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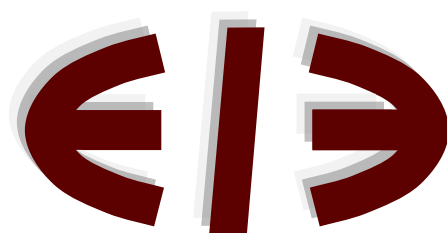
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## **Governors' term of office and information disclosure: Evidence from Japan**

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**Abstract.** Local governors who hold office for longer periods are thought to be more likely to collude with various groups to increase their own benefit through long-term interaction. There is no term limit for local governors in Japan, seemingly causing such collusive behavior. However, since 1987, local government at the prefecture level has begun to promulgate public information disclosure ordinances, which is anticipated to prevent collusive behavior. As of 2001, all 47 local governments have promulgated their local ordinances. This paper uses a prefecture-level dataset from 1987 and 2001 to explore whether the number of years that local governors hold office is associated with the timing of the promulgation of public information disclosure ordinances. The major finding using survival regression analysis is that the longer local governors hold office, the less likely the ordinance is promulgated. This highlights the policy implication that the term of local governors should be limited.

**Keywords:** Multiple terms, information-disclosure ordinance, collusion, survival regression analysis.

**JEL classification:** G38; P48; C41.

## 1. Introduction

The aim of an incumbent local governor or mayor is to remain in power and to be reelected in future elections. To this end, for instance, they perform fiscal manipulations in election years during their terms in office (e.g., Veiga & Veiga 2007; Sakurai & Mennezes-Filho 2008). Governors may obtain benefits at the expense of citizens through colluding with associates such as special interest groups. Thus, governors are likely to engage in corrupt activities in pursuit of their interests. In some instances, local governors offer monetary gifts to influential local identities or interest groups in an attempt to be reelected ('buying' votes). They may also act in collusion with cronies to conceal the corruption. Such collusive behavior tends to occur when the long-term relationship between governors and particular interest groups can act to enhance collective active action. If there is no term limit on governors' time in office, final-term political shirking does not occur (DeBacker 2012; Parker & Dabros 2012). Hence, the relationship is stable and persistent, which increases the benefit of the corruption. In other words, a no-term-limit provides governors the incentive to increase the probability of being reelected, which provides the incentive to collude and thereby engage in corrupt activities.<sup>1</sup> That is, having the same person in power for a long period gives rise to corruption.<sup>2</sup> Under such situations, certain policies such as the enactment of an

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<sup>1</sup> There is an argument that term limits attenuate the incentive to establish a positive political reputation via superior performance (Besley & Case 1995; Johnson and Crain 2004). However, the majority of citizens is regarded as the rational ignorant and do not evaluate a governor's political performance (Downs 1957). As a consequence, a political reputation tends to be built among special interest groups rather than ordinary citizens. Kawaura (2013) found that the absence of a term limit meant that mayors expanded their government activities and their policies were directed toward excessive government presence in Japanese municipalities.

<sup>2</sup> Concerning legislators' tenures, "as legislators become longer tenured, they are more able to provide benefits to interest groups because: (1) they get greater control over the agenda and eventual legislative outcomes; (2) additional years of on-the-job legislative experience lead to a greater effectiveness at getting bills passed" (Sobel & Ryan 2012, 175).

information disclosure ordinance are considered critical to discourage collusive behavior, increasing benefits to citizens.<sup>3</sup>

In local government in Japan, there is no term limit for local governors. I believe it is critical to enact term limits. However, there is an argument that longer-serving officials become more effective at using their experience to advance public policy. For instance, experienced legislators are more effective through the skills they have learnt through learning-by-doing (Miquel and Snyder 2006). Furthermore, long-term relationships help to reduce the transaction cost between governors and other agents.<sup>4</sup> These positive effects are reduced by limiting the term of office, which prevents experienced governors from being reelected. Where the term is not limited, it is important to disclose government information and thereby increase governmental transparency. Information asymmetry between citizens and government enables the governor and special interest groups to collude for the sake of their own benefits, resulting in government failure. On the assumption that citizens can obtain sufficient information regarding the government and the provision of public services or subsidies, citizens are able to publically condemn corruption within public sectors. This will reduce the probability of government failure. However, governors and special interest groups attempt to hamper information disclosure because this would be detrimental to their vested interests. Data from OECD countries show that fiscal transparency seems to reduce information asymmetry, resulting in the reduction of public debt and deficit (Alt and Lassen 2006). Using data from 41 OECD and less developed countries, Benito and Bastida (2009) found a

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<sup>3</sup> It is found that enactment of an information disclosure ordinance reduces the benefits for special interest groups and so discourages rent-seeking behavior (Yamamura & Kondoh 2013).

<sup>4</sup> Institutional structures of congress possibly reduce transaction costs and limit coalition formation (Weingast & Marshall 1988).

positive relationship between budget transparency and national government fiscal balance.

Information disclosure can publically expose corruption, forcing governors to leave their posts and lose their interest. Thus, the disclosure of information reduces the incentive for collusion between a governor and his cronies. Information disclosure ordinances (IDOs) are beneficial for ordinary citizens and IDOs act to reduce the interest of governors and associates. Under such a situation, a governor will not make a positive effort to introduce an IDO and has an incentive to delay the timing of its enactment. Furthermore, the longer the governor holds office, the less likely the IDO will be enacted. If this holds true, limiting the term of office contributes to the enactment of the IDO, reducing information asymmetry. Hence, it is worthwhile to investigate how a governor's years in office are associated with the probability of IDO enactment. An examination into this issue has never been empirically investigated. Therefore, the purpose of this paper is to tackle this empirical question.

Since 1987 in Japan, prefecture-level local governments have been introducing IDOs. By 2001, all local governments had promulgated IDOs. The enactment of IDOs to assure fair governance has ensured that government activity has become more transparent and has enhanced citizens' participation and local autonomy in Japan (Uga 2001). Based on a prefecture-level dataset from 1987 to 2001, this paper examines whether the number of years that local governors hold office influences the timing of IDO promulgation. The major finding using survival regression analysis is that the longer local governors hold office, the less is likely it is that the ordinance will be enacted.

Section 2 provides a brief review of IDOs in Japan. Section 3 explains the data and

methods used. Section 4 discusses the results of the estimations. The final section offers concluding observations.

## 2. **Hypothesis and Conditions in Japan**

### 2.1. Hypothesis

The governor can be considered an agent while the citizens can be regarded as the principal. A governor is expected to behave in a manner that maximizes the welfare of citizens, rather than to advance his self-interest. However, the cost of obtaining information regarding a governor's behavior is extremely high for citizens, resulting in information asymmetry between the two. Because of this information asymmetry, the behavior of the governor is not well monitored and he can act to advance his self-interest at the expense of the welfare of the citizens.

IDO's reduce information asymmetry because they reduce the cost to obtain information regarding government and governors' performances. Therefore, the enforcement of an IDO increases the welfare of citizens. However, governors, politicians and special interest groups were not supportive of IDO enactments because they feared losing the benefit of information asymmetry between local government and citizens<sup>5</sup>. In other words, governors and their cronies seem to have negative responses to the enactment of IDOs because they wish to protect their vested interests<sup>6</sup>. Therefore, a governor that holds office for longer period is less likely to welcome IDO enactment.

Based on these observations I propose the following hypothesis:

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<sup>5</sup> During the process of enacting IDOs, some bureaucrats attempted to weaken the reach of the transparency mechanism (Tsuruoka & Asaoka 1997).

<sup>6</sup> For instance, governments that remain in power for an extended period are able to engage in corruption via long-term interactions between governors and interest groups, resulting in greater self-interest.

*Hypothesis: The greater the number of years that a governor holds office, the later an IDO is enacted.*

## 2.2. Information disclosure in Japan.

The Freedom of Information Act was enacted in the United States in 1967. Approximately 30 years later in 1999, the central government enacted an information disclosure law in Japan. However, rather than the central government taking the lead, prefecture-level local governments in Japan have been central in disclosing public information.<sup>7</sup> A Japanese prefecture is the equivalent to a state in the United States or a province in Canada. As is shown in the Appendix, there are 47 prefectures in Japan.<sup>8</sup> In 1987, Akita and Saga prefectures became the first to promulgate IDOs. Fourteen years later, in 2001, the final 9 prefectures promulgated their IDOs. IDOs signify the regulations of a particular local government, providing residents the right to request the disclosure of information possessed by that body. On closer examination, Figure 1 indicates that the promulgation of IDOs rose substantially, especially from 1995. It follows then that in the later stages of the promulgation process (i.e., after 1995), the increase in the number of prefectures that promulgated IDOs acted to place further pressure on those prefectures yet to promulgate IDOs. An externality such as this seems to outweigh the power of resistance against the IDO.

When an IDO is enforced, citizens are able to identify fraudulent interests on the part of governors, private firms, or special interest groups. Such fraudulent interests include the corrupt use of public funds, cheating, and collusion. Before 1987, there were no

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<sup>7</sup> IDOs are based on the right to know (Muroi 1999).

<sup>8</sup> Prefectures consist of municipalities, towns and villages. Municipalities, towns, and villages are the lowest level of local government. At this level, in 1982, the town of Kanayama in northeast Japan became the first to enact an IDO (Muroi 1999).



IDO at the prefecture level. Bureaucrats behaved improperly, for instance, by claiming expenses for business trips that were never taken. However, such corruptive behavior was not disclosed to citizens. Another example of fraudulent acts relates to the constraint on politicians that they not engage in side businesses. However, there is evidence that some politicians own firms that engaged in construction work for local governments (Asano 2010). It has also been observed that subsidies were widely provided to sectors with strong electoral leverage, enabling local governments to heap funds on public works projects. With the introduction of IDOs, the process by which suppliers of public services are appointed is now transparent. Consequently, inappropriate behavior by politicians is deterred. The IDO enables citizens to scrutinize any possible collusion among politicians, bureaucrats, and private firms. In a number of prefectures, as a result of the enforcement of IDOs, the practice of local bureaucrats using public funds to entertain central bureaucrats has been essentially abolished (Matsui 2000, p. 6). Details of bureaucrats' business trips can now be scrutinized by the public (Matsui 2000, p. 6). Therefore, IDOs have made a great contribution to improve the efficiency of local government.

### **3. Data and method**

#### **3.1. Data**

During the study period 1987—2001, all 47 prefectures promulgated IDOs (Figure 1). Table A1 in Appendix shows that two or three governors held the same office in a prefecture during this period. In total, 88 governors held office in 47 prefectures for 15 years (an average of 1.87 governors per prefecture). A more detailed situation is illustrated in Figure 2. In the case of Prefecture A, the governor was in office before

1987 and then promulgated the IDO before losing office. There is one governor in Prefecture A in the data. Regarding Prefecture B, the first governor was in position before 1987 and was replaced by a second governor before promulgating an IDO. The second governor then promulgated the IDO during his term. In this case, there are two governors. As for Prefectures C and D, the first and the second governors did not promulgate an IDO and a third governor did so before losing office. Prefecture D was the last prefecture to promulgate an IDO. Considering Figure 2 and Table A1 jointly suggest that 15 prefectures experienced the same situation as Prefecture A, 23 followed Prefecture B, and 9 followed Prefectures C or D. Three prefectures experienced the same situation as outlined for Prefecture D. Figure 1 shows that the timing of the IDO promulgation is unknown for each governor during his term although the IDO was enacted after 1995 in most prefectures. Table 1 shows the timing. I see from Table 1 that IDOs were promulgated when governors held office for less than 5 years in 17 prefectures, between 6 and 10 years in 15 prefectures, between 11 and 15 years in 8 prefectures, and more than 16 years in 7 prefectures. This implies that the longer the number of years in office, the less likely that governors will promulgate IDOs, which is consistent with the Hypothesis.

Definitions and basic statistics concerning the key variables used in this paper are presented in Table 2. Data of the year of IDO promulgation in each prefecture were sourced the Ministry of Internal Affairs and Communication, Local Administration Bureau, Local Administration Management Assistant Office.<sup>9</sup> *Years in office, Age,*

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<sup>9</sup> Regarding IDOs, I requested data on the year of promulgation for IDOs in each prefecture from the Ministry of Internal Affairs and Communication, Local Administration Bureau, Local Administration Management Assistant Office. Promulgation date and enforcement date were obtained. The decision making of governors is thought to be more precisely reflected in promulgation rather than enforcement. Hence, this paper focuses on promulgation year. However, even when enforcement year is used instead of promulgation

*Female dummy*, and *LDP Ratio* were sourced from Sunahara (2011).<sup>10</sup> In addition, information regarding party support to governors was also sourced from Sunahara (2011). Based on this information, *Continuation dummy* was constructed. Other variables were sourced from Asahi Shimbun (2008).

### 3.2. Methods

To examine the hypotheses raised previously, survival analysis was employed to investigate the timing of IDO promulgation (Greene 1997). This paper used Gompertz regression estimation. In the Gompertz model, hazard rates increase or decrease exponentially with time. Hazard function is expressed as:

$$h(t) = \exp(x\beta) * \exp(\gamma t),$$

where  $x$  is the vector of the independent variables and  $\beta$  is the vector of its coefficients. Key variables included in  $x$ , as shown in Table 2, are *Year in service*, *Age*, *Female dummy*, *LDP ratio*, and *Female ratio and LDP ratio*. If  $\gamma$  is positive, the hazard function increases with time. If  $\gamma$  is negative, the hazard function decreases with time. If  $\gamma$  is zero, the hazard function is constant for all  $t$  and so the model reduces exponentially. As demonstrated in Figure 1, the hazard rate is considered to increase with time; thus, the Gompertz model is considered to be more appropriate for these types of estimations than other models.<sup>11</sup>

The effect of key variables in examining *the Hypotheses* is *Years in office*. If the hazard ratio of its coefficient is smaller than 1, the longer governor holds office the later

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year, the estimation results did not change. Results when the timing of IDO enforcement is examined are available from the author upon request.

<sup>10</sup> [http://www.geocities.jp/yosuke\\_sunahara/data/data.html](http://www.geocities.jp/yosuke_sunahara/data/data.html) (accessed on March 19, 2013).

<sup>11</sup> A Weibull regression model is also considered appropriate for estimations when the hazard rate decreases or increases. However, regarding the Cox-Snell residuals in this study, estimation results using a Gompertz model have a better fit than those using the Weibull model. Hence, the Gompertz model is used in this paper.

he promulgated the IDO. The older the governor becomes, the smaller the long term benefit of concealing the information regarding corruption because older governors are more likely to retire. To control this effect, *Age* is included. I assume that older governors have less negative feelings toward the enactment of the IDO. If this holds true, the hazard ratio of *Age* is larger than 1. In addition, gender is thought to be important in considering IDO promulgation because typically in Japan the social status of females is lower than males; therefore, women are more willing to partake in political decision making to improve their position. To capture this, *Female dummy* (the gender of governor) and *Female ratio* (ratio of female population) are incorporated.<sup>12</sup> The hazard ratios of these variables are expected to be larger than 1 because females are more positive towards IDOs than males.

It is recognized in Japan that special interest groups engage in lobbying activities, leading to government inefficiency and numerous budget deficits (Doi & Ihori 2002; Doi & Ihori 2009, Ch.7).<sup>13</sup> Some local governments enjoy benefits from corruption by colluding with such groups. Where an IDO has not been enforced because of information asymmetry between governments and citizens, politicians are likely to place a higher priority on their own interests at the expense of citizens' welfare. In Japan, the Liberal Democratic Party (LDP) was the ruling party for an extended period following World War II. Hence, LDP politicians engaged in collusion to further their interests. It would follow then that a higher ratio of LDP politicians in a local assembly would mean less support for IDOs. Such conjecture leads me to predict that the hazard

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<sup>12</sup> Only 3 governors were female among the 88 governors in the data; this mirrors the inferior social status of females in Japan.

<sup>13</sup> "Agriculture-related public capital, fishing ports, flood-control measures, and forest conservation have been over-funded as a result of the lobbying activities of local-interest groups" (Doi & Ihori 2009, p.181).

ratio of *LDP ratio* will be smaller than 1.

Considering Figures 1 and 2 together, even if years in office are equal, its effect on the probability of IDO promulgation differs according to the period when the governor was in office. For instance, with a period of three years in office, the effect is different between governors who were in office at the end of the 1980s and those at the end of the 1990s. To control this difference, cohort effects should be controlled for. That is, the first year of office is incorporated using cohort dummies.<sup>14</sup> I constructed two different sets of dummies: cohorts with a 10-year<sup>15</sup> interval and those with a 5-year interval.<sup>16</sup>

Various control variables were also included as dependent variables to control for social, economic and political conditions in each prefecture. Concerning a prefecture's characteristics, the following variables were incorporated: region dummies,<sup>17</sup> per capita income, population density, land area, Hirfindahl index of politician's party in the local assembly, and election year dummy. In terms of a governor's characteristics, I included: dummy for governor's experience of vice-governor, dummy for governor's former occupation as a bureaucrat, and dummy for governor's former occupation being culture/arts-based, e.g., a novelist.

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<sup>14</sup> When the first year is directly incorporated as an independent variable, estimation cannot reach convergence. Hence, cohort dummies are used in this paper.

<sup>15</sup> The dummy takes 1 when the first year is prior to 1970, otherwise 0. The dummy takes 1 when the first year is between 1970 and 1979, otherwise 0. The dummy takes 1 when the first year is between 1980 and 1989, otherwise 0. The dummy takes 1 when the first year is after 1990, otherwise 0.

<sup>16</sup> The dummy takes 1 when the first year is prior to 1970, otherwise 0. The dummy takes 1 when the first year is between 1971 and 1975, otherwise 0. The dummy takes 1 when the first year is between 1976 and 1980, otherwise 0. The dummy takes 1 when the first year is between 1981 and 1985, otherwise 0. The dummy takes 1 when the first year is between 1986 and 1990, otherwise 0. The dummy takes 1 when the first year is between 1991 and 1995, otherwise 0. The dummy takes 1 when the first year is between 1996 and 2000, otherwise 0. The dummy takes 1 when the first year is after 2000, otherwise 0.

<sup>17</sup> I constructed 6 regional dummies consisting of 5 or 6 prefectures.

## 4. Results

### 4.1. Baseline model

Before entering a discussion of the estimation results, I will first comment on the Cox-Snell residuals and their suitability to assess overall model fit (Cox & Snell 1968). If the model fits well, the jagged line approximates the reference straight line with slope 1. Figure 3 illustrates the goodness of fit in columns (1), (2), (3), and (4) of Table 3. A cursory examination of Figure 3 shows that the model in column (1) fits the data better than other columns. Hence, from the viewpoint of goodness of fit, the results in column (1) are preferred to other columns<sup>18</sup>.

Table 3 reports the results of the estimation.<sup>19</sup> Columns (1) and (2) show the results when the 10-year cohort dummies are used. Columns (3) and (4) shows the results when the 5-year cohort dummies are used. The results show that  $\gamma$  is larger than 1 and is statistically significant at the 1% level in all columns, which implies that hazard rates increase with time. The results of  $\gamma$  are consistent with the inference based on Figure 1 that the rise in the rate of prefectures that promulgated IDOs influenced public opinion concerning IDOs. Thus, citizens then requested the enactment of IDOs in prefectures that had not already done so. This externality is thought to have become larger than the power of resistance against IDOs, and prompted IDOs to be promulgated nationwide in Japan.

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<sup>18</sup> The goodness of fit in column (1) of Table 3 is better than any estimation result reported in Tables 4 and 5; however, the Cox-Snell residuals concerning Tables 4 and 5 are not shown.

<sup>19</sup> The subjects within groups correlated because they share the same condition, which is analogous to the time invariant fixed effects in the panel data regression model. In this paper, the error terms for the governor might correlate because unobservable individual characteristics are shared for the term the same governor was in office. Furthermore, the standard errors of the coefficients might be biased downward (Moulton 1990). To control for this bias, robust standard errors are calculated by clustering on the governor; z-values are then obtained by cluster-robust standard errors.

In terms of *Years in office*, the hazard ratio is smaller than 1 and is statistically significant at the 1% level in all columns, which suggests the estimation results to be robust regarding alternative specifications. This implies that the longer a governor holds office, the less likely an IDO is to be enacted. This is consistent with the Hypothesis proposed earlier. Furthermore, its hazard ratios are 0.88 and 0.78 in columns (1) and (2), respectively. This can be interpreted as implying that a 1-year increase in office decreases the likelihood that an IDO is enacted by 12 or 22%. The likelihood reduces to 0.32 and 0.31 in columns (3) and (4), respectively. This implies that a 1-year increase in office decreases the likelihood that an IDO is enacted by 68 or 69%. This difference depends on how cohort dummies are defined. As shown in Figure 3, the model in column (1) fits better than the other models and hence 1 year holding office is considered to reduce the probability of the enactment of an IDO by 12%. The hazard ratios of the LDP ratio is 0.84 to 0.91, which are smaller than 1. Hence, this is consistent with the prediction that the higher the ratio of LDP, the lower the probability of IDO enactment. Furthermore, a 1% increase in the LDP ratio leads to a decrease in the likelihood that an IDO is enacted by 9–16%. The hazard ratios of *Age*, *Female dummy*, and *Female ratio* are larger than 1, with the exception of *Female ratio* in column (2). These results are in line the prediction. However, they are not statistically significant and therefore these variables are not associated with the likelihood of IDO enactment.

The combined results of Tables 3 strongly support the Hypothesis. In this paper, only governor's attitude regarding IDOs was investigated. However, governors are thought to be self-interest seeking, resulting in reduced benefits for citizens. From this I derive the argument that the term of governor should be limited to deter corruptive behavior because a governor's self-interest becomes larger when they hold office for longer

periods.

#### 4.2. Alternative estimations to check for robustness

Incumbent governors seem to be influenced by the political direction of previous governors. For instance, where a former governor was receptive to IDOs and so prepared to enact one, conditions for its enactment were improved. Hence, it is easier for the incumbent governor to enact an IDO under these favorable conditions. It also seems possible then that the incumbent governor is simply following the former when the incumbent supports IDOs. If it takes some time to enact an IDO (from the preparation stage to enactment), then the governor has changed his mind at some stage. The noticeable increase in the promulgation of IDOs after 1995 is possibly due to the efforts of former governors rather than those of incumbents. If this inference holds true, the estimation results are biased. However, it is plausible that former governor did not support the enactment of the IDO and then the incumbent governor took a similar line to hinder the enactment process. The incumbent governor is more inclined to follow the line of the former governor when they share similar political views. The relation between the former and incumbent governors affects the timing of IDO promulgation.

Thus, it is important to take into account the political proximity between former and incumbent governors when conducting the estimation. On the assumption that the incumbent governor follows the line of the former governor, the current policy choice is affected by the incumbent governor as well as the former governor when the same party supports both governors<sup>20</sup>. This could occur because the governors' stance is likely to be

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<sup>20</sup> It is important to take into account whether conditions were favorable for the IDO in an incumbent's first year in office. However, because of the limitations of the data used in this study, it was difficult to measure.



accepted by the supporting party to improve the party's chance of winning the next election. For the purpose of capturing the similarity of lines between the former and current governors, I constructed *Continuation dummy*, which takes 1 if the current governor is supported by the same party that supported the previous governor<sup>21</sup>. As presented in Table 2, 70% of current governors were supported by a party that also supported the former governor. This indicates that the effect of former governors on incumbent governors seems considerable. By including *Continuation dummy* as an independent variable, it should, to a certain degree, control for the effect of the former governor. The estimation results are reported in Table 4. Furthermore, the effect of the former governor on the hazard ratio of *Years in office* is examined by incorporating the cross-term between *Years in office* and *Continuation dummy*. If the estimation of the cross-term is statistically significant, the influence of *Years in office* on the timing of the IDO promulgation depends on the line of the former governor. Results concerning the cross-term are exhibited in Table 5.

Table 4 shows that the hazard ratio of *Years in office* continues to be smaller than 1 and similar to those in Table 3. Furthermore, it is statistically significant at the 1% level in all estimations. This suggests that the estimation results of *Years in office* shown in Table 3 are robust to alternative specifications. It is also interesting to observe that the hazard ratio of *Continuation dummy* is smaller than 1 in all estimations and is statistically significant in columns (1)–(3). The hazard ratio of *Continuation dummy* ranged from 0.22 to 0.32. This implies that compared with the case where the party supporting the incumbent governor differs from the party that supported the previous

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<sup>21</sup> The ruling LDP has a different political standpoint from other parties (i.e., parties that are not the ruling party). The political standpoint of governors differs according to whether or not the LDP supports the governors. In this paper, other parties are treated as one party. That is, the LDP and other parties.

governor, the likelihood of IDO promulgation decreases by between 68% and 78% when the same party supports the incumbent and previous governor. In my interpretation, the greater the vested interest, the longer the same party holds political power, which leads governors to have negative attitudes toward IDOs even though governors have changed.

Table 5 shows that the cross-term *Years in office* \* *Continuation dummy*, is not statistically significant in any columns. Hence, the effect of *Years in office* is not affected by *Continuation dummy*. The combined results of Tables 4 and 5 show that the results concerning *Years in office* in Table 3 are not influenced by the former governor, which strongly supports the Hypothesis proposed in Section 2.

## **5. Conclusion**

When a local governor holds the same office for a number of years, he is more likely to pursue his own interests and provide benefits to interest groups through collusion with associates. This tendency is more likely to be observed if information asymmetry between government and citizens is larger. Hence, IDOs are anticipated to play a critical role in attenuating government failure by publically exposing corruption within government. However, it is also plausible that experienced governors can work to effectively to increase the social welfare of society through learning-by-doing or by reducing transaction costs. This holds true if governors behave as benevolent rulers rather than pursuing self-interests. If a governor is benevolent, he takes a positive attitude toward the promulgation of an IDO. In contrast, if a governor seeks self-interest, he takes a negative attitude. This paper attempts to empirically explore such attitudes, based on Japanese prefecture-level data from 1987 to 2001.

The major finding of this study, using a survival regression analysis, is that the longer a local governor holds office, the less likely it is that an IDO is promulgated. Furthermore, the higher the ratio of conservative LDP in a local assembly, the longer it takes to promulgate the IDO. Various special interest groups are known to support the LDP. Hence, politicians belonging to the LDP tend to oppose IDOs to conceal their fraudulent favors to such groups. I interpret the findings as implying that local governors and politicians in Japan pursue their self-interests to conceal their improper influences. Thus, a clear policy implication from the results of this study is that the term of local governors should be limited to deter corruption and collusive behavior of governors by exposing such influence.

Evidence provided in this paper is based on data from Japan. The economic and political conditions in Japan are different from those in Western countries such as the United States and European countries. Hence, it seems unreasonable to generalize the conclusion drawn from such specialized data. It is therefore necessary to investigate how the term of governors is associated with the degree of government information disclosure based on data from Western countries. In addition, this paper does not examine directly how governors' years in office influence their behavior to serve their interests. To clarify this point, an examination is required regarding how a governor's term is associated with corruptive behavior (e.g., receiving money as a bribe in exchange for favoring an interest group). This is an issue that can be addressed in future studies.

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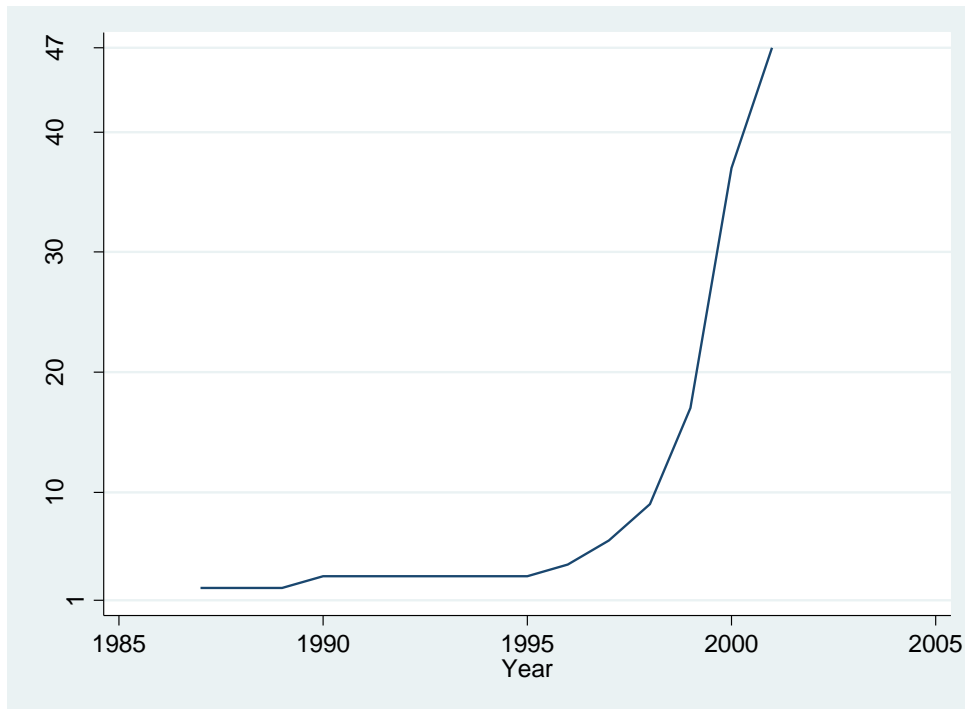


Figure 1. Total number of prefectures that promulgated information disclosure ordinances.

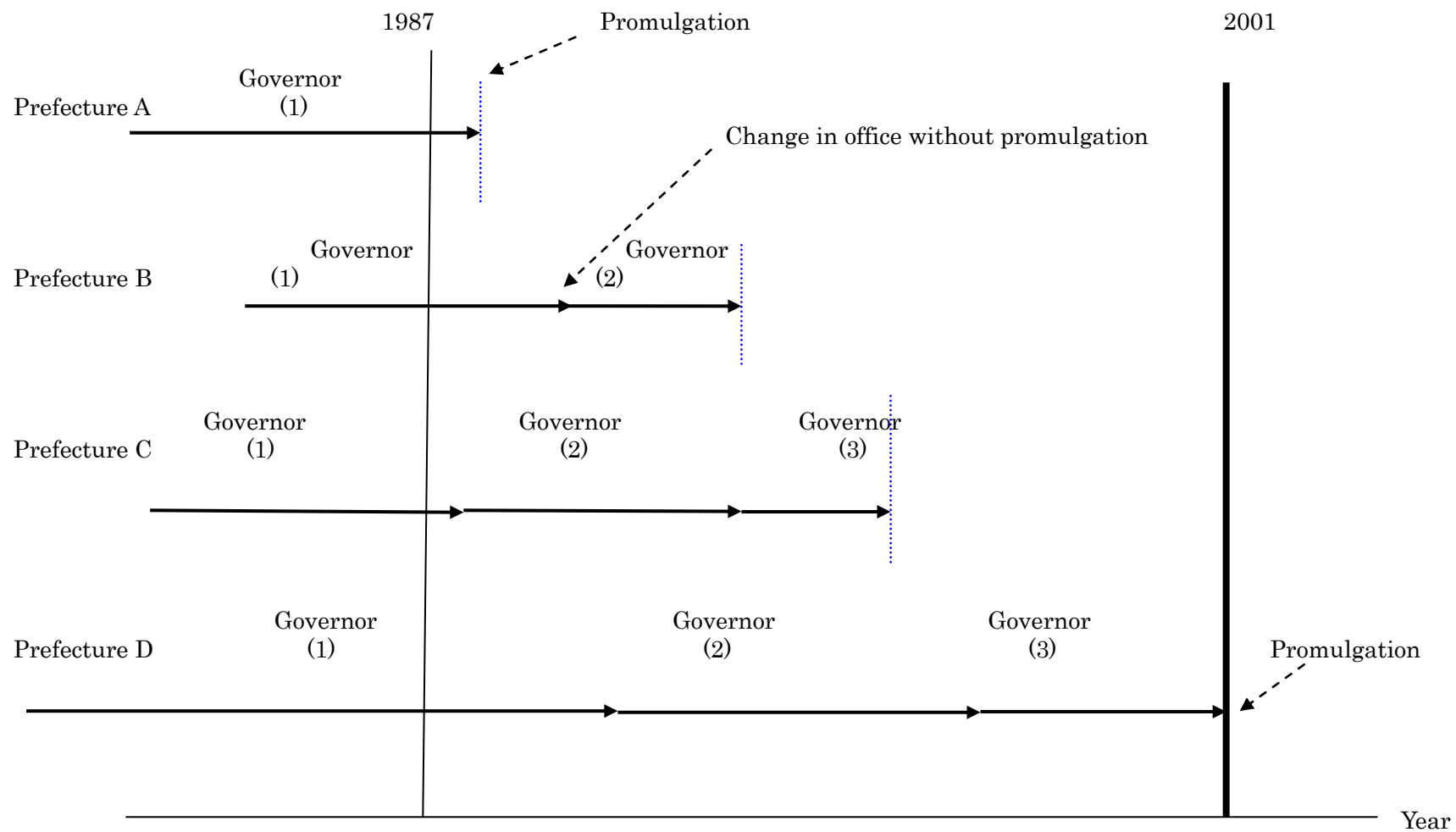
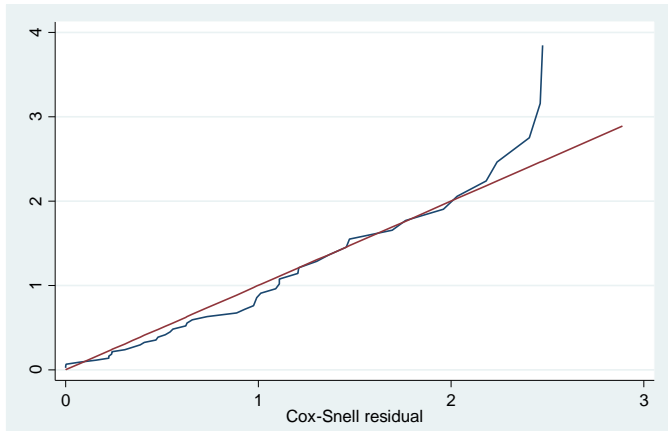
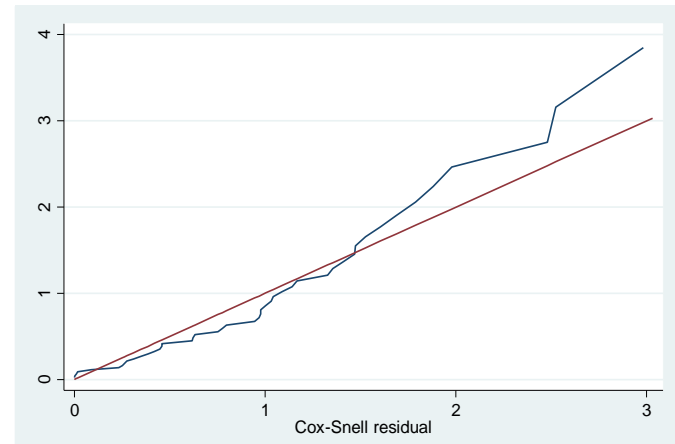


Figure 2. Timeline of governors' promulgations for each prefecture.

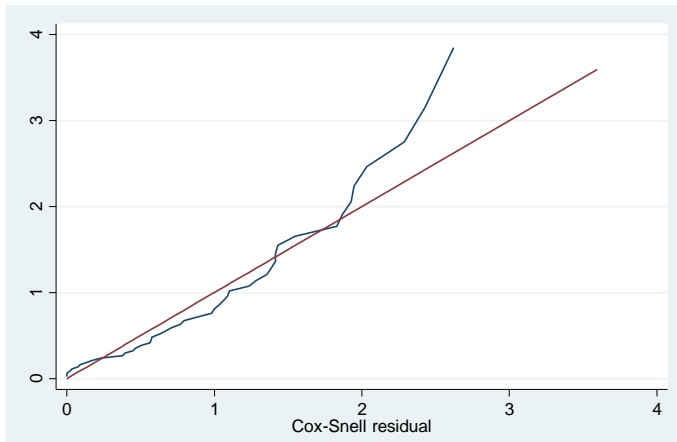




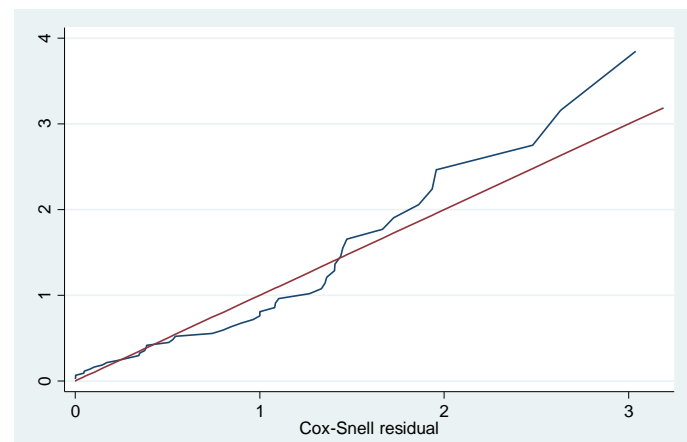
Column (1)



Column (2)



Column (3)



Column (4)

Figure 3. Cox-Snell residuals for estimations reported in Table 3.

Table 1. Governors' years in office and number of promulgations

Years in office	Number of promulgations
1	4
2	4
3	1
4	4
5	4
6	2
7	4
8	3
9	5
10	1
12	3
14	3
15	2
16	1
20	3
21	1
22	1
24	1
Total	47

Table 2. Basic statistics and definitions for variables

	Definition	Mean	Standard deviation
Years in office	Number of years as governor (consecutive years)	8.63	5.73
Continuation dummy	Takes 1 if the current governor is supported by the same party that supported the previous governor	0.70	---
Age	Governor's age	64.6	8.40
Female dummy	Takes 1 if governor is female, otherwise 0	0.007	---
LDP ratio	Ratio of local legislators belonging to Liberal Democratic Party in a local assembly (%)	52.4	12.7
Female ratio	Ratio of female population in a prefecture	51.4	0.96

Table 3. Duration analysis (Gompertz regression)

	(1)		(2)		(3)		(4)	
	Hazard Ratio	z-statistics	Hazard Ratio	z-statistics	Hazard Ratio	z-statistics	Hazard Ratio	z-statistics
Years in office	0.88***	-2.70	0.78***	-2.84	0.32***	-3.40	0.31***	-2.94
Age			1.02	1.39			1.06	0.92
Female dummy			8.24	1.39			1.14	0.07
LDP ratio	0.91***	-3.20	0.88***	-3.40	0.89***	-2.96	0.84***	-3.18
Female ratio			0.87	-0.30			1.15	0.28
Cohort 10 years <sup>2</sup>	Yes		Yes		No		No	
Cohort 5 years <sup>2</sup>	No		No		Yes		Yes	
Region dummies <sup>2</sup>	No		Yes		No		Yes	
Characteristics of governors <sup>2</sup>	Yes		Yes		Yes		Yes	
Characteristics of prefecture <sup>2</sup>	Yes		Yes		Yes		Yes	
$\lambda$	1.02***		1.49***		2.18***		2.40***	
<p-value>	<0.00>		<0.00>		<0.00>		<0.00>	
Wald test	229.7***		337.6***		203.5***		355.6***	
<p-value>	<0.00>		<0.00>		<0.00>		<0.00>	
Number of clusters (governors)	88		88		88		88	
Number of failures	47		47		47		47	
Observations	608		608		608		608	

1. Numbers in parentheses are z-statistics calculated using robust standard errors clustered at the governor. \*, \*\*, and \*\*\* indicate significance at the 10%, 5%, and 1% levels, respectively.

2. “No” means dummies are not included and “Yes” means dummies are included.

Table 4. Duration analysis (Gompertz regression)

	(1)		(2)		(3)		(4)	
	Hazard Ratio	z-statistics	Hazard Ratio	z-statistics	Hazard Ratio	z-statistics	Hazard Ratio	z-statistics
Years in office	0.82***	-3.46	0.72***	-4.19	0.30***	-3.22	0.31***	-2.85
Continuation dummy	0.23***	-3.24	0.22*	-1.77	0.32**	-2.12	0.29	-1.54
Age			1.01	0.49			1.05	0.79
Female dummy			11.5	1.78*			2.80	0.61
LDP ratio	0.90***	-3.53	0.88***	-3.42	0.88***	-3.22	0.86***	-3.06
Female ratio			0.82	-0.46			0.98	-0.03
Cohort 10 years <sup>2</sup>	Yes		Yes		No		No	
Cohort 5 years <sup>2</sup>	No		No		Yes		Yes	
Region dummies <sup>2</sup>	No		Yes		No		Yes	
Characteristics of governors <sup>2</sup>	Yes		Yes		Yes		Yes	
Characteristics of prefecture <sup>2</sup>	Yes		Yes		Yes		Yes	
$\chi^2$	1.21***		1.66***		2.27***		2.45***	
<p-value>	<0.00>		<0.00>		<0.00>		<0.00>	
Wald test	965.2***		467.5***		409.8***		1260.2***	
<p-value>	<0.00>		<0.00>		<0.00>		<0.00>	
Number of clusters (governors)	88		88		88		88	
Number of failures	47		47		47		47	
Observations	608		608		608		608	

1. Numbers in parentheses are z-statistics calculated using robust standard errors clustered at the governor. \*, \*\*, and \*\*\* indicate significance at the 10%, 5%, and 1% levels, respectively.

3. “No” means dummies are not included and “Yes” means dummies are included.

Table 5. Duration analysis (Gompertz regression)

	(1)		(2)		(3)		(4)	
	Hazard Ratio	z-statistics	Hazard Ratio	z-statistics	Hazard Ratio	z-statistics	Hazard Ratio	z-statistics
Years in office*	1.01	0.12	1.10	1.07	0.98	-0.10	0.97	-0.15
Continuation dummy								
Years in office	0.81**	-2.31	0.65***	-3.21	0.31***	-2.75	0.32**	-2.54
Continuation dummy	0.21**	-2.10	0.08**	-2.21	0.35	-0.88	0.37	-0.57
Age			1.02	0.59			1.05	0.78
Female dummy			13.4*	1.80			2.62	0.57
LDP ratio	0.90***	-3.49	0.88***	-3.40	0.88***	-3.30	0.86***	-3.28
Female ratio			0.66	-0.82			1.01	0.01
Cohort 10 years <sup>2</sup>	Yes		Yes		No		No	
Cohort 5 years <sup>2</sup>	No		No		Yes		Yes	
Region dummies <sup>2</sup>	No		Yes		No		Yes	
Characteristics of governors <sup>2</sup>	Yes		Yes		Yes		Yes	
Characteristics of prefecture <sup>2</sup>	Yes		Yes		Yes		Yes	
$\chi^2$	1.21***		1.71***		2.27***		2.45***	
<p-value>	<0.00>		<0.00>		<0.00>		<0.00>	
Wald test	474.4***		487.7***		649.1***		506.8***	

<p-value>	<0.00>	<0.00>	<0.00>	<0.00>
Number of clusters (governors)	88	88	88	88
Number of failures	47	47	47	47
Observations	608	608	608	608

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1. Numbers in parentheses are z-statistics calculated using robust standard errors clustered at the governor. \*, \*\*, and \*\*\* indicate significance at the 10%, 5%, and 1% levels, respectively.

4. “No” means dummies are not included and “Yes” means dummies are included.

## Appendix.

Table A1. List of prefectures' year of promulgation and number of governors

Name	Year of promulgation	Number of governors	Name	Year of promulgation	Number of governors
1 Hokkaido	1998	2	25 Shiga	2000	2
2 Aomori	1999	2	26 Kyoto	2001	1
3 Iwate	1998	3	27 Osaka	1999	3
4 Miyagi	1999	3	28 Hyogo	2000	1
5 Akita	1987	1	29 Nara	2001	2
6 Yamagata	1997	2	30 Wakayama	2001	3
7 Fukushima	2000	2	31 Tottori	2000	2
8 Ibaragi	2000	2	32 Shimane	2000	1
9 Tochigi	1999	1	33 Okayama	1996	1
10 Gunma	2000	2	34 Hiroshima	2001	2
11 Saitama	2000	2	35 Yamaguchi	1997	2
12 Chiba	2000	1	36 Tokushima	2001	2
13 Tokyo	1999	3	37 Kagawa	2000	2
14 Kanagawa	2000	2	38 Ehime	1998	1
15 Niigata	2001	3	39 Kochi	1990	1
16 Toyama	2001	1	40 Fukuoka	2001	2
17 Ishikawa	2000	2	41 Saga	1987	1
18 Fukui	2000	1	42 Nagasaki	2001	2
19 Yamanashi	1999	2	43 Kumamoto	2000	3
20 Nagano	2000	1	44 Oita	2000	1
21 Gifu	2000	2	45 Miyazaki	1999	1
22 Shizuoka	2000	2	46 Kagoshima	2000	3
23 Aichi	2000	2	47 Okinawa	2001	3
24 Mie	1999	2	Total	....	88