

The Battle over the Breakup of NTT

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IN 1985, the Nippon Telegraph and Telephone Public Corporation (Denden-kōsha), one of Japan's three major public corporations, was privatized, becoming the Nippon Telegraph and Telephone Corporation (NTT), the nation's largest company. But that was just the beginning of the story. Various powerful interests waged a war over division and deregulation of the telecom giant for many years thereafter.

This chapter will analyze developments in telecommunications policy under successive coalition governments from 1993 to 1996. During that period, telecom policy underwent critical review, especially in regard to NTT, which retained considerable monopoly power. The key issue, whether to break up NTT, was not resolved until after the Liberal Democratic Party (LDP) regained power in its own right as a result of the October 1996 general election of the House of Representatives (Lower House). I will introduce two hypotheses to account for the policy making and political decision-making process revolving around the NTT issue during the coalition period. The first, which yields a static snapshot of the process, is the hypothesis of the politics of public opinion, whereby public opinion and the nonpolitical actors behind it enjoy a significant influence on policy making. The other, which provides a dynamic, historical interpretation of recent developments in Japanese politics, is the hypothesis of a failed attempt at corporatism, an experiment tried in Japan 10 to 15 years later than in such industrialized countries as Britain.

By corporatism I mean a political arrangement that meets three

criteria: first, the existence of a labor or social democratic party that is firmly identified with union power and is assumed to have the bulk of the nation's labor movement under its control; second, a record and/or realistic prospect of that party actually forming a government; and third, the existence of an institutional arrangement whereby labor and big-business leaders meet and secure their influence on policy making.¹ If we confine our consideration to the third criterion, Japan can be said to have a long tradition of a kind of corporatism, with representatives of labor and other sectoral interests invited to take part in government advisory councils assigned to particular policy areas (Satō and Matsuzaki 1986, 166-167; Shinoda 1992, 265-266). I would argue, however, that the first two criteria are far more important, and more relevant, to recent developments in Japanese politics. As this chapter will demonstrate, telecom policy provides an ideal case study, one that corroborates both the "politics of public opinion" and the "failed corporatism" hypotheses.

THE BACKGROUND

The seeds of the long and drawn-out war between NTT and the Ministry of Posts and Telecommunications over the future structure of NTT were sown in the period of reform enthusiasm ushered in by the Second Provisional Commission on Administrative Reform (Second Rinchō), chaired by Dokō Toshiwo, a former chairman of Keidanren (Japan Federation of Economic Organizations). Second Rinchō was active from 1981 to 1983, and its initiative led to the 1985 privatization of Denden-kōsha. Privatization was effected by the fixed-price sale of tranches of government-held shares, thereby creating 1.6 million individual NTT shareholders and stimulating public enthusiasm for investing in stocks. Denden-kōsha's privatization was the major item in the privatization program promoted by Second Rinchō and Prime Minister Nakasone Yasuhiro. One crucial question was left unresolved, however: whether to keep the newly privatized corporation together or divide it into independent companies. This would remain the chief focus of concern for policymakers and the relevant actors until late 1996.

Second Rinchō is said to have begun work on the understanding that Denden-kōsha management would accept breakup upon privatization. But management changed its mind and joined forces with the company union, Zendentsū (All-Japan Telecommunications Workers'

Union), which adamantly opposed any division of the company (Iio 1993, 124; Nakasone 1996, 516; Suzuki 1996, 44–45, 59–63). The Posts and Telecommunications Ministry, meanwhile, marginalized at the outset of the Second Rinchō-led privatization debate, began by opposing privatization and then gradually shifted its position to stressing the need for a competitive environment for the telecom industry as a whole, maintaining that privatization of NTT should go hand in hand with dissolution of its monopoly (Iio 1993, chap. 5).

A temporary resolution was reached when Second Rinchō published its report on telecom privatization in July 1982. A tone of compromise was obvious: Denden-kōsha was to be privatized as a whole. A resolution to the privatization bill passed in December 1984 stipulated a review of the company's structure (that is, the question of its division) within five years of privatization. This review was duly undertaken. On March 2, 1990, the Telecommunications Council, a government advisory panel reporting to the minister of posts and telecommunications, submitted a report recommending that NTT's services be divided into two—a nationwide network service and a local network service—for the time being, with the possibility of further division to be left for future consideration. After much behind-the-scenes political wheeling and dealing, however, the government announced on March 30—just a day before the deadline—that the decision on breaking up NTT would be deferred to another review, to be concluded by the end of fiscal 1995 (April 1995 through March 1996). Accordingly, the war between pro- and antidivision forces was expected to reach its denouement in fiscal 1995 with the issuing of another set of Telecommunications Council recommendations. As it happened, the denouement did not come until December 1996 and was rather anticlimactic, owing to political developments under successive coalition governments.

The first coalition, formed in August 1993, after the July general election of the Lower House triggered by a no-confidence vote against the cabinet of Prime Minister Miyazawa Kiichi, comprised eight parties—all parties except the LDP and the Japan Communist Party. Led first by Hosokawa Morihiro (August 1993–April 1994) and then Hata Tsutomu (April–June 1994), that coalition was replaced in late June 1994 by a tripartite coalition that startled the nation, comprising as it did the LDP and its longtime rival the Social Democratic Party of Japan (SDPJ),² as well as the small New Party Sakigake (*sakigake* means “pioneer”). This coalition was headed by SDPJ Chairman Murayama

Tomiichi until his abrupt resignation in January 1996, whereupon the LDP's Hashimoto Ryūtarō took over.

The NTT war was fought on two fronts: public opinion and the political arena, specifically, political compromise. In the next two parts we will discuss the battles on each front, referring to the contextual factors shaping them.

THE POLITICS OF PUBLIC OPINION

The war over NTT policy was fought first on the front of public opinion. Interestingly, the actors appealing eagerly to public opinion were not politicians but senior bureaucrats, labor unions, and big-business leaders. Two arguments can be advanced to explain this phenomenon. One is to say that this was typical of the preliminary stage of policy making in Japan, when politicians as a rule play a minimal role, leaving bureaucrats and other players who have direct interests in the policy-making process a great deal of room to maneuver. The other is to assume that public support was actually perceived as the ultimate stake by those pursuing competing policy objectives. Analysis of a single example of the telecom policy-making process does not yield sufficient evidence to bear out the former interpretation, but the sequence of events outlined below demonstrates how public opinion can be seen as an important stake by policymakers and other interests and how it can be incorporated in the policy-making process even when its influence is not being mediated by representative institutions, such as political parties and elected officials.

The First Battle: Targeting the Stock Market

The battle for public opinion is seen most clearly in debate over countless reports on NTT issued by stakeholders, often with the intention of molding public opinion. The Second Rinchō report of 1982 was undoubtedly the most important, since it put the issue on the agenda and probably conditioned the way the war was fought. After this report, all stakeholders became more sensitive to reports produced by "authoritative" bodies and were eager to exert an influence on the drafting process. The Posts and Telecommunications Ministry was especially keen, since it had been shut out of the process of drafting the Second Rinchō report at first and had had to scramble to catch up with what was going on. Having learned a harsh lesson, thereafter the ministry

enthusiastically promoted the prodivision cause to ensure that its stance would be reflected in subsequent reports.

The ministry targeted stock market analysts even before its Telecommunications Council began discussions for the fiscal 1995 review, since there was a perception that it had lost the previous phase of the war by March 1990 in the face of pressure from NTT shareholders and the Ministry of Finance, which was being blamed for a plunge in the value of NTT shares and was strongly concerned to keep the stock market stable. The stock market had slumped because of the collapse of the so-called bubble economy. The value of NTT shares had dropped accordingly, betraying shareholders' speculative expectations and feeding a deep sense of anxiety. It was thought that breaking up NTT would prompt a further drop in the share price, inflicting damage on the stock market as a whole (Iio 1993, 195-196).

The ministry therefore embarked on its fiscal 1995 campaign by contacting influential think tanks and analysts, especially those affiliated with major securities firms both at home and abroad. They were encouraged to produce optimistic reports on the impact of breaking up NTT. The price of NTT shares actually rose on the assumption that dividing up the company would increase its competitiveness. NTT executives, finally becoming aware of the atmosphere surrounding the market in November 1995, scrambled to recover lost ground and had a quiet word with some influential individuals in the securities industry. As a result, the industry clammed up on the NTT issue, producing no further reports assessing the impact of dividing NTT. It has been said that NTT could lean on securities firms by threatening to withhold the right to handle transactions in the imminent stock flotation for its newly spun-off company in the mobile telephone business (Fujii 1996, 20-24; *Nikkan Kōgyō Shimbun* 1996, 101).

The ministry's strategy of targeting stock market spokespeople was successful in that it kept the Finance Ministry away from events and prevented interference from shareholders. It could make no further gains, however, for counterpressure was soon focused on the same targets, effectively muzzling them. The ministry's effort thus failed to decisively sway public opinion, or at least market opinion.

Division versus Deregulation

The way in which the ministry was forced reluctantly to announce a policy of further deregulation of the telecom industry is another

eloquent example of the actors' keen concern with public opinion. In the course of the heated debate over reports, NTT came to realize that its exclusive practices in relation to network access would harm its position in the eyes of report-producing bodies, which the company equated with public opinion. The ministry, meanwhile, suffered under a similar handicap in begrudging further deregulation.

NTT made the first move. In September 1995, it suddenly announced that it would open up network access to all other telecom companies, thus outflanking the ministry, which had been criticizing NTT for exclusive, discriminatory management of network access. NTT was now able to argue that there was no reason to break up the company and that a competitive environment for the industry as a whole should be created by removing the ministry's regulatory power.

Sentiment immediately shifted in NTT's favor, putting the ministry on the defensive. The ministry had been chivied into a position in which it had had to clarify its attitude toward further telecom deregulation. Up to that time, the ministry had maintained that NTT had to be broken up before further deregulation took place, otherwise the new telecom companies that had so far been protected by government regulation would be mowed down by mighty NTT.

The bureaucrats of the ministry's Telecommunications Bureau were most reluctant to play the card of further deregulation, though this now appeared essential to restore the ministry's standing in the eyes of the public. Antagonism toward NTT within the Telecommunications Bureau had escalated to the point where all channels of communication with the company were closed off, unlike the leadup to the previous review, when they had been kept open. Consequently, a sense of crisis grew within the ministry, along with criticism of the Telecommunications Bureau. In the end the minister was called on to resolve the issue. In December 1995, he announced (without, it was rumored, going through the Telecommunications Bureau) the ministry's intention to promote further deregulation, irrespective of NTT's management structure.

The ministry also tried to woo public opinion by suggesting a further step. At the time there was speculation that the ministry's real aim was to break up NTT in order to bring about a proliferation of telecom companies, since this would create more executive posts into which senior bureaucrats could step after retiring from the ministry (the practice of *amakudari*, or "descent from heaven," whereby retired

bureaucrats take up high-ranking jobs in companies in the sector under the ministry's jurisdiction). To dispel such suspicions and give an appearance of neutrality, the ministry suggested publicly that it might introduce some form of self-regulation of *amakudari* to new telecom companies. The possibility of self-regulation was put on the agenda in early 1996, as the fiscal 1995 review process was drawing to a close. It was clear that the ministry was desperate to appeal to public opinion, though in the end it stepped back from the brink, unable to commit itself to such a self-sacrificing step (Fujii 1996, 58–64, 111–113, 121–125).

The Union versus Big Business

Zendentsū also used its abundant financial and organizational resources to appeal to public opinion. The union energetically organized seminars, symposiums, and other forums designed to sell its antidivision line, though most were packaged and presented as neutral, voluntarily organized functions. Zendentsū also asked its 230,000 members for additional donations (which amounted to ¥350 million) to finance operations to block the company's breakup, and later secured approval from the union's annual convention to use money from the ¥50 billion strike fund.

The union's most eye-catching action was the purchase of a full-page advertisement in a national daily on March 31, 1995, in which the head of Zendentsū, Kajimoto Kōji, and the president of NEC Corporation, Sekimoto Tadahiro, argued against the division of NTT. Some politicians felt this was going too far. There was definitely negative sentiment toward the union's attempt to throw its weight around in public (Fujii 1996, 90–91).³

NEC's Sekimoto gave the impression, in the newspaper ad, that he was speaking for Japanese big business. While many business leaders were sympathetic to the antidivision camp, the other side had allies, too. One was Suzuki Yoshio, director of the Asahi Research Center. At the time, he was a member of the Administrative Reform Committee, set up by the Prime Minister's Office in December 1994 to follow up the work of Second Rinchō. Earlier he had served on the secretariat of Second Rinchō. It was he, in fact, who persuaded the Posts and Telecommunications Ministry to play the deregulation card to save the prodivision cause. He also ensured that the recommendations of the Administrative Reform Committee's Subcommittee on Deregulation echoed the ministry's line. Not coincidentally, those recommendations

were published the day after the minister's announcement of a policy of further deregulation (Fujii 1996, 119-120; Nikkan Kōgyō Shimbun 1996, 37-39; Suzuki 1996, 279).

The schism in big business was sharply reflected in various reports, especially those produced by Keidanren, which functioned mainly as the political front for big-business interests. Keidanren set up a special working group in 1994 to contribute to the fiscal 1995 review. At first the group took a fairly neutral stance, even in the eyes of Ministry of Posts and Telecommunications bureaucrats (Fujii 1996, 71). This may have sprung from a sense of noblesse oblige, which was quite common among business leaders and was the main motivation for such voluntary activities of Keidanren. But it was not long before pro- and anti-division interests clashed as the working group struggled to draft Keidanren's recommendations.

The Divided Business Sector

The rift within Keidanren reflected that between the so-called NTT family of companies and companies that had close ties (especially of capital) with the non-NTT telecom companies created after the privatization and partial deregulation of telecommunications. The NTT family of companies included NTT's "main banks" and electronics firms, such as NEC, that were its major suppliers. Together they constituted the bigger group within Keidanren. The other side, however, could mobilize sympathy from old-line heavy industries, which had been undergoing wrenching restructuring for many years due to intensified international competition and thus had good reason to resent NTT's privileged and protected status.

In September 1995, Keidanren published an interim report on the NTT issue. It stressed the necessity of deregulation without ever mentioning the possibility of dividing NTT. This was a humiliating blow to the ministry, which had tried hard to "assist" the working group. It had even helped arrange a research trip for working-group members to the United States, hoping that the recent successful breakup of AT&T would impress them. It is said that the ministry begged to the very end for the inclusion of at least a mention of division and even suggested that in return it might concede on deregulation policy.

As discussion proceeded to the upper echelons of Keidanren, however, the prodivision argument gained strength. Both camps mobilized all their forces in the series of discussions that ensued. The ministry

also tried to secure influence by asking its former senior bureaucrats to attend important meetings. The top level of internal discussion was Keidanren's Committee on Information and Telecommunications Policy. Here antagonism between the two camps reached a peak, and strong words were exchanged. It seemed virtually impossible to produce any recommendations that would represent the united voice of Keidanren. Indeed, the final report on telecommunications policy, issued on January 8, 1996, contained no substantial opinion regarding NTT's future structure, a reflection of the deep schism within Keidanren (Fujii 1996, 67-86; *Nikkan Kōgyō Shimbun* 1996, 39-41).

Impotent Keidanren?

It was not surprising to find Keidanren participating in major policy debates. Ever since former Chairman Dokō Toshiwo had been appointed to head Second Rinchō, becoming a national figure symbolizing the administrative reform initiative, Keidanren had even seemed to bear the mantle of reform advocate. This was not always the case, however, as seen in the NTT policy debate. Its internal split over NTT deprived Keidanren of the chance to provide leadership in this heated policy debate and thus reinforced its image as a public-minded "wise men's group." The course of events also suggested that the world of big business could easily be divided by conflicting causes that reflected existing configurations of business liaisons and interests and that the primary concern of the business leaders in Keidanren was to win over the organization to their particular cause.

Other questions arise: What was at stake in regard to the Keidanren report? Why was the Posts and Telecommunications Ministry so frantic over it? Why were business leaders so ready to fight one another, even to the extent of exposing Keidanren's disunity to the outside world? The report would have no binding force, comprising merely the recommendations of a voluntary organization. It was quite certain, however, that the report would have an important effect on public opinion. Was that the only reason for its perceived importance? To answer these questions, we need to examine Keidanren's political power.

Keidanren had long been the main conduit for the flow of money from big business to political parties. It provided donations through an organization called the Kokumin Seiji Kyōkai (Association for National Politics), and had a fund-raising committee to control the flow of political donations from its member companies to the LDP, as well

as to the opposition Democratic Socialist Party (DSP).⁴ What is important here is that Keidanren's member companies were discouraged from funding parties directly, although there were no constraints on corporate donations to individual factions and politicians. Keidanren had introduced this integrating arrangement to ensure a united stance of capital vis-à-vis the labor movement and to sustain the rule of the LDP as the guardian of the capitalist order. Consequently, Keidanren had placed itself in a rather difficult position in terms of ensuring that the LDP, and politics as a whole, reflected its own organizational interests effectively (Ishikawa and Hirose 1989, 178-181).

It is likely that the wrangling within Keidanren was motivated by concern over the report's effect on public opinion rather than its direct impact on policymakers. Their preoccupation with public opinion led Keidanren members to air their differences publicly. It is also possible that those within Keidanren who participated actively in the debate were allied with different groups of politicians and/or branches of the civil service and waged a surrogate battle on their behalf.

Keidanren's activities as an organization were not specifically designed to exert strong leverage in order to promote its particular concerns at any given time. Instead, individuals who gained prominence in Keidanren received the "fringe benefit" of gaining the friendship of important politicians and making the maximum use of these personal relationships either to satisfy their own infatuation with politics, which is quite common among Japanese business leaders, or to further their particular business interests (Ōtake 1996, 176, 186-187). Some studies suggest that peak business organizations offer high-ranking members opportunities to mingle with important policymakers (Tsuji-naka 1988, 212-213; Kabashima 1990, 17-19) and that business leaders are inclined to cultivate long-term, regular interaction with high-ranking politicians and/or bureaucrats because this is the best way of exerting influence over politics and policy making (Tsuji-naka 1988, 212-213; Ōtake 1996, 184-186).

This organizational inclination to encourage individuals to nurture ties with high-ranking policymakers exposed Keidanren to partisanship, especially after it relinquished its role in soliciting business donations to the LDP in 1994 as a consequence of the LDP's split. Keidanren gave up this role after upheaval in the LDP in 1993 over political reform policy had divided business leaders between those sympathetic to Ozawa Ichirō and his followers, who bolted the LDP and set up the

neoconservative Japan Renewal Party (JRP) just before the general election, and those supportive of the old guard that remained within the LDP. It is also believed that this partisanship also affected some parts of the civil service, mainly through personal connections between politicians and senior bureaucrats.⁵ In short, personal relationships between business leaders and high-ranking politicians and/or bureaucrats may have played a part in dividing Keidanren. Even if that was the case, however, public opinion was still the only conceivable stake in this surrogate battle that would affect NTT's policy.

The Telecommunications Council report was published on February 29, 1996. It recommended dividing NTT into one national long-distance carrier and two local carriers. Unsurprisingly, the council's orientation coincided with that of the Posts and Telecommunications Ministry, which had been able to manipulate proceedings and the appointment of members of the council. Nevertheless, by then the ministry had lost points with public opinion as a result of its earlier intransigence over deregulation. It has been pointed out that the ministry should have conceded on deregulation at least a month earlier if it hoped to win the fiscal 1995 battle (Fujii 1996, 133). Public opinion had been shown to have the power to pick winners.⁶

THE POLITICAL FRONT

After publication of the Telecommunications Council report, as well as other reports by governmental and nongovernmental bodies presenting arguments for and against breaking up NTT,⁷ the company's destiny was handed over to the politicians, who dealt with the issue in a confidential, low-key manner, in sharp contrast to the highly public debate of the preceding phase. The government was scheduled to deliver its decision by the end of fiscal 1995. On the very day of the deadline, however, the government announced that it would defer its decision so that it could submit legislation during the next ordinary session of the Diet, which would start in January 1997.

The politicians' immobility was no doubt influenced by the political situation that emerged with the rise of coalition governments. In the following I will discuss the logic that shaped politicians' handling of the NTT issue and evaluate their final output in terms of the hypothesis of a failed attempt at corporatism. Before exploring the implications of this hypothesis, however, we need to review developments

surrounding the privatization of Denden-kōsha, since the seeds of attempted corporatism seem to have been sown at that time.

The Seeds of Corporatism?

The major actors remained more or less the same from privatization into the coalition period, at least until the LDP-SDPJ-Sakigake coalition replaced the eight-party coalition. First, we must mention Yamagishi Akira. The president of Zendentsū at the time of Denden-kōsha's privatization, he became the president of the peak labor organization Rengō when it incorporated public-sector unions in 1989. He left his mark on all crucial political dealings regarding NTT and was unquestionably one of the key actors until the surprise formation of the LDP-SDPJ-Sakigake government led to Rengō's marginalization.

Second, we must mention the politicians Kanemaru Shin and his protégés Ozawa Ichirō and Hata Tsutomu. Kanemaru, chief lieutenant of the powerful Takeshita faction of the LDP, had established himself as an *éminence grise* within the party, though he disappeared from the political scene after resigning from the LDP and giving up his seat in the Diet in October 1992 following allegations of having received illegal political donations from the courier company Tokyo Sagawa Kyūbin. Ozawa and Hata were regarded as being among the most promising young leaders of the LDP. They were instrumental in splitting the party in 1993, when they broke away to establish the JRP, and they later took the initiative in forming the eight-party coalition government. These politicians had a hand in both critical developments in telecom policy and the failed attempt at corporatism. Not surprisingly, all three belonged to the Posts and Telecommunications *zoku* (a reference to politicians with strong ties to one or another government agency) and thus were well positioned to influence policy in this area. They also shared the wish for institutional reform to bring about a true two-party system that would enable alternation of the ruling party.

Political dealings over the privatization of Denden-kōsha served as the catalyst for an enterprising union leader and reformist LDP politicians under the aegis of Kanemaru to cultivate contacts. It was also this process that enabled Yamagishi to establish his reputation as a shrewd labor leader. Yamagishi was greatly aided by his close ties with Shintō Hisashi, the last president of Denden-kōsha and the first president of NTT. (Such ties were no surprise in a nation where enterprise unions are the norm.) In the leadup to privatization, Shintō persuaded

Yamagishi to accommodate privatization, while Yamagishi persuaded Shintō to endorse the union's opposition to division (Nakasone 1996, 516).⁸ In addition, the Nakasone government accommodated Yamagishi's demands. Zendentsū's focus was clearly on preventing the company's breakup, and the government had good reason to make concessions on this point, since it was in a hurry to pass legislation to implement privatization of Denden-kōsha, which had become symbolic of the government's entire privatization program.

Actually, Zendentsū was more bothered by the Japan Socialist Party (JSP), which was intent on blocking any privatization bill that would earn points for the LDP even though Zendentsū, having earned government concessions, clearly wanted it. While Yamagishi could still rely on those JSP Diet members whose main base of support was Zendentsū, it was felt that the JSP as a whole was disappointing and unreliable. (Actually, Zendentsū-backed JSP members were a help in that they mediated contacts between Yamagishi and some LDP members on the NTT issue.) The union leader was urged to realize the significance, and the future necessity, of direct communication with LDP politicians (Iio 1993, chap. 7). The fact that Kanemaru, a power in the Posts and Telecommunications *zoku* and at the time chairman of the LDP's General Council, acted flexibly in behalf of Zendentsū is suggestive.⁹

Thus, four groups of actors worked together toward creation of a privatized NTT: Denden-kōsha's labor union and management, some influential LDP politicians, and Zendentsū sympathizers within the JSP. In retrospect, the communication channels among the four groups were later to develop into a much broader force whereby some LDP and JSP politicians, and from time to time union and business leaders, would discuss the possibility of putting an end to the LDP's prolonged rule. The NTT issue served to catalyze this force, with Zendentsū and its leader an integral part of the process from the start.

The First NTT Review

The conclusion of the first review of NTT's structure by the scheduled deadline of the end of March 1990 revealed the discretion of politicians more clearly. The communication channels developed in connection with privatization appeared to be effective in influencing the government's decision, which was hammered out in the LDP Policy Research Council's subcommittee on telecommunications policy. Just before the deadline, the subcommittee decided that NTT's future structure

should be reviewed again in fiscal 1995, overruling the Telecommunications Council report that had recommended dividing NTT into three companies. Hata was chairman of the subcommittee and is said to have delivered his judgment in the presence of representatives of both the Finance and the Posts and Telecommunications Ministries.¹⁰

As already mentioned, events surrounding the 1990 review featured another twist. It has been reported that when the Telecommunications Council began deliberations in 1988 the Posts and Telecommunications Ministry's Telecommunications Bureau was besieged for three days with phone calls from NTT shareholders anxious about a possible drop in the share price. Worried over the stock market, which had already fallen, and concerned to raise the maximum amount of money from the future sale of the remaining government-held shares of NTT, the Finance Ministry stepped in.

At first glance, this may seem to be just another example of the traditional rivalry between the two ministries, with the much stronger Finance Ministry likely to be the winner. However, the sequence of events can also be seen in the light of the following two contexts. First, the outcome of the review can be explained as a consequence of the personal relationship cultivated between Yamagishi and some LDP politicians since the time of privatization. It has been recalled that Yamagishi directly requested Hata to halt the prodivision forces.¹¹ It is also widely believed that Kanemaru, Hata's mentor, quietly engineered the political compromise regarding the 1990 review, thus rewarding Yamagishi for their long relationship (Fujii 1996, 94; Obi 1996, 108).¹² All this suggests that a certain group within the LDP on the one hand and Zendensū and its leader on the other were committed to the outcome of the first review, auguring their far bolder enterprise three years later of engineering the formation of the first non-LDP government in 38 years.

Second, we must remember that the LDP was short of a majority in the House of Councillors (Upper House), which it had lost when the JSP made dramatic gains in the 1989 Upper House election thanks to the popularity of its chairwoman, Doi Takako. After that election, the LDP had no choice but to take into consideration the stance of the JSP, which had strengthened its position as the largest opposition party.

The emergence of Rengō was another significant factor. Rengō was formed in November 1987 as the Japanese Private-Sector Trade Union Confederation, the umbrella organization for major private-sector

unions, including those belonging to Sōhyō (General Council of Trade Unions of Japan) and Dōmei (Japan Confederation of Labor), which thereupon disbanded. Rengō changed its name to the Japanese Trade Union Confederation when the public-sector unions affiliated with the former Dōmei and Sōhyō joined in November 1989, whereupon Sōhyō disbanded. The merger of Sōhyō, which supported the JSP, and Dōmei, which backed the DSP, into Rengō was expected to facilitate the rapprochement of the JSP and the DSP.¹³

Yamagishi was also the leader of the movement for united labor, and was expanded Rengō's first president. His design was for Rengō to urge cooperation among opposition parties, especially the JSP and the DSP; their united endeavor, backed by Rengō's powerful electoral machine, would pave the way for a non-LDP government.¹⁴ The time seemed ripe for the emergence of a social democratic, labor-backed force, Doi's popularity and the emergence of Rengō being seen as powerful assets to challengers to LDP rule.

Given this context, the antidivision camp's success in modifying the Telecommunications Council's recommendations can be explained in terms of the opposition's power to block legislation in the Upper House and what appeared to be an unprecedented opportunity for labor (Rengō) to influence political decision making. This reflected the optimistic view of many center-left observers that labor could have a real influence by bringing about an end to LDP dominance and participating in an alternative government.

Rengō's Corporatist Ambitions

Rengō seemed to be advancing toward the anticipated corporatist era. Having unified private- and public-sector unions, the organization's leadership believed that it could now facilitate cooperation between the JSP and the DSP, which had been antagonistic toward each other for so long. The Kōmeitō (Clean Government Party) and Shaminren (United Social Democratic Party) as well as Upper House Rengō (a parliamentary group of Upper House members elected with Rengō's support in 1989), were also invited to cooperate in order to coordinate opposition control of the Upper House and increase opposition chances of wresting control of the Lower House from the LDP in a future general election. Rengō's stated aim was to create an alternative governing force, with the ultimate goal of creating a two-party system. To commit itself to this grand plan, it deliberately left the matter of electoral

support for specific parties and candidates to the discretion of individual member unions while proclaiming its intention of "cooperation and collaboration" with the above-named four parties in particular (Rengō 1990, 200–201). Rengō also advocated a comprehensive policy approach rather than ad hoc, piecemeal support for member unions' policy concerns and repudiated the rigid ideological agenda that had preoccupied Sōhyō and the JSP for so long (Shinoda 1989, 123, 146).

Rengō's broad-church endorsement of center-left parties and its comprehensive and pragmatic approach to policy seemed to point to the possibility of its developing into the united voice of labor, catalyzing an alternative governing force through its inclusive and mediating approach to center-left parties, and achieving responsible participation in government. Reinforcing this outlook, Yamagishi became a national figure through active involvement in politics and frequent appearances in the media, recalling the shrewd political skills he had exercised in the privatization of Denden-kōsha and the creation of Rengō.

At the time, Yamagishi apparently had a somewhat corporatist image of party-labor partnership, whereby Rengō would assure electoral support to a group of parties (or individual politicians) committed to social democratic ideals in exchange for the prerogative of access to government decisions once those parties took power (Igarashi 1992, 342). The opposition's dominance of the Upper House no doubt encouraged such a vision. Later, however, Yamagishi came to believe that Rengō could not afford to wait for an alternative governing force to materialize from the array of opposition parties.¹⁵ This was one cause of the gulf that would divide what had been anticipated as a step toward corporatism from what was actually being attempted with Rengō's backing.

Now that the combined opposition held the majority in the Upper House, the next question was how to build up a similar majority in the Lower House and topple the LDP from power. The following discussion will assume that Japanese social democratic forces were aware of the prospect of corporatism, which would enable them to influence government policies by having the parties they supported elevated to power.

The Eight-party Coalition Government

By the time the final settlement of the NTT issue was reached in December 1996, Japanese party politics had undergone its most dramatic change since 1955, when the LDP was formed through the merger of

two conservative parties and the JSP was reunified (it had split into left- and right-wing parties in 1951). That was the birth of an eight-party coalition government excluding the LDP in 1993, followed by the even more unconventional phenomenon of the formation of an LDP-SDPJ-Sakigake coalition government in 1994. Under these coalitions, the SDPJ shared in government for the first time—as the largest party in the first coalition and the second largest in the second (in which it also provided the prime minister).

On the surface, the rise of a non-LDP government seemed to fulfill the ambition of Rengō and its allies in the social democratic bloc, since they had access to power as insiders for the first time. In fact, the coalition was in large part the brainchild of Rengō's leader, Yamagishi. He was one of the key figures who had masterminded a pact between the SDPJ and Ozawa's JRP aimed at wresting the Lower House majority from the LDP in 1993.¹⁶ All Yamagishi's hard work seemed to have been rewarded.

The SDPJ-JRP pact that enabled this revolution was also notable in some other senses. It meant a formal end to the most important confrontation in Japanese postwar politics, that between proponents of disarmament and rearmament, since the JSP/SDPJ championed the former and Ozawa's group the latter. (As a member of the LDP, Ozawa had strongly advocated the use of Self-Defense Forces [SDF] personnel in United Nations peacekeeping operations.) At the same time, however, it meant a significant deviation from the original corporatist scenario envisioned by center-left observers, since the coalition incorporated an element most alien to any social democratic scenario—Ozawa's JRP, the "new right" group that had bolted the LDP.

Nevertheless, the fact that the coalition's self-declared mandate was limited to political reform could be said to legitimize its unconventional, even contradictory, composition. This mandate was fulfilled with the electoral reform of 1994 that introduced a single-seat district system for the Lower House in place of the multiseat system that had prevailed through most of the postwar period—an initiative pushed by Ozawa and his allies since 1992, on the grounds that it would lead to a two-party system. Because of the coalition's limited purpose, it is difficult to argue that it represented an attempt at corporatism. We can make a couple of observations, however. First, Yamagishi and Ozawa shared the vision of a two-party system in Japan, in which a labor-backed social democratic party would compete with a conservative party. On

the basis of this common ground, Yamagishi threw his support behind Ozawa's design for electoral reform.¹⁷ The promise of corporatism was still felt to exist beyond the anticipated reform.

Second, while conciliating other members of the coalition at first, Ozawa gradually revealed his domineering leadership style. Hosokawa Morihiro, chosen as prime minister because of the significant contribution his popular Japan New Party had made to the overthrow of the LDP in the 1993 Lower House election, soon turned out to be a mere figurehead. Ozawa's dictatorial and unpredictable maneuvers, coupled with his Machiavellian approach to potential allies in pursuit of a given goal, was precisely what made electoral reform possible, though it also made Rengō's participation in power subject to his whim or, at best, his personal contact with labor leaders. The viability of corporatism would have to wait to be tested until the eight-party coalition, with its limited reform mandate, had disbanded.

The LDP-SDPJ-Sakigake Government

The emergence of the LDP-SDPJ-Sakigake coalition in late June 1994 stunned the nation. Unlike the previous coalition, it was far from being the product of a corporatist initiative, for it had nothing to do with Rengō and its sympathizers. The tripartite coalition was the result, rather, of a revolt by left-wing elements of the SDPJ keen to revenge themselves on Rengō and its SDPJ collaborators for attempting to marginalize them.

The drive to marginalize and even eradicate the leftist, fundamentalist elements of the SDPJ actually predated the period of coalition governments. While strengthening its ties with certain LDP politicians, the center-right wing of the SDPJ had been urged to cut loose from its left-wing colleagues (Nakasone 1996, 16; Honzawa 1997, 40). This drive intensified after the SDPJ voted against the International Peace Cooperation Bill (which would enable SDF personnel to take part in UN peacekeeping missions) in June 1992 despite the center-right leadership of then-Chairman Tanabe Makoto, who had been expected to impose his pragmatic line on the party. This event dramatically exposed the party's inability to overrule its fundamentalist wing on such crucial matters as security, negating the party's credentials for government. It also reopened the gulf between the SDPJ and the DSP, which basically agreed with the LDP on security, thus destroying the effectiveness of Rengō's broad-church electoral endorsement in the July

1992 Upper House election. Those who had anticipated an SDPJ government in cooperation with the DSP in the near future were deeply disappointed. Yamagishi was no exception and had to discard the idea that the SDPJ could be assimilated as a whole into an alternative governing bloc.¹⁸ In the July 1993 Lower House election, Zendentsū and some other powerful unions actively campaigned against left-wing SDPJ candidates, removing their names from their lists of endorsed candidates, and were responsible for the defeat of quite a few (Honzawa 1997, 57).

Naturally, outrage built up among left-wing SDPJ members. This, together with Ozawa's miscalculation, led to the irrevocable breakdown of the eight-party coalition. Ozawa tried to shed the SDPJ from the coalition, whereupon the party resigned from the cabinet, triggering the collapse of the coalition in June 1994 and, indirectly, the SDPJ's improbable alliance with the LDP later that month. In fact, SDPJ left-wingers had been in contact with some LDP members behind the scenes, frustrated and possibly resigned to their waning fortunes within the party as well as vis-à-vis the electorate (Nihon Keizai Shimbun-sha 1994, part 3; Kyōdō Tsūshin-sha 1996, 67-70). Ironically, the marriage of convenience between traditional enemies was brokered by the most leftist, fundamentalist members of the SDPJ and the mainstream conservatives of the LDP.

This new coalition marginalized the forces both within and without the SDPJ that had been committed to the previous coalition government, including Rengō (Nihon Keizai Shimbun-sha 1994, 126-30). The parties supporting Rengō were now divided between the government and the opposition. One of Rengō's major backers, the DSP, even disappeared when it was subsumed, together with all the other parties in the first coalition except the SDPJ and Sakigake, into the New Frontier Party (NFP), established in December 1994. The prospect of a new relationship between united labor and the government seemed to have faded. Rengō was also caught in a bind between member unions that supported SDPJ Chairman Murayama as prime minister of the LDP-SDPJ-Sakigake government and those, like Zendentsū, that were opposed.

Zendentsū and its sympathizers attempted to create a new party headed by the center-right SDPJ politician Yamahana Sadao (Kyōdō Tsūshin-sha 1996, 39, 98-99, 151), a move in keeping with Rengō's newly declared policy of launching a "third force" that would help

pave the way for a two-party system (Rengō 1995, 64). But the timing could not have been worse. Catastrophic events—the Great Hanshin-Awaji Earthquake of January 1995 and the sarin nerve-gas attack in Tokyo subways by the Aum Shinrikyō cult in March 1995—plunged the nation into crisis mode, leaving no leeway for political games, and plans for a new party were aborted.

The Final Phase of the NTT War

The final phase of the war over NTT took place after Rengō had lost its sense of direction, its dream of corporatism shattered. This was also a time when politicians and various interests were maneuvering for greatest advantage under the new Lower House electoral system in preparation for the next general election, which it was felt could come at any time (in the event, it was held in October 1996).

In 1995, the LDP-SDPJ-Sakigake government embarked on the second review of NTT's structure, as had been scheduled in 1990. In the runup to the review, Zendentsū began trying to appease the LDP, which resented the union for its recent attempt to split the SDPJ and set up a new party under Yamahana. Zendentsū targeted Katō Kōichi, secretary-general of the LDP and a leading contender for leadership of the Miyazawa faction, and he appeared to be sympathetic. After all, Katō had consolidated his position in the party as well as in the Miyazawa faction thanks to his close ties to the SDPJ, which at the time was a valuable asset to the coalition. There was good reason for considering that Katō's personal interest in strengthening his position within the party and his faction might prompt him to contact interests related to the SDPJ and thus cause him to listen to Zendentsū, as well.

Apart from that, the prospect of a Lower House election under new rules was Zendentsū's strongest card. The coalition's working group on the NTT issue gradually came under Zendentsū's influence as expectations of an election grew. The best the working group could do was defer a final decision on NTT's structure to the next ordinary session of the Diet, starting in January 1997. This decision, arrived at just before the deadline for the review, was the initiative of the LDP members of the working group. Anticipating a general election, they wanted to avoid any complication of their relationship with Zendentsū, which was talking openly of lending its support to politicians who would oppose the breakup of NTT.¹⁹ In fact, Zendentsū was pressuring politicians of all stripes, offering its backing in the next Lower House election to

candidates sympathetic to NTT and Zendentsū's antidivision cause (Fujii 1996, 91-92, 140).

This was a far cry from the days when unions had been identified with certain parties on a more or less permanent basis. It was also a big break from the time when Rengō had been preparing, by means of a broad-church endorsement of center-left parties, for the materialization of a social democratic bloc. In a sense it was, however, a logical extension of the selective endorsement policy Zendentsū had adopted vis-à-vis SDPJ candidates in the 1993 Lower House election.

As early as 1991, it was recognized that there were two schools of thought within Rengō regarding its relationship with political parties (Igarashi 1992, 342). One envisaged a long-standing, regular partnership with a particular party or bloc of parties. This was the approach embraced by Yamagishi. The other advocated issue-by-issue or policy-by-policy cooperation with various political parties. This is said to have been the preference of Washio Etsuya, Rengō's secretary-general from 1993 to 1997 and its president from 1997 onward, and also possibly that of Ashida Jinnosuke, Yamagishi's immediate successor as Rengō president.²⁰ Rengō was inclined toward the former type of relationship during the eight-party coalition period. But after the emergence of the LDP-SDPJ-Sakigake coalition, and not coincidentally after Yamagishi's resignation as president in October 1994, Rengō leaned toward the latter, piecemeal approach of policy-by-policy cooperation. This was a natural shift, in a sense, since Rengō could not wholeheartedly support the SDPJ after its internal upheaval had led to its unexpected alliance with the LDP (Rengō 1995, 64). This piecemeal approach soon came to be practiced in a rather aggressive, extensive way, leading Rengō to endorse even some LDP candidates in the 1996 Lower House election.

Washio's approach accorded with Zendentsū's behavior in regard to the fiscal 1995 NTT review, when it issued promises of support and threats to withhold support in the next general election on the basis of politicians' stance regarding the breakup of NTT. There is good reason to believe that this approach was effective at that particular time, since even the most established politicians were nervous over their chances in the first general election to be contested under the new system of single-seat districts. Naturally, Zendentsū took maximum advantage of its ability to deliver an organized vote. This may seem to prove the superiority of the piecemeal approach to party-labor relationships. But there was no guarantee that Zendentsū would be able to repeat its

performance in subsequent Lower House elections, especially if the LDP reestablished its dominance under the new electoral system, which was thought to be advantageous to incumbents. (The 1996 Lower House election did in fact deliver victory to the LDP, which formed the next cabinet in its own right, though it maintained the façade of a coalition with the SDP and Sakigake for some time thereafter.)

When the deadline for settlement of the NTT issue was postponed, Zendentsū insisted in vain that the original schedule should be adhered to, wishing to maximize its influence before the next general election. By the end of 1995, however, both NTT and the Posts and Telecommunications Ministry were aware that the only way to bring about an end to hostilities was to divide NTT but create a single holding company. This idea, originating within big-business circles, was seriously discussed within NTT around the turn of the year, though the company did not suggest it to the ministry at that time, judging that a provision resolution in fiscal 1995 could be averted (Fujii 1996, 127–33).

The Settlement: Zendentsū Marginalized

The October 1996 general election enabled the LDP to reinforce its position as the largest party in the Lower House; it boosted its strength from 211 seats (out of 511 in the prereform Lower House) to 239 seats (out of 500 in the postreform Lower House) but failed to gain a majority. Meanwhile, the SDP made a disastrous showing, dropping from 30 to 15 seats, while Sakigake won only 2 seats, down from 9. After the election, the SDP and Sakigake agreed to remain in coalition with the LDP but declined representation in the new cabinet. Though the SDP was still a meaningful presence in the Upper House, in the July 1995 Upper House election for half the chamber's 252 seats the party's strength had plummeted from 41 to 16 of the seats contested, and there was no prospect of the party doing any better when the next Upper House election came due, in 1998. Zendentsū's marginalized position in the 1996 NTT settlement was curiously synchronous with the collapse of the SDP's influence.

In December 1996, the holding-company plan surfaced again, this time as the Post and Telecommunications Ministry's official policy. It came as a complete surprise to Zendentsū, though not to NTT, which had stayed in close touch with the ministry.²¹ The settlement arrived at was the outcome of behind-the-scenes wheeling and dealing between

NTT and the ministry. It called for NTT to be divided into two local network companies (one for eastern Japan and one for western Japan) and one long-distance carrier that would be licensed to provide international services, as well. All three companies were to be under the control of a holding company. These changes were to be implemented within two and a half years of the enforcement of enabling legislation. This solution allowed both sides to save face: NTT maintained overall ownership, while the ministry secured the breakup of NTT's management and an increase in the number of executive posts.²² The settlement was made known to the outside world only after the two sides had reached agreement, in dramatic contrast to the much-publicized battles that had characterized earlier phases of the telecom war.

Meanwhile, the LDP had regained control of the Lower House by enlisting the support of LDP-leaning independents while retaining the arrangement of consulting with the SDP and the Sakigake on major legislative issues because of its weakness in the Upper House. The LDP welcomed the announcement on December 6 of the ministry's new policy on NTT, since the party was eager to legalize holding companies, which had been abolished during the Allied occupation following World War II. The SDP's initial response was fairly negative, party spokespeople expressing reservations over possible damage to NTT's competitiveness. Curiously, Zendentsū made no comment for six days.²³ Later developments showed that Zendentsū swiftly shifted its focus to quibbling over details of the new structure, just as it had done when it capitulated to Second Rinchō's privatization plan.

Zendentsū pretended that the settlement did not necessarily represent a defeat for the union, but its members' future became far more uncertain, for it was not clear how the unions of the newly created telecom companies could take countermeasures against the holding company's management decisions. A simple division of NTT might have been better for the union in terms of its members' shopfloor rights, though the workers may have been happy at the prospect of increased competitiveness through more flexible management and the consolidation of capital. Zendentsū maintained an optimistic tone, as if it were more concerned with the fortunes of the enterprise as a whole than with its members' shopfloor rights. The union swiftly shrank to a mere enterprise union when it found itself marginalized in relation to the government as well as management.

CONCLUSION

The rise and fall of Japanese corporatist ambitions left a clear stamp on the development of NTT policy, which was swayed by shifts in the NTT union's position on the political front. The period of coalition governments aborted the promise of corporatism, and once-influential Zendentsū was reduced to a mere bystander in the end, excluded from the decision-making process.

The development of NTT policy also illustrates vividly how public opinion influenced the policy contestants. The way in which considerations of public opinion overruled policy arguments is especially noteworthy because that phase of the telecom war barely involved politicians, who as elected officials might be expected to be most attentive to public opinion. Politicians did step in to make decisions at a later stage, but they did not give public opinion as much weight as non-political actors had earlier. Instead, they avoided public debate and relied on wheeling and dealing behind the scenes.

The policy making, or non-policy making, process seen in the course of the struggle over the breakup of NTT spotlights one notable pattern of the Japanese policy-making process that was probably shaped in the Second Rinchō period, when massive media coverage of Second Rinchō's activities and members brought policy debate closer to the public. This pattern consists of a curious combination of two contrasting phases. One is the phase wherein nonpolitical actors are major participants and public opinion is the ultimate stake: Much-publicized debate vies for public opinion, while politicians stay out of the debate until the final decision has been handed to them. The other is the phase after the final decision has been handed to politicians, when they deal with it in their usual behind-the-scenes, wheeling-and-dealing manner. This provides an opportunity for representatives of interest groups to influence parties and individual politicians using their political resources, such as an organized vote and personal ties. In sharp contrast to the much-publicized debate of the earlier phase, the logic behind the eventual outcome is unlikely to be announced to the public. In the case of NTT, the sequence of events in the second phase was affected by the course of the failed attempt at corporatism.

This pictures helps us identify different stages in a policy-making process wherein different factors, ranging from public opinion to an organized vote, carry the most weight. That helps us understand the

course of action, and the strategy, of the actors involved in the process. We can plausibly say that public opinion has symbolic weight in the phase of setting the policy agenda—that is, setting a limited set of policy alternatives before politicians and the public—as does any organized vote (such as that of labor) whenever politicians' decisions are called for. Consequently, those actors who would be expected to be independent from public opinion, most notably bureaucrats, turn out to be attentive to public debate and sensitive to public opinion, while politicians enjoy relative independence from public debate despite their status as elected officials.

NOTES

1. Igarashi employs a similar definition of corporatism when he refers to the strategy pursued by Yamagishi Akira, president of Rengō (Japanese Trade Union Confederation) from 1989 to 1994, and the Rengō mainstream to establish “a labor party comparable to its European counterparts, and through it a labor voice in politics,” which would enable “an effective corporatist arrangement to run the macroeconomy” (1992, 320).

2. Before February 1991, the SDPJ was known in English as the Japan Socialist Party (JSP). In January 1996 the party name was changed to the Social Democratic Party. In this chapter, for convenience' sake the party is referred to as the JSP before February 1991, as the SDPJ from February 1991, and as the SDP from 1996.

3. Some important members of the government working group formed in March 1996 to guide the government's decision on NTT shared this anti-Zendensū, or more generally antiunion, sentiment. The major such figure was the LDP politician Nonaka Hiromu, who criticized “unions' infatuation with politics” (interview with Ogasawara Michiaki, Ministry of Posts and Telecommunications, March 18, 1997).

4. The DSP was formed in 1960, after a group of right-wing JSP members broke away because of disagreement over revision of the U.S.-Japan Security Treaty. The DSP espoused middle-of-the-road policies and generally supported the LDP's security stance.

5. Ozawa Ichirō, the de facto leader of the eight-party coalition, is said to have had close ties to a Posts and Telecommunications Ministry official who aggressively advocated division of NTT.

6. Public opinion as discussed here is not necessarily a concrete, objective phenomenon. Takeshita defines public opinion as “the particular body of opinion that is perceived to be influential in society by the policymakers concerned” (1990, 76). What interests us is that in the war over NTT, at least as

far as the fiscal 1995 phase is concerned, there is no evidence of widespread public concern. The favor of public opinion seems to have been merely a symbolic asset to policymakers, but clearly one they thought was worth pursuing.

7. Of reports by governmental bodies, that issued in November 1995 by the Fair Trade Commission's advisory committee on competition policy in the field of information and telecommunications, which appeared to side with NTT, became another important focus (Nikkan Kōgyō Shimbun 1996, 32-34). Many reports issued by private-sector bodies were in fact public relations exercises by Zendentsū, NTT, and other business interests in disguise and were clearly intended to influence public opinion via media coverage of their content (Nikkan Kōgyō Shimbun 1996, 40-41).

8. Those who had been associated with Second Rinchō saw this as an unforgivable "betrayal" by Shintō (Suzuki 1996, 58).

9. Nakasone recalls that Sejima Ryūzō, an influential politico-business fixer, persuaded Kanemaru to accommodate privatization despite the latter's initial reluctance (1996, 516). Iio suggests that the JSP's failure to accommodate Zendentsū's demands during Diet proceedings on the Denden-kōsha privatization bill paved the way for the subsequent realignment of the union world, which slipped out of the JSP's control and caused the party's marginalization (1993, 285).

10. Interview with Ogasawara, March 18, 1997.

11. Interview with Yamagishi Akira, July 11, 1997. Not coincidentally, in April 1994 Hata took over from Hosokawa as prime minister of the non-LDP coalition, a coalition orchestrated by none other than Yamagishi.

12. Interestingly, Kanemaru had established himself as a power in the Posts and Telecommunications *zoku* when he extended his influence to the field of telecommunications policy with his active involvement in Denden-kōsha's privatization (Iio 1993, 282).

13. See note 4.

14. This was termed the "SDP-Kōmeitō-DSP line" or the "strategy to consolidate social democratic forces."

15. Interview with Yamagishi, July 11, 1997.

16. Interview with Adachi Hiromichi, director of Rengō's Political Division, August 21, 1997.

17. Yamagishi is said to have opposed the idea of electoral reform at first. Ozawa, on the other hand, was a fervent proponent of a single-seat district system, which had been discussed within the LDP for some time and was seen by many as a shortcut to a two-party system. Outwardly, it was over this issue that Ozawa and his allies left the LDP. Ozawa then worked on winning over Yamagishi, which he did by insisting that the reallocation of Diet seats to smaller, single-seat districts would enable peaceful coexistence even between currently competing parties (interview with Yamagishi, July 11, 1997).

18. Interview with Yamagishi, July 11, 1997.

19. In the 1996 general election, the chair of the working group, the LDP's

Yamasaki Taku, secured the support of Zendentsū and defeated his NFP rival for the same seat.

20. Igarashi calls the former a "European" type of party-labor relationship, the latter an "American" type (1992, 342). The issue was whether what was anticipated was a two-party system consisting of a "radical" party and a "conservative" party, in which case the former would naturally monopolize labor support, or a system featuring two conservative parties, in which case individual candidates would matter more. Rengō's leaders themselves seemed confused by this terminology. Ashida, for example, seemed to be impressed by a German union leader who said that the DGB (Deutsche Gewerkschaftsbund), the German counterpart of Rengō, left the matter of party support to each individual's conscience ("Rōso wa kenzei" 1997). And Adachi Hiromichi, director of Rengō's political division, insisted that Washio's approach was more "European" than that of Yamada Seigo (secretary-general of Rengō from 1989 to 1993), who was inclined to shun involvement with politics and elections. At some point, however, Washio began to feel the necessity of supporting a social democratic party so that it could be presented to the Socialist International as the representative of Japanese labor (interview with Adachi on August 21, 1997).

21. Interview with Ogasawara, March 18, 1997; interview with Yoshiwara Yasunori, a member of Zendentsū's Central Executive Committee, August 21, 1997. It should be noted that in June 1996 NTT's chairmanship was taken over by a man who was both an NTT loyalist and a former Posts and Telecommunications Ministry official. This appointment was arranged by the LDP overriding the wish of the outgoing president, a tough antidivision fighter, for elevation to chairman (Fujii 1996, 161-164).

22. It was speculated that nearly 40 executive posts would be added as a result of the breakup (question by Kawamura Takashi, NFP, House of Representatives Standing Committee on Posts and Telecommunications, May 14, 1997).

23. Interview with Ogasawara, March 18, 1997. The statement finally issued by Zendentsū did not challenge the ministry's proposal or discuss the pros and cons of the proposed breakup. Zendentsū stated that it had approached the proposal as a totally new policy and merely questioned technical points that would be contained in the enabling bill (interview with Yoshiwara, August 21, 1997).

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