage (p. 74); the image of the Diet managing these bills is the ‘rubber stamp’, according to Fukumoto. ‘Viscous’ bills are those that require a long time before meaningful deliberation starts; this type of legislation, marked by ‘medium level’ political importance (p. 72), is the one best characterized by Mochizuki’s thesis, Fukumoto argues. ‘Deliberative’ bills, in contrast, receive more opportunities for deliberation than viscous bills, and the length of each deliberation is longer. Deliberative bills are also opposed by a larger number of opposition parties and are of greater importance (p. 69). The presence of deliberative bills constitutes the core of Fukumoto’s argument that resistance ‘through deliberation’, in addition to that ‘by withholding deliberation’, characterizes the post-war Japanese Diet.

The value of Fukumoto’s research lies in his construction of the data set of all government bills; just by classifying and disaggregating the data, he discovers various previously unknown traits of the Japanese legislative process. In Chapter 5, for example, Fukumoto presents summary statistics of government bills by issue areas. The statistics reveal interesting findings; although it is often assumed that the government and opposition parties in Japan have clashed most vehemently on ideological issues, such as foreign, defense, education, labor, and environmental policies, Fukumoto finds that the level of confrontation is not necessarily stronger in these bills than bills in other issue areas. According to his cluster analysis in the same chapter, education, labor, and environmental issues group into a ‘viscous’ cluster rather than a ‘deliberative’ one. Even in the issue of defense, a majority of bills are of ‘deliberative’ mode only until the 1953–1969 period, and this is no longer the case in the 1970–1996 period. Such findings would not have been possible without constructing and analyzing a comprehensive data set.

Despite these strengths, Fukumoto’s analysis suffers from several weaknesses. Perhaps its greatest shortcoming is that it fails to achieve causal explanation of the legislative mechanism. In fact, in Fukumoto’s book, it is not clear which factors are dependent and independent variables, nor whether conclusions are reached through logical steps rather than by tautology. To illustrate this point, let us take his main thesis that confrontation in the Diet may be either strong or weak (as distinct from large or small) and that ‘deliberative’ bills meet strong confrontation whereas ‘viscous’ ones experience weak confrontation (pp. 78–79). If one wants to show this relationship, the method commonly taken in legislative studies in the United States would be to take the level of confrontation as the dependent variable and explain its variation by a dummy variable for the mode of bills and other independent variables. Although Fukumoto does provide such analysis in Chapter 2 (pp. 78–81, with only two independent variables, however), he also states at the beginning of the same chapter that he intends to show that ‘strong confrontation takes the form of deliberative mode, and weak confrontation is seen in viscous mode’ (p. 53). In this statement, the dependent variable seems to be the mode of legislation rather than the level of confrontation. It seems that this confusion of cause and effect results from the naming of ‘deliberative’ and ‘viscous’ modes themselves. Fukumoto gives the term ‘deliberative’ to those bills that he finds are discussed numerous times and opposed by many parties (p. 69). The level of confrontation, which is measured by the frequency of deliberations, is by definition high in these ‘deliberative’ bills. Then it is
impossible, contrary to Fukumoto’s intention, to discover a relationship between the two variables by conducting statistical analysis, much less to ‘prove’ (pp. 53, 79) its existence (a relationship may be ‘found’ but cannot be ‘proven’ in an empirical analysis).

A similar point can be made about the notion of ‘importance’ of legislation used in the book. Operationally, Fukumoto defines ‘important’, ‘semi-important’, and ‘unimportant’, using classification of bills in a 1990 almanac compiled by the secretariat office of the Diet. Fukumoto, however, does not offer a conceptual definition of ‘importance’ and merely states that one of its criteria is whether a bill is politicized, debated, and confronted over (p. 33). Indeed, in one sentence he offers an ‘association’ of various concepts with equal signs (‘level of confrontation = level of politicization [souten sei] = importance = salience’, p. 75), and elsewhere paraphrases ‘political importance’ with ‘salience’ (p. 85). Because Fukumoto equates importance with politicization, he cannot show that important bills are more likely to take the form of deliberative mode (or vice versa), despite his claim that he does. If one intends to use importance as an explanatory factor of the legislative mode or the level of confrontation, one needs to define importance separately from concepts associated with these dependent variables. Fukumoto states (p. 202, n. 31) that his operationalization of importance is based in part on David Mayhew’s book Divided We Govern. Mayhew’s work, however, has been criticized for not giving enough explanation for the concept of importance (see Sean Kelly’s, 1993 Polity article) and has subsequently been refined with more sophisticated measurements of salience (see William Howell, Scott Adler, Charles Cameron and Charles Riemann’s 2000 Legislative Studies Quarterly article). Fukumoto’s treatment of the concept of importance could have been more refined if it had reflected on these recent studies in the US context.

Perhaps in line with these shortcomings, Fukumoto’s book has an organizational weakness: its chapter structure is puzzling and not friendly to readers. Usually, a quantitative study presents theories to test, draws hypotheses from them, and then operationalizes variables, discusses a data set and conducts statistical analysis. In Fukumoto’s work, however, after a short introduction with an overview of the book, Chapter 1, Section 1 suddenly begins with the measurement of the number of parties that opposed government bills. Throughout this first chapter, he presents numerous measures of bills and their summary statistics without much discussion of what hypotheses he intends to test using these measurements. Although these measures are eventually synthesized in Chapter 2, they are presented in an order not obvious to readers.

The above criticisms may not sound fair to empirical researchers who do not employ strictly American-style quantitative studies. After all, the book is based on solid data, and it presents a new perspective of the role of the Diet. Nevertheless, I must point out that the book lacks a clear statement of its overall purpose and the reason for the choice of an accompanying methodology. In the introduction, Fukumoto states that he aims to overcome the shortcomings of existing aggregate-level data (such as those that use legislative data aggregated by legislative sessions) by ‘bill-level, individual data that include political process’ (p.8, emphasis in original). Yet in another passage, he argues that, ‘as cautioned in the introduction, the interest of this book does not lie in policy process or legislative process, but lies in the ‘recognition of patterns’ of the political process of government–opposition confrontation that is generalizable above the level of the content of individual bills’ (p. 87, emphasis in original). Judging from the overall approach of the entire book, Fukumoto’s goal seems to lie in the recognition of patterns such as the three modes of legislation rather than revelation of the mechanism that
characterizes the legislative process. His failure to find causal relationships invites a substantial problem – it cannot answer ‘why’ questions, such as why particular bills take the ‘deliberative’ mode rather than the ‘viscous’ one, why seemingly ideological educational issues are not classified into the ‘deliberative’ cluster, and why defense issues began to change from ‘deliberative’ to ‘viscous’ issues in the late 1960s rather than in the 1970s. Granted, identification of patterns without causal explanations may itself be important. If so, the author should have discussed why pattern recognition itself is important and what conventional and original methods are useful for the purpose without assuming that readers are familiar with that type of analysis.

I have detailed my criticisms not because this book is worthless but precisely because it adds new and provocative arguments to the study of the Japanese legislative process. Despite its shortcomings, any researcher interested in the role of the Diet, including those residing outside Japan, should be familiar with the content of this book. English works on Japanese politics sometimes neglect to cite important studies published in Japanese; yet any future work on the function of the postwar Diet would be incomplete without reference to Fukumoto’s book. His research has already inspired a heated debate in the study of Japanese legislative politics. In particular, it marks a stark contrast with a series of work by Mikitaka Masuyama, who analyzes a similar set of data of his own that consists of thousands of bills introduced to the postwar Diet. Masuyama’s work, a Ph.D. dissertation submitted to the University of Michigan in 2001, is already published in several journals (these works are cited and briefly discussed in Fukumoto’s book; see also Masuyama’s co-authored article with Gary W. Cox and Mathew D. McCubbins in Volume 1, Number 1 of this journal). Unlike Fukumoto, Masuyama clearly lays out dependent and independent variables, and tries to explain, by survival analysis, the number of days in a session that it takes the Diet to approve a government bill. Interestingly, whereas Fukumoto tries to refute that opposition parties are strong because they take advantage of scarcity of time, Masuyama finds that the probability of bill approval clearly depends upon legislative time. In the Japanese political science community, ‘Fukumoto–Masuyama controversy’ has become one of the hot topics in recent years.

Fukumoto’s book has made an important contribution that cannot be ignored. Whether the debate on the role of the Japanese Diet will continue in a constructive fashion depends in part on the willingness of non-Japanese scholars to catch up with cutting-edge research in Japan and on the accessibility of the data used in the book for other scholars who want to conduct verification/replication studies.

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One of the largest challenges facing ethnically divided societies is that democratic rules can lead to a political exclusion of some ethnic groups. In such societies, the constellation of political parties is formed on the basis of ethnicity, which overridingly determines how voters cast their ballots in elections. Thus, when a dominant ethnic group exists, it often gains permanent
control over political power, excluding other ethnic groups. When there is no dominant group, elections often create a government of one minority group or a coalition of several groups, which also tends to lead to the exclusion of some groups. Given that the outcome of future elections is always uncertain, the group that currently dominates tries to stay in power by resorting to any means, including the postponing of the next election. Political exclusion leads to political alienation and frustration, which often exacerbeates into social unrest, violence, terrorism, and civil wars (see, for example, Larry Diamond and Marc Platter (eds.) Nationalism, Ethnic Conflict, and Democracy, Baltimore, Johns Hopkins University Press, 1994).

In light of these challenges, many scholars have explored conditions that mitigate tensions, promote accommodations, and thus facilitate democratic stability in ethically divided societies. It is now widely agreed that the design of political institutions has a significant impact on the relationship among different ethnic groups. Most often discussed are the effects of three political institutions: federalism, the structure of executive government, and the feature of electoral system. While most scholars agree that federalism contributes to mitigating ethnic problems, they differ on favorable characteristics of the executive and electoral institutions. For the former, the dispute focuses on the choice between presidential and parliamentary systems. For the latter, the debate typically centers on the institutional merits of the proportional representation (PR) systems relative to the plurality-majority systems.

The book under review by Benjamin Reilly takes a fresh look at this second question, or the varying institutional effects of different electoral systems. Traditionally, the literature has regarded the PR system as being more supportive of democratic stability in ethnically divided societies because it enables every significant ethnic element to be represented in the legislature and thus facilitates a multiparty system conducive to political compromise and cooperation. Reilly departs from this often taken for granted premise by emphasizing the features of ‘preferential systems’. More precisely, the category of preferential systems includes alternate vote (AV), supplementary vote (SV), and single transferable vote (STV) systems. These systems have two features in common. First, voters rank candidates in order of their preferences. Second, when there is no candidate that gathers enough votes to get elected in the first round of counting, the number of lower-ranking preferences determine who will be elected. It is the characteristics of preferential systems, argues Reilly, that mitigate the political salience of ethnic issues and enhance cooperation and accommodation among different ethnic groups. According to Reilly, possibilities inherent in these systems that the order of rankings below the first ranking may affect the final electoral outcome are politically consequential in that they drive candidates and political parties to seek favorable rankings from other ethnic groups. These possibilities make candidates and political parties not only refrain from taking hostile attitudes toward other ethnicities but also cultivate cooperation with political parties and candidates representing different ethnic groups.

To support this argument, Reilly examines ‘the electoral history of all the divided societies which have utilized’ preferential systems (p. 25 emphasis in original). In particular, he examines in depth the effect of AV systems in Papua New Guinea and in Fiji, the SV system in Sri Lanka, and the STV system in Northern Ireland. He argues that in all areas except for Sri Lanka, preferential systems made issues of ethnicity less salient and encouraged accommodation among different ethnic groups.

The case of Papua New Guinea is particularly illuminating. Papua New Guinea held
elections under the AV system three times before its independence, and then introduced a plurality system after its independence from Australia in 1975. Reilly finds that the AV system drove candidates to seek high rankings from voters belonging to other tribes, a movement that encouraged candidates to take an accommodative posture toward their rivals from other tribes. Sometimes even electoral cooperation emerged among these candidates through swapping lower preferences. The introduction of plurality system, however, made electoral campaigns much more hostile, often giving a rise to violence. Further, it increased the number of candidates running for election. Indeed, now that a candidate can be elected with mere plurality, the number of seats elected with very small portion of total votes increased substantially.

Though not the first one to examine the effect of preferential systems, Reilly, with his careful and thorough research, widens our view on the effect of electoral systems on democracy and democratization. He makes a major contribution to the literature by exploring in depth effects of AV and SV systems which in the past have often been treated as mere variants of the plurality–majority system, as well as those of STV, a system often treated as a mere variant of PR system.

Reilly, however, sometimes presents inconsistent arguments and findings. For example, he claims that the ticket voting option in Fiji limited the moderating effect of the AV system. This claims runs against his evidence from the case of Australia where the way the AV system functions is not distracted by the ‘how to vote’ instructions given out by political parties to followers. This kind of contradiction between different cases obviously begs the question as to why. Further, Reilly does not explain, for example, why political parties might instruct their followers to give higher ranking to seemingly less-competitive candidates in some countries, as in Fiji, but not in others, as in Papua New Guinea, despite their similar electoral institutions. Clearly, other factors, independent of the sheer institutional effects, seem to play a role, which Reilly does not fully address.

I must emphasize that Reilly is candid about the weaknesses of his argument and findings. He admits that the number of cases drawn from countries other than Papua New Guinea are too small to construct definitive arguments. He also acknowledges that the design of electoral institution is not the only factor that determines behavior of politicians and political parties. For example, preferential systems could promote accommodative behavior in Papua New Guinea thanks to fragmentation of ethnic groups, while it encouraged accommodative behavior in Northern Ireland due to less hostility between Catholics and Protestants following the Good Friday Agreement. Thus, he argues that his findings are only suggestive that preferential systems can have moderating effects on the nature of competition among political parties and politicians. The real challenge in front of us, then, is to clarify conditions under which preferential systems can contribute to making ethnic problems less salient. Reilly speculates that preferential systems are likely to have moderating effects when (1) there is fragmentation of ethnic groups, and (2) there is a low number of ethnic groups, but high degree of geographical intermixing.

It is possible, however, that preferential systems can have moderating effects in other contexts. Suppose, for example, a country has a small number of ethnic groups without a high degree of geographical mixing but where no ethnic group occupies the majority of the entire population. The introduction of an AV or a SV system to elect a President in this country may foster cooperation among different ethnic groups. For such an electoral system makes it
possible for the rankings below the first ranking to be decisive in the presidential election, and hence is likely to increase presidential candidates’ incentives to seek support from other ethnic groups.

The very possibility of the introduction of an AV or a SV system for electing the president is worthy of further exploration particularly because the scholarly emphasis on the merits of the parliamentary system over the presidential one suffers from a gap with reality. Despite such an emphasis, there have been only few cases in which a presidential system has actually been switched to a parliamentary system. It is possible that politicians may find it easier to manipulate electoral systems relative to executive institutions. If so, for the sake of mitigating ethnic problems, using a preferential system in the presidential election might be an attractive option.

Of course, the interaction between ethnic problems and democratic institutions is extremely complex. As argued by Reilly, preferential systems may mitigate the problem of exclusion caused by rule by a particular (set of) ethnic group(s) in ethnically divided societies. Unfortunately, however, as he himself admits, preferential systems may not offer a solution for countries where democracy has experienced one of the toughest times to see it established, as was the case in Nigeria and Sri Lanka. For these cases, we may, after all, have to turn to other political institutions for solutions.

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