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MITI, MPT, and the Telecom Wars: How Japan Makes Policy
for High Technology
by Chalmers Johnson

In his memoirs of postwar politics, Yoshida Shigeru, the great prime minister who presided over Japan's rise from the ashes, commented that, "The Occupation, with all the power and authority behind its operation, was hampered by its lack of knowledge of the people it had come to govern, and even more so, perhaps, by its generally happy ignorance of the amount of requisite knowledge it lacked."¹ More than thirty-five years after the end of the Allied Occupation of Japan, the main issue has changed from America's ability to govern a defeated Japan to its ability to compete economically with a renascent Japan, but Yoshida's observation is still valid. During the 1980s American leaders vehemently declared on every possible occasion that no country was "more important" to them than Japan and that Japan was the "cornerstone" of their foreign policy in the Pacific.² And yet these same leaders demonstrated on equally numerous occasions that they had not a clue as to how Japan was governed.

During 1984 and 1985, frustrated by the issues of Japanese "industrial policy" and product certification procedures, the Americans attempted to make an issue out of the "transparency" of the Japanese government--by which they meant that they did not know how policies affecting them were made within the Japanese government and that they wanted to be able to lobby the Japanese government at least as easily and effectively as Japanese were lobbying the American government in Washington.³ Equally to the

point, the Americans were mystified by the coincidence of a warm personal friendship between the president and the prime minister (President Reagan's and Prime Minister Nakasone's "Ron and Yasu" relationship) and the growth of the bilateral trade deficit to \$50 billion, the figure for 1985. During the period of their special relationship, Ron and Yasu agreed on at least a half dozen market opening schemes that were supposed to redress the trade imbalance. Instead it got worse. Did this mean that it was useless and misleading to lobby the Japanese prime minister?

Such confusion and misunderstanding were by no means restricted to the Reagan and Nakasone administrations. In a major study of the negotiations during the late 1970s between Japan and the U.S. to open up the Japanese telephone monopoly to sales by American manufacturers, Timothy Curran concluded: "The U.S. request for the inclusion of NTT [Nippon Telegraph and Telephone Company] under the code [signed in 1979 governing procurements by governments] assumed an ability on the part of the Japanese government to deliver the requested concessions. When the government did not deliver NTT concessions, U.S. officials believed Japan was deliberately being uncooperative." Even after they got an agreement with Japan, the Americans never really figured out what had been the problem on the Japanese side or why the discussions were so acrimonious. This led Curran to conclude that the United States "must learn more about Japan--about the structure of power and influence within the Japanese government--and between the government and the public corporations."⁶

Five years after a supposed telecommunications agreement was reached between the two countries, the situation remained

unchanged. By 1985, the bilateral trade deficit in telecommunications equipment had grown to \$1.5 billion in Japan's favor, even though this is an area of high technology in which the Americans are pioneers and in which their equipment and networks are without equal. Most analysts have concluded that this deficit is likely to be permanent, regardless of any changes in the macroeconomic environment of the two countries such as currency exchange rates. Nonetheless, American trade negotiators were claiming in April 1985 that they had achieved virtually all of their goals in the telecommunications talks; and John J. McDonnell, Jr., vice president of the U.S. Electronics Industries Association for telecommunications, was quoted by the press as saying that "All of us are absolutely delighted" with the operations of the new, independent certification agency that replaced the old system under which NTT certified all equipment for use in Japan. McDonnell also added, however, that "I don't ever expect, in my lifetime, to see a positive balance in trade with Japan in telecommunications."⁵

Telecommunications was supposed to be the success story of the 1985 American effort at market opening in Japan, compared with timber products, medical equipment and pharmaceuticals, and electronics, on each of which the U.S. failed to make headway or else turned to the courts in anti-dumping suits. And yet, toward the end of 1985, Glen Fukushima, head of Japanese affairs in the Office of the U.S. Trade Representative, revealed that "We've encountered some serious difficulties, and because of this it's difficult for us to say now that telecommunications has shown the most significant progress." On the Japanese-American trade negotiations in general, Fukushima concluded, ". . . we went around and around

in this discussion, and it was quite evident that the role of the government [in Japan] was conceived of being very different, that the expectations the community had of the government were different, and that the fundamental notion of competition was also quite different in the two countries."⁶

In my personal experience as a scholar of the Japanese political economy, I have on occasion been approached by senior officials of American industries with a request that I help them in lobbying the Japanese Diet. I have always replied that although I am sympathetic to the idea of trying to get the message of American business across in Japan, it is foolish to attempt to lobby the Japanese Diet. No one, Japanese or foreigner, is interested in lobbying the Diet since policies are not initiated or decided there but only ratified and legalized. "Where, then, should we lobby?" I am asked. This paper is an attempt at an extended answer to that question.

"What should an American know if he or she wants to lobby the Japanese government?" My answer is divided into two broad parts. The first concerns one of the most controversial subjects in contemporary Japanese studies--namely, who governs in Japan and how is the system of governance changing? Regardless of the many different answers given to these questions by Japanese and foreign analysts alike, all will agree that the components of the answer include bureaucracy, ruling party, faction, and what are called zoku (loosely translatable as members of tribes or caucuses). I shall attempt to describe each of these groups and how they relate to each other, particularly in the area of telecommunications. The second part

of my answer takes the form of a case study of Japanese policy-making for one of the two or three most important high-technology industries--namely, telecommunications during what Japanese have come to call the telecom wars of 1983-1985. Although the participants and battles of the telecom wars during the first half of the 1980s are fixed in time and place, the kinds of relationships they had with each other are of continuing significance; and I am hopeful that such a cautionary tale will help put meat on the bones of my structural analysis.

Japan's Political System and How It Is Changing

During the first half of the 1980s, the Japanese government initiated and pursued many important official policies for the nation. These included the decision to end the century-old governmental monopoly in telecommunications services by reorganizing the Nippon Telegraph and Telephone Company as a joint stock company. English-speaking observers like to refer to this development as "privatization" even though, in fact, all shares of the new NTT are under the control of the government and only a portion of them are being sold to the public (none to foreigners) over a five-year period.⁷

The government also undertook to rewrite its laws regulating the newly demonopolized telecommunications business, tried to force the interest rates on postal savings accounts down to the level of those authorized by the Ministry of Finance (MOF) for the commercial banks, established new organizations to support research and development in telecommunications and other high-technology industries, began to protect the property rights of authors and manufacturers of programs for computers, sheltered its domestic

communications satellite industry from foreign competition so that it might one day become a viable exporter, negotiated with the Americans over what was euphemistically called "trade friction," and started to build digitalized telecommunications infrastructures for the eventual interconnection of "new media" equipment (video telephones, videotext terminals, two-way cable television, etc.). Each one of these initiatives was the occasion for a major battle in the telecom wars, as we shall see later in this paper. The immediate problem is why the Japanese government, in part or as a whole, undertook these or any other public projects. What were the interests and motives of actors within the Japanese governmental process and how did they conflict with each other?

It is necessary at the outset to reject most foreign analytical writing on this subject since it almost invariably projects onto Japan the experience of one or another foreign country or the ideological expectations of foreigners about what Japanese motivations should be. Thus, for example, when Charles L. Brown, the chairman of the American Telephone and Telegraph Company (AT&T), states that the telecommunications business everywhere is driven by "technological revolutions," by such things as microelectronics, the applications of light-wave physics to fibre optics, and software development, one may agree in very broad terms but the fact remains that none of this technology was developed in Japan and thus there were no endogenous technological imperatives that drove Japan to change its preexisting system.⁸ Japan demonopolized the telecommunications business for good Japanese reasons, which have almost nothing to do with technology.

Similarly, Japan was not copying the example of the breakup of AT&T in the United States. AT&T was ordered by the U.S. courts to dismember itself before starting to connect computers with telephone networks, whereas Japan kept NTT intact but allows newcomers to try to compete with it. AT&T still buys all of its equipment from Western Electric, which it owns, whereas NTT has always depended on external sourcing. Japan was also not forced to change by American trade negotiators. The Americans were not so much interested in the legal status of NTT as in trying to get it to buy foreign products at least to the extent that it subsidized domestic exporters (until 1985 NTT paid Sumitomo Electric \$1.50 per meter for cables while Sumitomo charged its American customers only 60 cents a meter).⁹ When talking about Japanese motives, one must remember that Japan is one of the world's most intellectually isolated and inward-looking countries; it is always more preoccupied with domestic developments than with external events. This is not to say that technological developments or foreign pressures have no effect on Japan. It is rather to argue that such forces only supply opportunities and constraints that indirectly influence the primary motivations of domestic protagonists.¹⁰ Who, then, are these domestic protagonists and what are their motives?

The first group is the official state bureaucracy. These are the officials of the central government ministries and agencies who since Japan's emergence as a modern state in the late 19th century have been the planners, engineers, and supervisors of Japan's economic and social development. This group is an inherent meritocracy of talent, educated in the best schools and universities

in the country; and it is very much aware of and jealously protects its high prestige within the social system. In the postwar world from 1945 until approximately 1972, when Tanaka Kakuei became prime minister, the bureaucracy's monopoly of policy-making powers in Japan was virtually complete. The only areas where political rather than bureaucratic interests clearly prevailed were education, defense, and agricultural price supports.¹¹ Even after Tanaka began to change the system, most important policies still originate within a ministry or agency, not within the political or private sectors, although these policies may be extensively modified once the bureaucracy makes them public.

Of the three broad theories of bureaucratic behavior--that state bureaucrats attempt to serve (1) the public's interest, (2) the interests of their clients, or (3) their own interests--the evidence of Japan suggests that the last has the greatest explanatory power. In a famous study of the Ministry of Finance (MOF), John Campbell ranked the priorities of the ministry as it pursued its single most important task, that of drafting the national and investment budgets. First priority was "protection of the ministry's autonomy, elite status, and jurisdictional boundaries." This was put ahead of "pursuing correct fiscal policies for given economic conditions" (priority two) and well ahead of "eliminating wasteful spending and obsolete programs" (priority eight).¹² Needless to say, the Ministry of Finance does not itself distinguish among serving the public's, its clients', or its own interests, presuming that the way to achieve the public's and its clients' interests is to ensure that its own needs are fulfilled. This is of course true of most official bureaucracies, from the American

Department of Defense to the Soviet Committee of State Security, and of all politicians.

The problem is that the interest of one agency of the government can and often does conflict with the interest of another agency, particularly in a government that has a vertically structured division of labor (tatewari-gyōsei, as the Japanese put it) and is as pervasive as that of the Japanese capitalist developmental state.¹³ In such a system the greatest threat to the security of a bureaucrat comes from other bureaucrats. The core of any bureaucratic interest becomes the protection of one's separate jurisdiction; and conflicts of jurisdiction (nawabari arasoi, or "conflicts over roped-off areas") are the most significant events in the lives of state bureaucrats. The resulting competition among bureaucrats may be a source of creativity and vitality or lead to irresponsibility and policy failures. The bureaucratic telecom wars elicited ingenuity and hard work from Japan's rival agencies, but Japan has also experienced some cases in which divided jurisdictions led to sub-optimal results or to outright failure (for example, the new Tokyo International Airport or the atomic ship Mutsu).¹⁴

In the telecom wars, the two main bureaucratic actors were the Ministry of International Trade and Industry (MITI, Tsūshō Sangyō-shō) and the Ministry of Posts and Telecommunications (MPT, Yūsei-shō, literally, "Ministry of Postal Affairs" but since 1952, when NTT became a public corporation under MPT's jurisdiction, officially translated as "Ministry of Posts and Telecommunications"). Other agencies appeared on the battlefields as allies of one or the other side--the Ministry of Finance allied with MITI and the

Agency of Cultural Affairs of the Ministry of Education allied with MPT-- but generally speaking MITI and MPT were the chief protagonists and antagonists.

MITI Since the "Miracle"

MITI's headquarters in Kasumigaseki, Tokyo, are located about fifty feet from the main office building of MPT, on the same city block, but the two are anything but friendly neighbors. After World War II, with the unification in 1949 of industrial development and trade administration, MITI emerged as the governmental sponsor and supervisor of high-speed economic growth. Given Japan's enormous success as a highly industrialized nation, MITI became what the press likes to call an "ultra-first-class bureaucracy" (chō-ichiryū kanchō), staffed with some of the finest minds and best managerial talent in the country.¹⁵ MITI today is more or less in the same class as the Ministry of Finance--in recent years it has attracted even better talent from the universities than MOF-- and it is without question one of the nation's most valuable institutional assets.

But MITI has a serious problem. It is losing jurisdiction. MITI's historic task of protecting and nurturing Japanese industries until they could compete in any market in the world is over. Japan's big businesses no longer need MITI. Moreover, the slower growth of the Japanese economy since the first oil crisis of 1973 has meant that MITI's usual methods--home market protection, preferential supply of capital, import of foreign technology, "excessive" domestic competition, cartellization according to market share, and so forth--are no longer appropriate. For the decade and a half since the first oil shock and Japan's realization that it could ride out

the crisis better than its competitors, MITI has been forced to think about its future role.¹⁶ This is an activity in which MITI has acquired great experience and expertise.

Part of MITI's efforts have gone into refurbishing old sectors-- for example, energy policy and measures for declining industries-- and it continues to hone all its traditional skills such as administrative guidance, quasi-covert measures to nullify the effects of publicly proclaimed "liberalizations," and industrial targeting. Even though poorly informed foreigners like to argue that administrative guidance, and even industrial policy itself, are things of the past, MITI's intervention during 1985 to prevent the import of gasoline refined abroad by Lion's Petroleum (there are no laws against importing gasoline) was one of the most blatant examples of administrative guidance.¹⁷ Similarly, MITI's "temporary" laws for dealing with structurally recessed industries and its subsidies for medium and smaller industries are intended primarily to offset market openings, changes in exchange rates, and other developments that are disadvantageous to domestic industries. MITI is ingenious on these fronts.

But this cannot go on forever, and even MITI spokesmen have been unambiguous in saying so.¹⁸ Even if the Americans do not crack down on Japan's huge export surplusses, the Chinese, Koreans, and Southeast Asians certainly will. Looking to the future, then, MITI sees two main prospects, one not very attractive but the other quite alluring. The unattractive option is that it might turn itself into a ministry of imports. This would require the ministry to lead the country from an almost totally supply-side-oriented

economy to genuine demand stimulation. MITI could do this since it recognizes that anti-Japanese protectionism is probably the major potential threat to Japan's economic well-being. Moreover, as has been the case many times in the past, MITI understands that a crisis for the economy--the threat of protectionism--is not necessarily a crisis for MITI.¹⁹ In the past such crises as postwar reconstruction, trade and capital liberalization, and the oil shocks merely gave MITI new leases on life. Even so, becoming a governmental agent for importers would be a comedown for MITI; and such a posture would make it vulnerable to charges of betraying national interests and of toadying to foreigners, a point all too well understood at MITI.²⁰

Therefore, although MITI continues to toy with the idea of becoming an agency of Keynesian domestic demand management, its real thrust is toward the promotion of the high-technology industries of the future. What Americans rather lamely call the "post-industrial society" is identified more positively in Japan as the "informationized society" (jōhō-ka shakai). MITI theorists and other Japanese futurologists note the increasing disconnections between modern manufacturing and the supplies of raw materials or labor. The raw materials of semiconductors and ceramic engines are virtually worthless in their natural state, and robots are not just replacing people on the production line but they are often more effective than people. Thus the society of the future may be dependent not on supplies of raw materials and cheap labor but on highly educated and skilled people who package and communicate information.²¹ It will be a "service economy" but not in the

sense that services will replace agriculture and manufacturing-- both the primary and secondary sectors will continue to be of central importance but they will be largely automated and technology intensive. The key industries for this future economy, identified over and over again in Japanese technical and popular literature, will be telecommunications, new materials, and biotechnology.²² In a world dominated by these industries Japan will no longer be a resource-poor, vulnerable trading-nation living by its wits but one of the world's best endowed countries. It is on the basis of this vision that MITI vice-minister Konaga has sought to put his ministry almost totally in charge of administering research and development for high technology industries.²³

Whether or not this vision of the future is valid, telecommunications is already one of the fastest growing industries on earth. Forecasts of demand for telecommunications services are virtually unlimited for at least two generations. In all of its many forms, including office automation, instantaneous transmission of data, and the diagnosis of malfunctions in human and man-made systems, telecommunications are probably the greatest single source of gains in productivity at work today. MITI's jurisdiction clearly includes the computer industry. The problem is, as MITI men like to say, "A computer without software is only a box, and a computer with software is still only a computer. But a computer connected to a telephone circuit is something else again: it is a telecommunications network."²⁴ Unfortunately for MITI, telecommunications circuits are clearly within MPT's jurisdiction. In order for MITI to usher in what it has identified as its "third golden age" (the

first was the heavy and chemical industrialization of the 1950s and 1960s, followed by the global victories in international trade of the late 1960s and 1970s), it must overcome its rival and bring telecommunications under its jurisdiction. Given MITI's history, talents, and high esprit de corps, this should not have been too difficult a task. MITI may, however, have underestimated its rival.

One of America's most seasoned analysts of Japanese politics, Fukui Haruhiro, recently expressed surprise at an anomaly that turned up in his data. While statistically analyzing the careers of Japan's top political leaders, he confirmed that most of them had served as MITI, MOF, and foreign minister, plus chief cabinet secretary, before becoming prime minister. The anomaly was that his data also showed that the third most common career step to supreme political power was service as minister of Posts and Telecommunications.²⁵ About the same time that Fukui was pondering this puzzle, Minowa Noboru, a member of the lower house of the Diet from the Hokkaido First district, stalwart of the Tanaka faction of the ruling Liberal Democratic Party (LDP), and recently retired as the last Postal minister in the Suzuki cabinet, was saying in a speech to his Hokkaido constituents, "Being Postal minister is part of the mandatory course to the prime ministership. There is no need to mention it, but I, of course . . . (cough, cough)."²⁶

For the elite bureaucrats of MITI and MOF, to the extent that they think at all about it, MPT has been considered a "third-rate business bureaucracy" (sanyū no gengyō kanchō), utterly distinct from their own "policy ministries" (seisaku kanchō). What they overlook is that MPT always has been and still is a political

powerhouse. As the balance of power between bureaucrats and politicians began to shift during and after the Tanaka era and as MPT bureaucrats began to imagine themselves recapturing some of the glory of their prewar stronghold, the old Ministry of Communications (Teishin-shō), MITI began to discover that it had taken on a tiger.

The History of MPI

It is important to recall that, in the wake of the Meiji Restoration of 1868, Japan's system of ministries and agencies came into being well before its political parties, constitution, or parliament. Differing from the United States, these ministries were not created to be "civil servants," or to provide regulation of private concerns, or to supply jobs for party loyalists, but rather to guide Japan's rapid forced development in order to forestall incipient colonization by Western imperialists. Japan's ministries were task-oriented mobilization and development agencies, and their criterion of success was advancing the wealth and power of Japan, as distinct from any particular group of Japanese. It is because of the ministries' sometimes overlapping jurisdictions, the bureaucratic competition among them, and their tendency to believe that the public can simply be manipulated from above, that Japanese political scientists have invented the concept "vertical administration."

In the 1880s the Meiji oligarchs created the ancestors of MITI and MPT. In 1881 they set up the Ministry of Agriculture and Commerce, one of MITI's predecessors, to administer agriculture, commerce, and the postal service. Four years later they reorganized the whole government into the cabinet system that has lasted to this

day. As part of that reorganization the leaders of the Restoration created the Ministry of Communications and coined the term teishin for it. The title of the Teishin-shō is made up of tei from ekitei, the feudal word for postal service, signifying the transfer of the service from Agriculture and Commerce to the new ministry, and shin, from denshin, meaning telegraph. The Ministry of Communications was destined to become one of Japan's superministries of development; during the 1930s it also became a cockpit of ultranationalism and militarism, one of the reasons that after the war the Allied Occupation wanted it broken up.

From its beginning the Ministry of Communications controlled mail, the telegraph, maritime shipping, and lighthouses. In 1891 it added telephones and electric power generation to its purvue. For exactly a century, from 1885 to 1985, the government supplied and monopolized all Japanese telecommunications. In 1892 the ministry also took charge of developing and administering the railroads, and in 1909 it was given supervision of hydroelectric power generation. In 1916 the ministry added postal life insurance; in 1925 civil aviation and the aircraft industry; and in 1926 the postal annuity system. An attempt today to put the Ministry of Communications back together would involve merging MPT, NTT, the Ministry of Transportation, the Japanese National Railways, Japan Air Lines, MITI's Natural Resources and Energy Agency, and renationalizing the electric power industry. That obviously is not going to happen, but ambitious MPT bureaucrats still like to speak of "the revival of the great Ministry of Communications" (Dai-teishin-shō no fukkatsu) as one of their goals.²⁷ What they mean by this is not the literal

recreation of the prewar ministry but the promotion of its grandchild, MPT, to the status of a "policy agency," on the same level as MITI and MOF in the Kasumigaseki pecking order.

The dismemberment of the Communications Ministry actually began during World War II and was completed by the occupation, but this "ancient" history is still relevant to the MITI-MPT rivalry forty years later. During the war the Ministry of Munitions, in MITI's lineage, obtained jurisdiction over electric power and the aviation industry, sectors that are still securely in MITI's bailiwick. During the war Communications also lost all control over transportation, the railroads having been taken away years earlier and put into a separate Ministry of Railroads. The Occupation continued this arrangement except that it created a new Ministry of Transportation to regulate the industry and spun off the government-owned railroad lines into a public corporation, the Japanese National Railways.

On June 1, 1949, at the height of General MacArthur's new policy of trying to get Japan back on its feet economically, the Japanese government in consultation with SCAP abolished the Ministry of Communications and replaced it with two new ministries: the Ministry of Postal Affairs (Yūsei-shō), in charge of the mail and postal savings systems, and the Ministry of Telecommunications (Denki Tsūshin-shō), in charge of rebuilding the telegraph and telephone systems. Three years later, just as the occupation was coming to an end, the Ministry of Telecommunications was transformed into a wholly government-owned public corporation, NTT, under the supervision of the Ministry of Postal Affairs. The model for NTT

was the Japanese National Railways (JNR) except that NTT was an absolute government monopoly whereas the JNR was allowed privately-owned rivals. Over time this difference turned the JNR into the greatest source of red ink in the Japanese budget, whereas NTT has always remained profitable.

From 1952 to 1985 MPT and NTT maintained a very peculiar relationship with each other. MPT, with 310,000 employees, was the largest agency of the central government, but virtually all of its staff were postal workers. Its officials were really the managers of a large delivery and banking business (the mail service, postal savings, and postal life insurance). NTT, by contrast, although nominally supervised by MPT, actually outclassed it. When the Communications Ministry had been divided in 1949, virtually all the engineers and other highly trained technicians had gone to the Telecommunications Ministry and, in 1952, to NTT. MPT's supervision of NTT was therefore nominal, amounting to only two officials in the ministry's secretariat, one of whom was a technical expert detailed to MPT from NTT. MPT's real role was as liaison between NTT and the Diet, which had the legal power to approve the NTT budget and telephone rates.

During these public corporation years, NTT perpetuated and strengthened the relationships that the Communications Ministry had established during the 1920s with preferred suppliers of equipment. NTT did research in its laboratories, set specifications for what it wanted to buy, and bought all of its equipment from a group of civilian firms that came to be known as the "NTT Family." Until the late 1970s NTT was preoccupied with rebuilding the tele-

phone system (Japan lost over half a million phones due to war damage; in Tokyo alone the drop from prewar days was from 200,000 to 16,000). The corporation bought everything it needed from domestic companies; and international competition never crossed its mind.

NTT's four largest suppliers were (1) NEC Corporation (Nippon Electric), founded in 1899, a member of the Sumitomo zaibatsu, and Japan's first joint-venture company (with Western Electric); (2) Fujitsu, established in 1915, derived from the Furukawa Electric Company of 1896, and allied with the Siemens Company of Germany; (3) Oki Electric, established in 1912 and associated for purposes of technology-transfer with British General Electric; and (4) Hitachi, Ltd., founded in 1910, and independent of foreign connections. These firms maintained the most intimate personal, technical, research, and financial relationships with NTT. Until 1981, when the former president of Keidanren, Dokō Toshio, sent his protégé, Dr. Shintō Hisashi, to NTT as president in order to reform it, the leaders of NTT were invariably bureaucrats from the old Communications Ministry with close ties to the "family" [see Table One]. Because of NTT's clout in the zaikai (the world of big business), it tended to regard MPT as merely its "Kasumigaseki branch office" (Denden Kōsha no Kasumigaseki shutchōjo). Perhaps more descriptive of their actual relationship, however, since MPT was still the legal superior, was the quip that MPT was a gukei (foolish elder brother) compared with NTT's kentei (clever younger brother).²⁸

Even though MPT was regarded as only a "third-rate business bureaucracy"--to this day its staffers refer to it as "our company"

Table One

PRESIDENTS OF NIPPON TELEGRAPH AND TELEPHONE PUBLIC CORPORATION

(DENDEŌ KŌSHA), 1952-1985

1) 1952-1958

Kajii Takeshi 1887-1976. Grad. Tōdai, Dr. Engineering, 1912. Communications Ministry, 1912-1935. President of NEC and a director of Sumitomo until purged by the occupation. On depurge, again president of NEC until assuming presidency of NTT. Post-war recreator of the NTT "family" system. Father-in-law of Ōkita Saburō, special representative for trade negotiations, including NTT, in the Suzuki cabinet.

2) 1958 -1965

Ōhashi Hachirō 1885-1968. Grad. Tōdai, political science, 1910. Communications Ministry, 1910-1936 (vice minister). Wartime president of Japan Broadcasting Company (NHK). Chairman of NTT Management Committee until assuming presidency.

3) 1965-1977

Yonezawa Shigeru b. 1911. Grad. Tōdai, Engineering, 1933. Communications Ministry, 1933-1949. 1952-1977, NTT. Personal friend of Prime Minister Satō.

4) 1977-1981

Akikusa Tokuji b. 1909. Grad., Tokyo Commercial University, 1934. 1934-1981, prewar Kokusai Denshin Denwa (KDD, International Telegraph and Telephone), with service in Southeast Asia; to the Communications Ministry; to NTT. Appointed NTT president by Prime Minister Fukuda; both come from the same town in Gunma prefecture.

5) 1981-1985

Shintō Hisashi b. 1910. Grad., Kyushu University, Dr. of Marine Engineering, 1934. 1934, joined Harima Shipyard as head of technical department; 1966, director, Toshiba Electric; 1972, president, Ishikawajima Harima Heavy Industries. Author of engineering books. Recipient of many awards from Ministry of Transportation for building supertankers.

rather than as "our ministry"--politicians have always liked it.²⁹ This was certainly true of the prewar Ministry of Communications, but even after the war politicians found it useful to serve as postal minister. Among the postwar politicians who occupied the post early in their careers, when it is most valuable, are faction leaders (all but one are also former prime ministers) Miki Takao (1947-48), Satō Eisaku (1951-52), Tanaka Kakuei (1957-58), Suzuki Zenkō (1960), and Kōmoto Toshio (1968-70). The postal ministry is attractive to politicians for three reasons: it directly controls a large number of votes; each year it places large orders for equipment (uniforms, bicycles, and so forth); and it runs what is today the world's largest financial institution, the postal savings system, which is popular with the public because it pays higher rates of interest than the banks. I shall delay discussing the last two reasons until we turn to the telecom wars directly, since they both figure importantly in those wars. But the first reason requires some explanation, since it is not too well known even to the Japanese public.

When referring to the bedrock on which an LDP Diet member's continued political existence depends, party officials often use the slogan gunon, nittobi, kyokuchō-san. Gunon means the Gunjin Onkyū Renmei (Veterans' Pension League); nittobi is the Nihon Tobishoku Rengō (the Japan Construction Workers' Union); and kyokuchō-san is a polite reference to the Tokutei Yūbinkyokuchō Kai (the Association of Special Postmasters).³⁰ It is the latter that concerns us here. There are in Japan about 23,000 post offices. Of these some 17,980 (in 1986) are "special post offices," meaning that they are local, family-owned, rural post offices,

usually with no more than two or three employees. Back in the Meiji era, when the system was being set up, notable local families received franchises from the government to conduct mail and postal savings business; and these franchises are often passed on from one generation to another.³¹ MPT pays these private postmasters a commission on their sales of stamps and a bounty on their savings accounts over a certain amount. The Special Post Offices bring the nationwide postal savings system to remote areas, and are both a cause and an effect of there being comparatively few branch banks in rural Japan.

These franchised postmasters constitute a powerful political interest group, primarily devoted to keeping the postal savings system out of the hands of the Ministry of Finance. Their main tool of influence is mobilization of the rural vote. On the basis of 400 post offices per constituency and 200 votes per post office, Horne calculates that postmasters control some 80,000 votes per district. That may overstate the case somewhat, but all commentators agree that to be named chairman of the party's Communications Section (Tsūshin Bukai), a body to which we shall turn presently, is virtually to be guaranteed reelection and that the postmasters' help is critical for candidates from weak factions.³² All of this means that MPT has many friends in political life who are quick to come to its aid when it needs a favor.

MPT's Rise in Status

MPT's status as a "foolish elder brother," even if beloved by politicians, began to change in the early 1980s for a series of interrelated reasons. First was the KDD scandal of 1979. KDD, or

Kokusai Denshin Denwa Company (International Telegraph and Telephone), is the overseas equivalent of NTT. It was set up in 1953, a year after NTT, and is also a wholly government-owned public corporation under MPT's jurisdiction. It is much smaller than NTT (c. 6,000 employees compared to NTT's 300,000 plus), since virtually all it does is to staff overseas offices and supply international operators for NTT's circuits.

In October 1979, two KDD employees were arrested at Narita airport while attempting to smuggle some ¥10 million worth of jewelry and other luxury items into the country without paying customs duties. The ensuing investigation revealed that for at least four years they and other KDD employees had been smuggling valuable goods into the country for KDD president Itano Manabu. Itano in turn passed out these items as corporate gifts to KDD board members, clients in southeast Asia, MPT minister Shirahama Nikichi (Ōhira cabinet, 1978-80), and politicians of the LDP's postal caucus. During the Diet investigation of the affair, Koyama Moriya, chief secretary of MPT who was later vice minister during the telecom wars, became well-known in political circles because he was frequently called to testify. He also became known to the press as "endless tape" because of his numerous, noncommittal answers.³³

Paradoxically, the KDD case contributed to an upgrading of MPT's status because it alerted the political world to the danger of corruption in organizations such as KDD and NTT. It also raised numerous questions about the excessive independence of the public corporations, their poor financial accountability, and the lack of effective supervision by the ministries, which use them as

amakudari ("descent from heaven") landing spots for recently retired bureaucrats. Some politicians concluded that MPT had to be raised in status and given more policy responsibilities in order to ensure that nothing like the KDD case would recur. In subsequent years MITI would use the KDD case as evidence that MPT was too political and could not be trusted with so delicate and corruption-fraught a task as selling off the shares of the privatized NTT.³⁴ MPT's answer at the time of the KDD case and later was that in order for it better to supervise subordinate agencies it needed more clout.

Another reason for the change in MPT's status was NTT's involvement during 1978-80 in bitter trade friction with the United States. The issue was whether or not NTT's purchases of telecommunications equipment (worthover \$3 billion per annum) were to be included in the liberalization of governmental procurements that Japan had agreed to in the so-called Tokyo Round of multilateral trade negotiations. The Americans did not target NTT from the start. All they asked was that Japan open up to international trade a share of its annual governmental purchases that was more or less equivalent to the share of American and Western European public procurements on which Japanese firms were free to bid. Whatever Japan's policy on this issue might have been, NTT quickly bungled the public relations aspects. After NTT president Akikusa was quoted to the effect that "the only thing NTT would buy from the United States was mops and buckets," many in the Japanese government recognized that NTT's engineers and "family" members could not be trusted with international negotiations.³⁵ MPT said that it could handle the matter better, but it needed new policy-making powers.

The third reason for the improvement in MPT's status was the launching during 1981 of the Second Provisional Commission for Administrative Reform (Rinji Gyōsei Chōsa Kai, abbreviated Rinchō). The first such commission had existed during the 1960s, but it had failed both to stem the growth of government and to make it more efficient. By 1980 there were many reasons to try again. The Japanese National Railways were well on their way toward bankrupting the Japanese government if they were not reformed. The growing number of public corporations and other forms of "special legal entity" as retirement havens for bureaucrats had become unpopular with the public and had to be brought under control. And corruption cases, not just the one at KDD but in other agencies such as the Railroad Construction Public Corporation, had weakened the LDP at the polls. More important, however, was governmental indebtedness. During fiscal year 1980 the government issued bonds equivalent to US\$63 billion, which far exceeded governmental deficits that year for any other comparable country. Because of strong public resistance to tax increases, caused at least in part by the corruption scandals of 1979, the Japanese government was financing a third of its general account expenditures by bond issues and was forced to devote some 12 percent of the budget to debt service.³⁶

Rinchō was created to deal with what one expert member of the commission called the "failure of government."³⁷ It existed between March 1981 and March 1983 as the pet project of prime ministers Suzuki and Nakasone, who had enticed the most distinguished businessman in the country, Dokō Toshio, recently retired president of Keidanren, to head it. One of the things the Rinchō commission was

determined to achieve was to get the government out of the railroad and telephone business by "privatizing" the JNR and NTT. As we shall see, it succeeded with NTT, at least on paper, but it required a major fight. Whatever its effects on governmental "reform," however, Rinchō had major unintended consequences for MPT. If the nation really intended to privatize NTT, then MPT would need new legal powers to regulate it and any other firms that might enter the telecommunications business in competition with it. Because of Rinchō, some farsighted bureaucrats at MPT began to envision a vast expansion of the ministry's jurisdiction and the real possibility of becoming a "policy agency."

Meanwhile, the winds of change began to blow in the summer of 1980. MPT minister Yamanouchi Ichirō, acting on the encouragement of his bureaucrats, proposed to the cabinet that the old two-man NTT supervisory office in the MPT secretariat be expanded and upgraded to a new "Communications Policy Bureau" (Tsūshin Seisaku Kyoku). The MITI minister, Tanaka Rokusuke (no relation to Tanaka Kakuei), one of the party's most powerful politicians, immediately objected. According to Tanaka, the idea was crazy. "Policy" was MITI's business, and it was unseemly to have a "policy bureau" in a ministry like MPT. Perhaps because Yamanouchi and Tanaka are both members of the Suzuki faction, Prime Minister Suzuki had to step in to settle the matter. He decided in favor of MPT. The new Communications Policy Bureau was charged with policy and supervision of legislation concerning new media, planning for the "advanced information society," research and development for telecommunications, space communications, and international technical exchange and cooperation. Being chief of this bureau immediately became an indis-

pensable step for a postal bureaucrat on the road to the vice ministership (the highest nonpolitical post in a ministry).³⁸

Four years later, on July 5, 1984, in the midst of the telecom wars, MPT underwent a much more radical reorganization. It acquired three "policy bureaus," in addition to the three old postal "business" bureaus. The new structure, designed as much for warfare with MITI as for telecommunications administration, is as follows:

Minister

Vice Minister

Secretariat

Postal Affairs Bureau (Yūmu Kyoku)

Postal Savings Bureau (Chokin Kyoku)

Post Office Life Insurance Bureau (Kan'i Hoken Kyoku)

Communications Policy Bureau (Tsūshin Seisaku Kyoku)

Telecommunications Bureau (Denki Tsūshin Kyoku)

Broadcast Administration Bureau (Hōsō Gyōsei Kyoku)

The new Telecommunications Bureau is responsible for the "promotion of the telecommunications industry" and supervision of NTT, KDD, and new entries into the business, while the Broadcast Administration Bureau, the only bureau in MPT headed by a technical official (gikan), supervises the Japan Broadcasting Company (Nippon Hōsō Kyōkai, NHK), a public corporation set up in 1950. On the basis of this new organization, the then MPT vice minister, Morizumi Arinobu, said at a press conference on August 21, 1984, that MPT's officials had joined the ranks of "truly elite officialdom," and he expressed MPT's "determination to take the leadership in Japan's telecommunications industry for the advanced information society."³⁹ (See

table two for the political and administrative leadership of MPT and MITI during the telecom wars.)

Facing this parvenu postal bureaucracy was one of the great organizations of the Japanese developmental state. On the surface of it, MPT was hardly a match for MITI's Secretariat, seven bureaus (including the famous "Industrial Policy Bureau," the strategy center for Japan's rise to industrial preeminence), and four semi-independent agencies: the Natural Resources and Energy Agency, the Patent Agency, the Medium and Smaller Enterprises Agency, and the Agency for Industrial Science and Technology. But MITI has many responsibilities, and its attention is spread over a vast terrain. Concretely, MITI faced MPT not with twelve divisions but with only four battalions.⁴⁰ These are the four electronics and information sections (ka) in the Machinery and Information Industries Bureau.

These sections are unquestionably part of the MITI elite, and they are backed up by the Industrial Policy Bureau and the Agency for Industrial Science and Technology. Moreover, the career paths of recent MITI vice ministers always include service as deputy director of the Machinery and Information Industries Bureau. But four sections was still a small force to put in the field against MPT. The four sections were: 1) the Electronics Policy Section, in charge of all legislation and legislative proposals for the microelectronics and information industries; 2) the Data Processing Promotion Section, in charge of all aspects of software, including its development, distribution, and protection; 3) the Electronics and Electrical Machinery Section, in charge of hardware, including computers, semiconductors, and telecommunications equipment; and

Table Two

THE LEADERSHIP OF MITI AND MPT DURING THE TELECOM WARS

<u>MITI Ministers</u>		<u>MPT Ministers</u>	
I. First Nakasone Cabinet, 11/27/82--12/26/83			
A. 11/27/82--6/10/83 Yamanaka Sadanori (Nakasone faction, former PARC chairman, financial expert)		Higaki Tokuterō (Nakasone faction, former vice minister of agriculture)	
B. 6/10/83--12/26/83 Uno Sōsuke (Nakasone faction, former parlia- mentary vice minister of MITI)			
II. Second Nakasone Cabinet, 12/26/83--10/31/84			
Okonogi Hikosaburō (Nakasone faction, member of Party Executive Council)		Okuda Keiwa (Tanaka faction)	
III. Third Nakasone Cabinet, 10/31/84--12/28/85			
Murata Keijirō (Fukuda faction, former official of the Ministry of Home Affairs)		Satō Megumu (Tanaka faction, former official of MPT, and member of the Postal caucus)	
IV. Fourth Nakasone Cabinet, 12/28/85--			
Watanabe Michio (Nakasone faction, former minister of agriculture and of finance)		Satō Bunsei (Nakasone faction)	
<u>MITI Vice Ministers</u>		<u>MPT Vice Ministers</u>	
I. October 1982--October 1984		July 1982--August 1984	
Sugiyama Kazuo (b. 4/27. Tōdai Law, Entered MITI 1952.) Deputy director of Machi- nery and Information Industries Bureau, to chief of Secretariat, to chief of Industrial Policy Bureau, to vice minister.		Morizumi Arinobu (b. 8/24. Tōdai Economics, Entered MPT 1951.) Chief of Personnel Bureau, to chief of Accounting Bureau, to chief of Postal Affairs Bureau, to chief of Communications Policy Bureau, to vice minister.	
II. October 1984--		August 1984--	
Konaga Keiichi (b. 12/30. Okayama University, Entered MITI 1953.) Same career path as Sugiyama, except personal secretary to former prime minister Tanaka.		Koyama Mōriya (b. 9/30. Tōdai Law, Entered MPT 1953.) Chief of Postal Life Insurance Bureau, to chief of Communications Policy Bureau, to chief of Telecom- munications Bureau to vice minister.	

4) the Information Management Systems Development Section, newly created in July 1984 and charged with combining hardware and software into systems, including regional telecommunications infrastructure and the development of data bases.⁴¹

These forces--three new and three old bureaus on the MPT side versus four sections on the MITI side, with each array led by a politician minister and an actual commander-in-chief vice minister--were the main antagonists in the telecom wars. But they did not have the field to themselves. According to some analysts MITI and MPT were mere puppets for important political interests within the perpetually in power Liberal Democratic Party. Others stress that the politicians were really only "cheering squads" (ōendan) for the bureaucratic armies. Still others think that the involvement of politicians in bureaucratic turf struggles is like having control of the skies over a battlefield: good air cover for one's troops is indispensable, but it still can never replace the hard ground fighting necessary to seize terrain.⁴² As this diversity of opinion suggests, the actual role of politicians in Japanese policymaking is ambiguous, complex, and changing. There is no question, however, but that the involvement of politicians is growing in importance and that in the telecom wars their interventions were often decisive.

The Party in Policy-making

"Where a decade ago," writes The Economist of London, "bureaucrats ran Japan and politicians stepped out of their way, now politicians are playing a steadily bigger role. This is happening at ministerial level as well as in parliament."⁴³ I believe this generalization is true, but there are at least three caveats that

must be entered even before we can begin to discuss it. First, the Japanese system is structured so as inevitably to overstate the power and influence of the ruling party. The ruling party's actual role (honno, as the Japanese say) is always less than its pretended role (tatema), but that is of course not to argue that it has no role at all.

Second, some of the most important policies in Japan are made through cabinet and ministerial ordinances, not through Diet-enacted legislation; and the ministries still have virtually complete control over the ordinance power. For example, implementation of the Telecommunications Business Law of 1984, a subject to which we shall return, required some seven cabinet orders and 67 ministerial orders; and many substantive matters were left for decision to the Telecommunications Deliberation Council, appointed by MPT and without political (or, for that matter, foreign business) members.⁴⁴ Similarly, the extensive licensing, approving, and registering authority of the ministries--which can raise formidable non-tariff-barriers to trade if a ministry so intends--has declined slightly from the high-speed-growth era but is still very powerful. Third, it is true that politicians are playing a bigger role, but the critical question for an outsider who wants to influence politics is which politicians, and in which organizations. The role of the prime minister, for example, or of the opposition parties, is either unchanged or declining in importance since the early 1970s.

Formally speaking, the Diet (Kokkai, the assembly of elected representatives of the people) is the "highest organ of state power and shall be the sole law-making organ of the state" (Constitution

of Japan, art. 41). The Diet, however, has never played a decisive role in policy-making. Legislation is deliberated and the influence of constituents and interest groups brought to bear in organizations outside the Diet; even the Diet's standing committees are not as important as the committees of the Liberal Democratic Party in the actual shaping of laws. The Diet's most substantive real power is its ability, on occasion, to block passage of legislation. The length of the Japanese Diet session is unusually short compared to legislative sessions in other advanced democracies, and the number of hours and days devoted to deliberation is correspondingly short. This means that the opposition parties can delay or thwart passage of government bills simply by boycotting the proceedings.

There are many reasons for substantive Diet weakness, including the prewar history of Imperial absolutism, the lack of staff support (each Diet member has only two staff assistants, one of whom is commonly a relative), and the intrinsic authority of the bureaucracy as a meritocracy of talent. But by far the most important reason that nothing very important ever occurs on the floor of the Diet is the existence of the Liberal Democratic Party. Ever since its creation in 1955, the LDP has been continuously in power in both houses of the Diet. Satō and Matsuzaki cite three reasons for its unusually long reign: 1) the party has successfully absorbed various interest groups as Japanese society has changed and developed; 2) the party is being continuously reinvigorated by fierce internal competition among its factions; and 3) the LDP appeases the opposition parties in order to maintain the pretense of a

multi-party parliamentary system.⁴⁵ Since the LDP is always in power, contributions of politicians to policy-making must go on within it if they are to occur at all.

For 15 of the party's first 17 years of existence (1957-1972), its president (and therefore prime minister of the country) was a senior ex-bureaucrat. First came Kishi, a former vice minister of commerce and industry (MITI's immediate predecessor); then Ikeda, a former vice minister of finance; and then Satō, a former vice minister of transportation. During this period the party reigned, but the bureaucracy actually ruled, both directly and through the large number of senior bureaucrats who on retirement from public service were elected to the Diet as members of the LDP. During the 1980s thirty percent of all Diet members were still ex-bureaucrats, but it is the 1957-72 period that is most accurately characterized as one in which politicians "stepped out of the way" of bureaucrats getting the nation's public business done.

The party instead concentrated on politics. Shortly after its creation, the LDP split into four or five internal "factions," which are actually miniparties that compete and combine with each other in order temporarily to dominate the LDP itself. These factions are not primarily ideological groupings but alliances among Diet members to advance their own interests within the party. The goal of a faction is, minimally, political self-preservation (i.e., re-election) and, maximally, to name the prime minister, who in turn has the power to name the members of his cabinet and the top party executive positions.

Theorists of democratic government in Japan have been highly

critical of the party's factionalism, but it actually performs several important functions both for the party as an organization and for the political system. For the party, the factions are responsible for political recruitment (a new candidate simply does not have a chance in a multi-member constituency without factional help), the collection and distribution of funds, handling constituents' petitions (appeals to the bureaucracy are often transmitted via the party), and the distribution of ministerial positions and party offices. For the political system, the factions make possible the long-term, stable reign of the LDP without at the same time eliciting the usual side effects of single-party dominance, such as isolation from the public, flagrant corruption, and presidents-for-life. During the first two post-occupation decades, the LDP gave Japan a political stability within which the bureaucracy actually developed the country, but it did so without the authoritarianism and degeneracy that characterized most other East Asian nations, communist and noncommunist alike, during the same period.

Internal Party Organs for Policy-making

The bureaucracy may actually create the annual budgets and draft all laws, but the party still has the legal responsibility for passing them in the Diet. Therefore from the outset the party set up internal organs to approve, even if perfunctorily, what the bureaucracy told it to. The most important of these organs was (and is) the Policy Affairs Research Council (PARC, Seimu Chōsa Kai, abbreviated in Japanese as Seichōkai), the chairman of which is one of the four most important party positions after the presi-

dency (the other three being vice-president, secretary general, and chairman of the Executive Council). The PARC is in turn subdivided into an executive committee (Seichō Shingikai), which sends forward to the party's Executive Council its recommendations on substantive issues, some 17 Sections (Bukai) that correspond to the ministries and the standing committees in each house of the Diet, and a large number of less formal investigative and special committees.

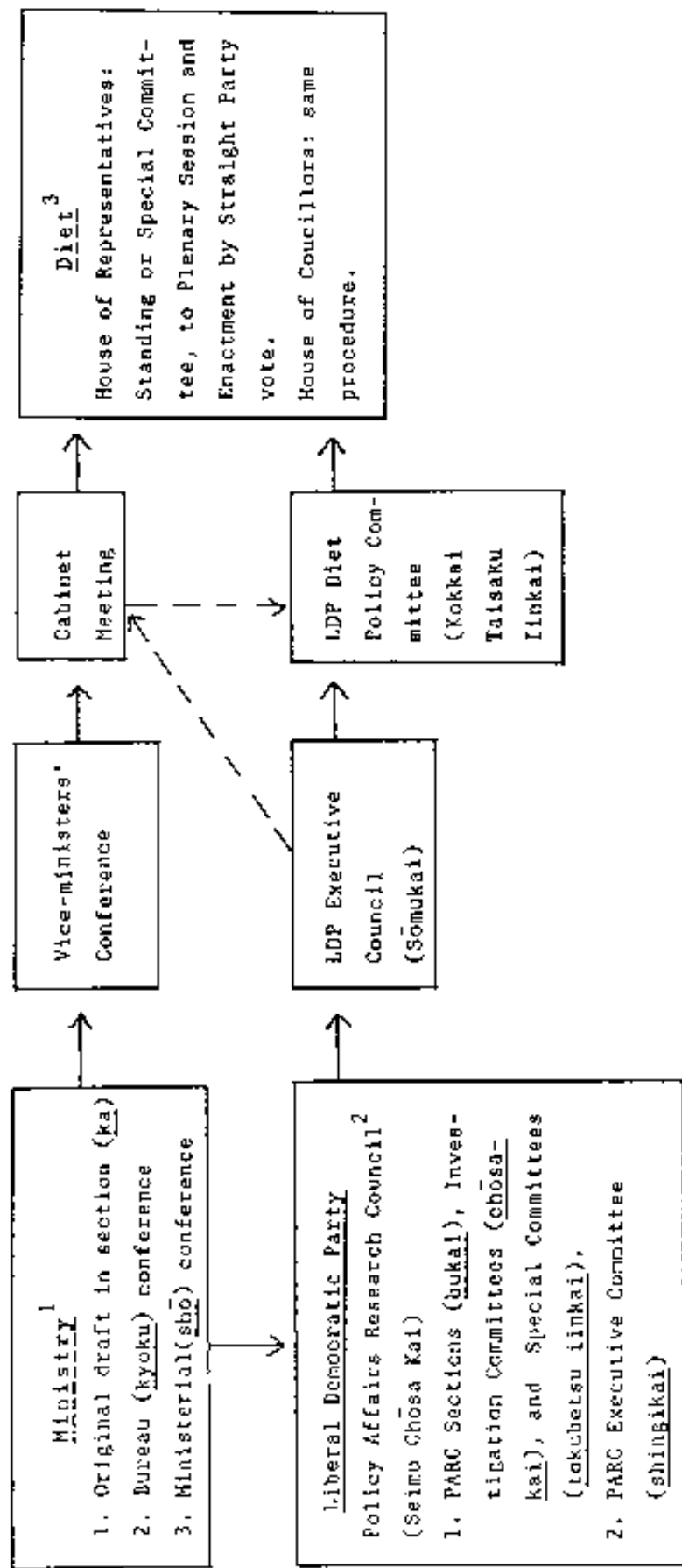
We may illustrate the internal structure of PARC by looking at the units that participated in the telecom wars. Backing MITI there was the Commerce and Industry Section (Shōkō Bukai), members of which are normally also LDP members on the Commerce and Industry Standing Committees in each house of the Diet. Backing MPT was the Communications Section (Tsūshin Bukai), which corresponds also to the Communications Committees (Teishin Iinkai) in each house of the Diet. Each of these PARC sections had several influential subcommittees. In addition there were within PARC many special committees separate from the sections. These included (partial list) the NTT Basic Problems Investigation Council (chaired by Katō Tsunetarō, former head of the lower house's Communications Committee), the NTT Business Affairs Subcommittee (chaired by Kameoka Takao of the Tanaka faction and vice chairman of the Party's Executive Council), the Information Industry Investigation Council (chaired by Osada Yūji, a former vice minister of MPT who entered politics as part of the Tanaka faction), and the Telecommunications Circuits Subcommittee (chaired by Obuchi Keizō, a Tanaka faction member and deputy secretary general of the party). Chart One displays graph-

ically the formal structure of policy-making in Japan since the founding of the LDP.

In the early days the PARC sections and the executive committee were the strongholds of ex-bureaucrats within the party, who usually supervised the very ministries from which they had just retired. Actually, little or no genuine supervision occurred. Section meetings were occasions for bureau or section chiefs from the appropriate ministry to lecture on the bills that they intended to introduce in the Diet during a current session.⁴⁶ LDP members were thus instructed on policy, but they did not in turn instruct.

In an analysis of the frequency of PARC meetings over time, Satō and Matsuzaki discovered that in the early years of the party, the executive committee met much more than any other subunit (162 times in 1956 but only 52 times in 1983). This suggests that during the late 1950s PARC spent most of its time ratifying ministerial plans but devoted little attention to studying them. During the 1960s the frequency of executive committee meetings declined, but the number of section and special committee meetings greatly increased. This suggests that the deliberations of PARC were becoming more specific and substantive. The executive committee became a place for the virtually automatic approval of section decisions.⁴⁷ Even the sections, however, were often too large and unwieldy for real analysis. The largest sections are agriculture and forestry with 117 members, construction with 108, and commerce and industry with 81. The smallest is science and technology with 17 members.⁴⁸ Over time some of the large sections have come to be dominated by their chairmen, vice chairmen, and

Chart One: The Japanese Legislative Process



Notes: 1. All legislation, including the budget, originates in a ministry.

2. LDP Diet members from both houses belong to several committees.

3. Legislation is invariably broad in scope and short on detail. Concrete norms are supplied by cabinet orders, ministerial orders, and administrative guidance.

Sources: Murakawa Ichirō, Seisaku kettei katei (The Policy-making Process) (Tokyo: Kyōiku Sha, 1979), pp. 192-93; and Kawakita Takao, Tsūsan-Yūsei sensō (The 1111-NPT Wars) (Tokyo: Kyōiku Sha, 1985), p. 87.

members with more than ten years of service. Because of their longevity, such section leaders combine political influence with broad and accurate knowledge of the administrative fields in which they specialize. During the 1970s press and Diet insiders began to identify such people as zoku (caucus members) having one or another functional area of expertise.

Zoku should be distinguished from former bureaucrats who have entered politics. The latter are automatically understood to be specialists (senmonka) in the area of their previous service, but that does not make them zoku. Zoku are usually not ex-bureaucrats but pure politicians (what the Japanese call tōjin-ha). They are veteran Diet members who have progressed in service through one or more of the following stages for a particular ministry: parliamentary vice minister, PARC section chairman or vice chairman, Diet standing committee chairman, and minister or director general. Diet members who are zoku are of course simultaneously members of a faction, and factions try to have a range of zoku among their members. But the interests of a zoku sometimes differ from those of a faction or a faction leader or, conversely, sometimes a faction will contain several conflicting zoku.⁴⁹

Not all zoku are equal, however. Kawaguchi Hiroyuki ranks them into five grades. In the first rank is the "don" (in the sense not of Don Quixote but of Don Corleone, the Mafia chieftain in the 1972 film The Godfather, which was very popular in Japan); second is a "boss" (bosu), one who has passed through all the stages from parliamentary vice minister to a cabinet or senior party post; third is the "elder" (chōrō), a politician who has served in most posts on the road to zokuhood but who will retire

before making boss; fourth is "strongman" (jitsuryokusha), a Diet member who specializes in some subsection of a ministry's jurisdiction; and fifth is the ordinary zoku.⁵⁰ In approximately 1983 the commerce and industry zoku included one don, Tanaka Kakuei; three bosses, Nikaidō Susumu (party vice president), Abe Shintarō (foreign minister and former MITI minister), and Tanaka Rokusuke (former MITI minister); three elders, Esaki Masumi, Sasaki Yoshitake, and Ogawa Heiji; three strongmen, and 14 ordinary zoku. The postal zoku also had one don, Tanaka Kakuei; one absolute boss, Kanemaru Shin (secretary general of the party); a couple of elders, one in each house; two strongmen (both from the Tanaka faction); and 12 ordinary zoku. The question is whether these men made the policies that MITI and MPT executed, or whether they simply lobbied the ministries and ran interference for them.

The Changing Roles of Bureaucrats and Politicians

Tanaka Kakuei, who became prime minister of Japan in 1972, was probably the most unusual figure to emerge in postwar Japanese politics.⁵¹ Coming from a background of rural poverty and lacking even a university education, he nevertheless became a leader of the mainstream of the LDP made up of former elite bureaucrats. When he entered the first Kishi cabinet in 1957 as postal minister, he was the youngest politician in the cabinet since Ozaki Yukio in the Meiji era. During the high-speed growth of the Income Doubling Plan (early 1960s), Tanaka served for three terms in the critical post of finance minister, arguably the most important position in the government after the prime ministership. His last post before

the prime ministership was the equally powerful position of MITI minister. In all of these positions he earned a reputation for mastery of the details of administration, something that was virtually unheard of at the time for ordinary politicians.

In 1972 Tanaka led a victorious insurgency against the bureaucratic old guard of the party, led by Fukuda Takeo, and emerged as prime minister. His success came close to splitting the party for the rest of the decade--something the Japanese call the "Eku-Fuku War," meaning the continuing struggle between the supporters of Tanaka and the supporters of Fukuda. One of the effects of this struggle was to elevate the party in relation to both the prime minister and the bureaucracy, since Tanaka represented a new order in which bureaucrats were expected to pay some attention to what politicians asked them to do. The inner-party struggle was exacerbated in 1974 by Tanaka's resignation as prime minister because of corruption charges and in 1976 by his arrest in the Lockheed bribery case. Tanaka regarded these attacks on him as politically inspired and devoted himself to enlarging his faction as a defensive measure. By the 1980s he had succeeded so spectacularly that his faction had become in fact a political machine. Tanaka remained the single most powerful political figure in the country until his severe cerebral hemorrhage of February 27, 1985. He was also a central figure in the telecom wars, in which he participated as a MITI zoku, a finance zoku, and a postal zoku, the only person in the Diet with such varied bases of influence.

Tanaka was not at war with the bureaucracy. On the contrary, he was liked and respected by many of the officials who had worked

for him in MPT, MOF, and MITI. But he was committed to much more effective party supervision of the bureaucracy than had existed among his predecessors, if for no other reason than to check the decline in the party's popularity that long bureaucratic domination had produced. One of the first things Tanaka did as prime minister was to strengthen the research capabilities of the party secretary general's office and to reassert PARC's role in investigating basic policy.⁵² But his intent was to make the party's voice heard within the bureaucracy, not to replace the bureaucracy as the initiator of policy. In recognition of this fact, Satō rejects the dichotomy of tōkōseitai (party up, government down) that is frequently encountered in the press in favor of what he calls the ji min-kanchō kongōtai (integrated LDP-bureaucratic structure).⁵³ What happened during the 1970s was a subtle shift of influence within the party from faction to PARC section and then to zoku, a shift that had the effect outside the party of ending the LDP's delegation of policy decisions to government agencies. Under the integrated party-bureaucratic structure, the ministries began to consult with the zoku at every stage of policy formation; and young officials came to recognize for the first time that many politicians knew more about their ministries and functions than they themselves did.

Other forces contributed to this shift of influence. These included a deepening of social integration in Japan that accompanied successful economic growth; businesses and households needed the state less than in the past and therefore turned to it less. Slow growth after the oil shock of 1973 and the beginning, in the late 1970s, of genuine trade and capital liberalization also contributed

to these trends. All segments of the bureaucracy had difficulty in adjusting to the changed sociopolitical environment and in the process engaged in intense jurisdictional conflicts with each other. Each such conflict tended to bring forth greater political intervention in what were previously regarded as purely bureaucratic affairs.⁵⁴ Despite all this, it must be stressed that the Japanese system remained one of bureaucratic initiative and near monopolization of expertise. Moreover, even the most senior zoku were sometimes hampered by the fact that industrial interest groups were often closer to the ministries than to the ruling party. Ministerial leaders were perfectly capable of using their industrial clients against a politician who went too far in asserting his interests.⁵⁵ In short, Japanese policy-making during the first half of the 1980s became more political and probably more democratic than it had been in the past, but it also became noticeably more messy and much less efficient.

On the eve of the telecom wars, MPT possessed a stronger political base than MITI. Its zoku, concentrated in the Tanaka and Kōmoto factions, were powerful and united; and Tanaka himself, ever since he had served as MPT minister, had cultivated his own followers within the ministry and NTT. The MPT minister during the period of NTT's privatization, Satō Megumu, was himself a former MPT bureaucrat, a member of the Tanaka faction, and a postal zoku, in contrast to the MITI minister, who was a member of the Fukuda faction.⁵⁶ The press regarded MPT, together with the ministries of construction and finance, as "fiefs under the direct control of Tanaka Kakuei;" and Kawakita characterized the

MPT as an "all-expenses-paid geisha of the Tanaka faction" (Tanaka-ba maru-gakae).⁵⁷

Nonetheless, MITI was not politically defenseless, although it was much less public about cultivating its politicians than its rival. Konaga Keiichi, appointed MITI vice minister during 1984, was Tanaka's former personal secretary and ghostwriter for his 1972 book Nihon rettō kaizō ron (A Plan to Remodel the Japanese Archipelago). This background probably influenced Konaga's selection as vice minister, since he comes from Okayama University rather than the more elitist Tokyo University.⁵⁸ In addition three top leaders of MITI during 1985 had served previously as personal secretaries to prime ministers (who are also, of course, faction leaders within the party). Fukukawa Shinji, chief of the Industrial Policy Bureau, was secretary to the late Prime Minister Ōhira; Tanahashi Yūji, chief of the Machinery and Information Industries Bureau, had served Prime Minister Fukuda; and Iwasaki Hachio, chief of the Basic Industries Bureau, had served Prime Minister Nakasone.

During the summer of 1984, MITI used the inauguration of its new headquarters building to invite some hundred Diet members from the commerce and industry committees to the dedication ceremonies. MITI Minister Okonogi also cultivated the ministry's leading zoku after Tanaka himself--namely, party vice president and number two in command of the Tanaka faction, Nikaidō Susumu. Before the summer was over MITI again played host to a meeting of former MITI ministers, including former prime ministers Kishi, Miki, and Tanaka, and the then current prime minister, Nakasone. The ministry denied

that it was lining up political support, saying that the gathering was merely an opportunity for everyone to reminisce about old times. But some observers thought that MITI had learned a thing or two from MPT.

The telecom wars began in the autumn of 1981, when MITI successfully blocked an MPT-initiated bill that would have given MPT strong regulatory powers over computer-connected telecommunications circuits. They heated up during 1982 in the second VAN campaign, spread to new fronts during 1983 over the issues of providing legal protection for the writers of computer programs and the building of regional infrastructures for the "informationized" society of the future, and during 1984 and 1985 became a general conflagration with at least seven different battles going on simultaneously.

Even though each of the seven battles is interconnected with the others, I have separated them here for discussion and analysis. The seven are (1) VANS and the fight over regulating the Japanese telecommunications industry; (2) the "privatization" of NTT; (3) product standards and certification procedures; (4) protecting computer programs; (5) foreign satellites and space communications policy; (6) Teletopias and New Media Communities; and (7) controlling research and development in the telecommunications field. Before we can understand these battles, however, we have to explore the ancient enmity between MPT and the Ministry of Finance. Because of it MOF became a MITI ally in 1985 in the battle over research funding.

MPT, MOF, and the Postal Savings System

In 1875 Japan established a system whereby its citizens could

save their money at post offices. Since the creation of the Ministry of Communications a decade later, the postal bureaucracy has always administered the system, which is one of the reasons why prewar politicians wanted to be communications minister: it gave them control over the investment of people's savings, a trust that on occasion they abused. In the postwar era the postal savings system is much more strictly controlled than it was before the war. One reason that being postal minister is still popular with postwar politicians is that the postal savings system is popular with the people. The Postal Savings Law of 1947 specifically requires MPT to consider the "well-being of the saver" in setting interest rates, which utterly distinguishes the post offices from the banks.⁵⁹ The post offices normally pay a better rate of interest than the banks, and the post offices usually raise their rates in periods of high inflation in order to keep saving attractive.

The postwar postal savings system has been fabulously successful and is the institutional linchpin of Japan's high savings rate, which has allowed the country to fund its industrialization more cheaply than virtually any of its competitors. During the last quarter of 1985 the system's assets topped ¥100 trillion (or \$555.5 billion at ¥180 to US\$1), giving the system greater financial strength than any of the Japanese commercial banks, which are among the world's largest (Dai-Ichi Kangyō Bank has assets in the ¥25 trillion range, whereas Fuji, Sumitomo, Mitsubishi, and Sanwa banks all fall into the ¥15-20 trillion range). The postal savings system is the primary source of funds for Japan's Fiscal Investment and Loan Program (FILP), a plan set up in 1953 for governmental investments in industrial de-

velopment, research, public housing, and infrastructure. Because of the strength of the postal savings system, the FILP continues to be one of Japan's most powerful instruments of official industrial policy.

The Ministry of Finance is not opposed to the postal savings system, only to the way it is run. MOF is the government's financier, and as a player in the market it is the nation's largest borrower. Since the first oil shock Japan has radically increased its reliance on fund-raising through the issuance of bonds (the volume of national bonds went from 11.3 percent of general account expenditures in fiscal 1974 to 31.3 percent in fiscal 1978). All of these bonds are underwritten by the banking system. MOF has a strong financial reason for wanting to keep domestic interest rates low in order to reduce its own debt service charges. But low interest rates also strongly depress the banks' profits. The banks could be more profitable if they had the business that small savers give to the post offices, but they cannot attract them with interest rates lower than those offered by MPT. Thus, since MOF and the banks do not want to raise their own interest rates, they would like to get control of the postal savings system in order to lower its rates.

This problem is exacerbated by the issue of tax fraud. Postwar Japan created several programs to encourage saving as part of its overall industrial policy. One of these is the maruyū yokin system (tax exempt deposits), which makes the interest on the first ¥3 million in any savings account tax exempt. In addition, up to ¥3 million can be invested tax free in government bonds, and salaried workers can bank up to ¥5 million in a tax-free pension plan. Aside

from this so-called maruyū system, any individual can deposit up to ¥3 million in a postal savings account without paying taxes on the earned interest; and another ¥500,000 can be deposited in a special post office account reserved for the purchase of a home. Many people in Japan open any number of different maruyū and postal savings accounts, often in the names of every member of the family and sometimes using invented names, at banks and post offices all over the country. During 1985 MOF declared that it had discovered an all time high of ¥950 billion in illegal maruyū accounts, but it cannot audit the post offices since MPT absolutely refuses to give it access.⁶⁰

Bitter clashes between MOF and MPT over this issue occurred in 1971-72, 1975, 1977, 1980-82, and 1984, with MPT always emerging victorious. Politicians invariably side with MPT, but they must do so discreetly because MOF makes its case not in terms of the banks' profit margins or its own desire to reduce the costs of government debt but in terms of the need to raise additional revenue and to stop tax cheating. This is a serious issue of public policy, and politicians must be responsive to it. However, there is also a suspicion that politicians themselves are among the heaviest users of the post offices to hide money tax-free.⁶¹

In March 1980 the Diet enacted a law that would have ended at least the tax fraud aspects of the problem by issuing to every saver a so-called Green Card for his or her identity when making deposits. This was intended to end the use of multiple maruyū and postal accounts as ways of evading taxes. Given the failure during 1979 of Prime Minister Ōhira's attempt to raise taxes, the Green Card

system would have produced some badly needed new revenues. However, even though the law was passed, it was never implemented. This blockage of implementation is said to be one of the postal zoku's greatest victories. Led by Kanemaru Shin, who created his own Diet members' league to deal with the matter (the Yūsei Jigyō Konwakai, or Postal Business Discussion Group), the postal zoku intimidated MOF into not implementing the law. The final decision on the matter, including a determination to keep postal and banking interest rates unintegrated, was made within the Tanaka faction, between Kanemaru of the postal zoku and Finance Minister Takeshita Noboru of the finance zoku, without any involvement of the two ministries.⁶² MOF, however, has never forgiven MPT for its recourse to powerful zoku in order to protect its bureaucratic turf. Thus, when in 1985, MPT came up with a great new idea on how to spend the dividends from the shares of the newly privatized NTT, MOF allied with MITI to help frustrate MPT's plans.

The VAN Campaigns

The Japanese break down the general concept of telecommunications into three broad types. First is direct, unprocessed communication, as in a telephone. Second is communication between a computer terminal and a data processing center, as in an automatic teller machine at a bank (what the Japanese call a CD, or "cash dispenser"). Third is a VAN, or "value-added network" (fuka-kachi isūshin), which is a combination of the first and second types. A VAN is a network in which information from computers of one type is communicated to computers of another type, the data being processed in the transmission and becoming thereby "value-added."

A VAN network is the electronic equivalent of a system of simultaneous translation from one language to another. The standard example is a Japanese travel agency's computer with its ability to communicate with the reservations computers of ten or more companies, including JAL, JNR, the Japan Travel Bureau, private railroads, other airlines, and numerous hotel chains. Banking systems and supermarkets are heavy users of VANs. Until 1982 it was illegal in Japan to connect a computer to the telephone lines without the explicit permission of NTT.

During 1981 it became apparent to the new Communications Policy Bureau of MPT that demand for different kinds of VANs was outstripping NTT's ability to meet it. Therefore it proposed new legislation that would both legalize enhanced use of VANs and make absolutely clear MPT's responsibility for regulating this growing business. Entitled the Value-added Data Communications Bill, it incorporated draconian licensing and approval requirements and put harsh limits on the degree to which foreign firms or domestic firms with high degrees of foreign capital (e.g., IBM Japan) could participate.⁶³

MITI opposed the proposed law because MPT appeared to be infringing on its turf, both by seeking to regulate computer-based communications (computers are in MITI's bailiwick) and by presuming to regulate foreign commerce (which MITI also likes to think of as its exclusive preserve). MITI publicly and stridently opposed MPT's draft law, using as a pretext for its attack the reports of the recently created Provisional Commission for Administrative Reform (Rinchō), which called on the government to reduce, not add to, its required licenses and approvals. MITI won this battle and MPT

withdrew its bill. In light of later events this contretemps became known as the first (there were two more) VAN campaign.

During 1982 MPT renewed its efforts by arguing that as a matter of national security it had to regulate foreign VANs coming into Japan. The ministry successfully scared the political world with the spectres of IBM and AT&T (the U.S. dismantling of which was imminent and which the Japanese wrongly interpreted as an act of American rationality and competitiveness) taking over Japan's entire telecommunications industry. In light of Rinchō's simultaneous advocacy of the privatization of NTT, which MPT and the postal zoku initially opposed, the possibility of an "invasion of foreign capital" was somewhat more plausible than usual. However, MITI countered MPT by arguing that the VAN business should be completely liberalized. It reasoned to itself that if VANs were opened up to competition, then MITI could advance into this terrain and bring it under control via its influence over the computer and microelectronics industries. Publicly MITI defended its position in terms of the threat of foreign protectionism if the Japanese domestic market remained closed.

In October 1982 the LDP intervened to try to settle this dispute. It took to the Diet and passed a revision of the Public Telecommunications Law of 1953 liberalizing VANs only for medium and smaller enterprises. The party was unable to resolve how much regulation large-scale VANs required or how much foreign penetration was acceptable. The LDP made clear that its revision to the country's basic electric communication law was an expedient to meet the needs of small businesses, and it asked the bureaucracy to undertake a

total reform of the basic legislation in order to deal with the bigger issues. Reform was required if for no other reason than the fact that the government was also beginning to discuss the privatization of NTT.

The postal ministry spent 1983 drafting three new laws. These are, first, a new Telecommunications Business Bill to replace the old basic law of 1953 in order to deal with large-scale VANS, the regulation of foreigners, the setting of technical standards after NTT was privatized, and many other matters. Second was the Nippon Denshin Denwa Kabushiki Kaisha Bill, transforming NTT into a private company under Japan's Civil Code; and third was an omnibus bill to revise and adjust all other laws made obsolete by the passage of the first two bills. A hint of the ministry's plans came in May, when it published the 1983 edition of its annual "Communications White Paper" or annual report. In it MPT identified as one of Japan's greatest needs the protection of the secrecy of communications, which in turn it said required the "coordination" (chōsei) and "stabilization" (antei) of all forms of telecommunications. (The terms chōsei and antei when used by Japanese bureaucrats are invariably euphemisms for control.) MITI reacted with fury to this trial balloon, saying that white papers are places to report activities, not to advocate policies; and it demanded that MPT correct its own white paper. However, the Nihon kaizai newspaper thought that MITI's manner on this issue was arrogant and high-handed.⁶⁴

In February 1984, MPT unveiled to the press the first drafts of its three new laws, and for the next year-and-a-half the Japanese

political, bureaucratic, and industrial worlds seemed to talk of nothing else. The heart of the Telecommunications Business Bill was its treatment of VANs. The original MPT draft divided the telecommunications business into two broad classes and then further subdivided the second class. Class I telecommunications businesses were defined as common carriers, like NTT, that install their own circuits, either land lines or via satellite transmission. Under the new law, ownership of such class I carriers is totally prohibited to foreigners or to Japanese firms that are more than one-third controlled by foreigners. The law also requires that such class I firms be licensed by MPT and that the ministry approve their rates.

Class II telecommunications businesses are those that offer large-scale VAN services over circuits leased from a class I carrier. They are further subdivided into special class II firms and general class II firms. Under the original draft, special class IIs are firms that exceed certain narrow technical specifications that the ministry supplies through ministerial ordinances or that offer any form of international service between Japan and one or more foreign countries. Foreigners are prohibited from engaging in special class II business, and all of them must be licensed by MPT. All other VANs are general class IIs, which are open to foreign ownership and need only "register" with MPT. These complex distinctions were invented specifically to keep IBM and AT&T out of Japan.⁶⁵

The American government was interested in this law. It had been deeply frustrated by its agreement of December 1980 with NTT to open up the Japanese market to American telecommunications sales; and it saw in MPT's definition of a special type II business a new

Japanese non-tariff-barrier to trade. MITI agreed, since it recognized that if the bill passed in its original form, MPT would dominate the telecommunications field through its licensing powers. Even the requirement that general type II businesses had only to register would not have deceived an experienced MITI official. An old Japanese bureaucratic trick is refusing to accept unsatisfactory reports, thereby making an activity that requires reporting illegal. In all formal written applications or notifications to Japanese ministries, filing of the report is the end of a complex process. The applicant or reporter is expected to negotiate in advance concerning how to fill out the forms. When the actual written report is filed, it is usually accepted. If a ministry intends to reject an applicant or a report, it will do so verbally during the preliminary negotiations.⁶⁶ On these and other grounds U.S. trade negotiators and MITI protested the terms of the new Telecommunications Business Law.

MPT's response was predictable. It accused MITI of selling out to the Americans, of using the issue of trade friction to advance its own bureaucratic interests, and of being agents of "national dishonor" (kokujoku mono).⁶⁷ It is useful to recognize that for both MITI and MPT, the U.S. was not so much an independent player as a counter to be used in their domestic struggle. American pressure on Japan was never decisive unless it happened to coincide with the interests of a major domestic player, in which case it could be quite effective. The Americans were usually ineffective because they typically did not know what was going on within the Japanese government and made their protests only to the foreign

ministry or the prime minister. As one of the few Japanese linguists among the U.S. trade officials at the time of these negotiations said to Michael Berger, "The real battle isn't between the Americans and the Japanese. This [telecommunications struggle] is a gigantic turf fight between the Ministry of Posts and Telecommunications and the Ministry of International Trade and Industry. We Americans are like a little terrier, yipping at the heels of two giants. Every once in a while we get their attention, and they toss us a bone."⁶⁸

The Telecommunications Law was, of course, the kind of issue in which the LDP would have to get involved. Following MPT's announcement of its laws in February 1984, Keidanren endorsed them the following month. At the same time, the United States warned that restrictions on foreign participation in class II businesses appeared to be a prima facie violation of the GATT code on capital liberalization. The prime minister said at a meeting of the lower house's budget committee that foreign participation in VANS would have to be liberalized, but NTT President Shintō vowed that, "Even with the liberalization of VANS, we are confident of defeating foreign capital."⁶⁹ On March 16, the PARC Communications section and its postal-zoku-dominated subcommittees approved the draft Telecommunications bill; but five days later, after a massive MITI counter-offensive, the PARC Executive Committee made some major changes in the law. It opened all forms of class II VANS to foreign participation; and it changed MPT's powers over special class IIs from "license" to "report" and over general class IIs from "report" to "notify."

On April 4, 1984, the four top leaders of the LDP met with MITI and MPT officials and endorsed the version advanced by the PARC Executive Committee. In the LDP's view it had given the MPT a victory, even though it had taken away a few things the ministry had wanted. MITI saw a victory of sorts in the weakening of MPT's licensing powers; and the Americans took the removal of restrictions against foreigners as a victory for their low key trade negotiations. Most external observers regarded the final outcome as a clear victory for MPT, which is also the way the ministry saw it. After the LDP leaders had endorsed the draft law, the ministry held a party on the 11th floor of its headquarters building. According to the press, the postal bureaucrats boisterously proclaimed, "At long last MPT has won."⁷⁰

The battle was not yet over, however. Because of delays by the opposition parties and the intervention of PARC chairman Fujio Masayuki (Fukuda faction, former labor minister in the Suzuki cabinet), none of the three MPT bills had been passed when the Diet session ended on August 8, 1984. Fujio had sought a delay because he did not want Prime Minister Nakasone to take credit for passage in the forthcoming party presidential election campaign, and Nakasone himself was not too sorry to postpone the vote because some of the postal zoku were still not in favor of the NTT privatization bill. Since many postal zoku were concentrated in the Tanaka faction and since Nakasone could not be reelected without the support of that faction, Nakasone clearly preferred privatizing NTT after he had been reelected. On October 30, 1984, Nakasone was reelected to a second term as LDP president, and the three laws were finally passed

without fanfare on December 20, 1984. They came into effect on April 1, 1985.

The "Privatization" of NTT

The Nippon Telegraph and Telephone Public Corporation had long had a reputation for low productivity, resembling more a typical government agency than a corporation, even a public one. With 1984 sales in the ¥2.3 trillion range (\$23.8 billion at ¥200 to US\$1) and some 320,000 employees, each worker produced only ¥14.8 million for the company, compared with ¥40 million for Japan Steel employees and around ¥20 million at the private railroads. Government auditors concluded that NTT had at least 100,000 surplus workers, and noted that they only worked a 37-hour week.⁷¹ It was to deal with these and other problems that Dokō Toshio, the chairman of Binchō, sent his trusted subordinate, Dr. Shintō Hisashi, to NTT as president. (Shintō was president of Ishikawajima-Harima Heavy Industries, a firm founded by Dokō and headed by him for twenty years until he became president of Keidanren.) Both Dokō and Shintō had become alarmed by NTT's seeming inability to handle the international competition that the Americans offered it during 1978-80; and they were worried that NTT might become as great a drain on the treasury as the JNR (which was then losing some \$20 million a day).⁷² Their plan was to turn NTT into a private company.

Shintō was not popular at NTT. Internally the company had long been dominated by a group of technicians who much preferred that NTT remain a state-managed monopoly. Others opposed to Shintō and to privatization were the NTT "family" firms, led by NEC, and the LDP's postal zoku, who feared that if MPT and NTT were separated,

they would lose control over one or both. In addition to members of Rinchō, the Americans and MITI favored privatization, the latter opportunistically (and erroneously) believing that privatization would weaken MPT.

U.S. pressure was an important background influence in this case. In mid-February 1983, U.S. Trade Representative William Brock complained in Tokyo that despite the three-year "NTT Procurement Procedures Agreement" of December 1980, during the previous year NTT bought only \$11.6 million worth of U.S. products out of a total procurement of \$2.9 billion. He threatened not to renew the agreement when it expired at the end of 1983. The Japanese got the message. Just before President Reagan's visit to Tokyo in November 1983, NTT placed orders in America for several one-time-only but big ticket items (e.g., a supercomputer). The Americans were mollified and in January they renewed the agreement for another three years. Nonetheless, in 1984, U.S. telecommunications sales to NTT amounted to only \$130 million, whereas Japanese sales in the U.S., spurred by the break-up of AT&T, surged to over \$2 billion. For the Americans, a privatized NTT could not make things much worse than they already were, although there was concern over whether a private NTT would continue to honor the agreement of January 1984, which of course covered only purchases by governmental agencies.

The deadlock between those wanting privatization of NTT and those opposed was broken by a group of creative MPT bureaucrats. The more they thought about it, the more they saw in a privatized NTT a way of expanding the ministry's jurisdiction. Led by Telecommunications Bureau chief Koyama, these officials reasoned that they could write the law in such a way as to keep NTT under their

jurisdiction while simultaneously expanding their coverage to include the new class I carriers who were petitioning the ministry to go into business in competition with NTT. Similarly, privatizing NTT would mean that MPT would have to take over the functions that NTT had previously performed, including setting telephone rates, determining product standards and certification procedures, and supervising research in telecommunications. Old hands at MPT were also not sorry to turn the tables on NTT's proud engineers, who had long lorded it over the mere postal workers.

With this new conception of their task, Koyama and his colleagues set out to convince the LDP's zoku. They had several good arguments. As the country's largest single enterprise, a private NTT would be a much better source of political contributions than a public corporation. The actual sales of NTT's shares would produce a bonanza of cash for the Japanese treasury. And competition might serve to strengthen NTT. Even more important to the eventual outcome of the NTT case was the involvement of Tanaka Kakuei himself. In its original draft of the NTT law, MPT proposed that the government hold 50 percent of the shares of a private NTT in perpetuity. Tanaka's concern was with the distribution of profits from the dividends and from the sales of NTT shares. The potential amounts of money were enormous. By selling some proportion of NTT shares and collecting dividends on those that it retained, the government might generate at least 58 billion in extra-budget funds. MPT wanted to control these funds, whereas MOF wanted to use them to reduce the national debt. Tanaka was the "don" of the postal zoku but he was also first and foremost an expert on public finance. He

favored the MOF's position on this issue, even though most of his followers supported MPT.⁷³

Together with his close supporter and number-one postal zoku Kanemaru, Tanaka worked out a formula containing these points: (1) NTT would become a private company on April 1, 1985; (2) MOF would sell two-thirds of its shares to the public (but not to foreigners) and it would do so over a five-year period in order not to disrupt the securities markets, using the proceeds to help retire the national debt; and (3) the dividends on the remaining one-third would be used to fund a new telecommunications research facility. This last item was necessary to placate the NTT-family firms, which were worried about losing their research cartels under a privatized NTT.⁷⁴ Nonetheless, setting up this new research organ produced one of the most bitter battles between MITI and MPT.

The Tanaka-Kanemaru formula became the contents of the law passed in December 1984. In April 1985, NTT emerged as a new joint stock company. In January 1986, the private NTT even entered into a joint venture with IBM to create a new network service that can transmit and receive voice, character, and image messages. Deafening howls of outrage were heard from the old family firms, even though they continued to supply the majority of NTT's purchases.⁷⁵ MPT seemed unperturbed by these developments, knowing at last that NTT was not going to embarrass it by becoming a second JNR. Also, during March 1986, MOF announced its intention to sell the first batch of NTT shares, some 1.95 million of them. The ministry said that based on a net assets per share calculation of ¥213.210, the government stood to make ¥415.8 billion on this sale alone (\$2.3

billion at ¥180=US\$1). There is actually every reason to believe that MOF will eventually receive substantially more than the price based on net-assets-per-share.⁷⁶ The Dai-Ichi Kangyō Bank was so interested in these lucrative goings on that it established a new department exclusively to handle NTT shares and said that it planned to hire a couple of NTT amakudari (descent-from-heaven) retirees to help advise it on the business.⁷⁷

Product Standards and Certification Procedures

Michael Aho and Jonathan Aronson, in a study done for the Council on Foreign Relations, argue that "The Japanese government clearly devises rules that inhibit imports and promote exports. . . . Japanese procedures and standards are often designed to exhaust all but the largest and most determined foreign firms wishing to sell in Japan. Today, on a percentage basis, Japan imports fewer manufactured products from industrial and developing countries than it did ten or twenty years ago."⁷⁸ The standards for telecommunications imports, which were set by NTT and its family firms until the Telecommunications Business Law of 1984 transferred them to MPT, seem an apt illustration of this point.

The new law requires that MPT use a "designated approval agency" to certify the acceptability of what NTT calls "consumer provided equipment" and what the Americans call "interconnect equipment" (everything from PBXs to computers). According to the new law, this "designated approval agency" must be a not-for-profit foundation as defined under article 34 of the Japanese Civil Code (i.e., a zaidan hōjin). This requirement alone makes it structurally impossible for laboratories outside of Japan to be designated as

approval agencies by MPT. Moreover, on March 30, 1984, several months before the Telecommunications Business Law was even passed, NEC, Fujitsu, Hitachi, Oki, and other companies set up the "Telecommunications Terminal Equipment Inspection Association" (a zaidan hōjin), capitalized at ¥150 million, in order to serve as the "designated approval agency" whenever MPT got around to designating it. There are no other such agencies. The foundation itself had no staff, only a board of directors, since it borrows its technical personnel and testing equipment from NTT's Engineering Bureau.⁷⁹

The officers of this new approval agency are Akiyama Tōru, a former official of the old Ministry of Communications and a former vice minister of transportation; Kashiwagi Teruhiko, a former employee of the Ministry of Communications and of NTT from 1942 to 1970; and Asanuma Isao, a former NTT director of engineering for Kanagawa prefecture (capital, Yokohama). Director Asanuma was quoted by the press as saying that "the association does not intend to accept U.S.-generated technical data." He also indicated that he had no plans to include foreign companies as contributors to the foundation and that technical standards would be distributed only to "friendly companies."⁸⁰ The foundation opened its offices for business in October 1984 in preparation for NTT's privatization the following April.

According to the Telecommunications Business Law, the technical standards themselves are to be set by the Telecommunications Deliberation Council, appointed by and attached to MPT. This council was created on October 1, 1982, by cabinet order and is composed of some twenty prominent citizens appointed for two-year terms by the

Minister of Posts and Telecommunications. Prior to 1985 there were no foreign members nor any with a foreign institutional connection.⁸¹

Needless to say, the few alert Americans charged with watching such developments were not pleased by what they saw. MITI, too, thought that maybe MPT was being a little unsubtle in these arrangements and believed that it might embarrass its rival politically. MPT seemed determined to humiliate Prime Minister Nakasone, who in his January 1985 meeting with President Reagan had specifically promised to get rid of these kinds of non-tariff barriers to trade in the telecommunications field. The Americans charged the Japanese with violating the GATT code on standards, which Japan signed in 1979 and which came into effect on January 1, 1980. This code states (art. 2.1) that the "parties shall ensure that technical regulations and standards are not prepared, adopted, or applied with a view to creating obstacles to international trade."⁸² Since the law setting up Japan's new system for telecommunications had already been passed, MPT claimed that it could not do anything about that. Interest therefore turned to how MPT would implement the law through its ministerial ordinances. Reagan sent his aide Gaston Sigur to Tokyo to plead with Nakasone for some improvement in Japanese-American trade in telecommunications products, which then stood at 10 to 1 in Japan's favor. MPT's answer to this pressure was to produce petitions from consumers' groups saying that the Americans were trying to sell Japan television sets one could not see and telephones one could not properly hear.⁸³

A part of the problem is that in Japan standards-setting and product-certification are a governmental responsibility, whereas

in America they are largely left to the insurance companies and their Underwriters' Laboratories. Japanese consumers by no means believe that in enforcing high standards their government is acting to restrict trade or violate international agreements. They think that foreigners should meet Japanese standards of quality and performance, just as Japanese must meet America's admittedly less stringent standards. Nonetheless, MPT determined that it could not win this battle, and while retaining its apparatus of a foundation and a deliberation council, began to compromise. In negotiations between vice-minister Koyama and undersecretary of commerce Lionel Uimer, Koyama started progressively to lower the number and stringency of MPT-set standards. He also agreed to add two members to the Telecommunications Deliberation Council from foreign-connected firms in Japan and to appoint experts from AT&T International, Nippon Philips, IBM Japan, Nippon UNIVAC, Fuji Xerox, and Nippon Motorola to its board of technical advisers.⁸⁴ The Americans declared themselves to be satisfied even though MITI charged, probably accurately, that these MPT concessions were only cosmetic.

Protecting Computer Programs

The battle over protecting computer programs was confusing to foreigners because MITI, which they had begun to think of as "liberal," came down hard on the protectionist side; and MPT advocated what might appear at first glance as the free trade solution. Of course neither ministry is protectionist or liberal; each of their positions changes in accordance with the dictates of the bureaucratic struggle for survival. Computer software was probably MITI's best opportunity to make real inroads against MPT, and the fact that it lost this

battle was probably its most bitter defeat. MITI was also highly self-righteous about software, believing that NTT engineers did not understand how important it was to the future of the Japanese computer industry.⁸⁵ It is true that not until April 1985 did NTT's Telecommunications Laboratory set up a unit devoted exclusively to software production--the Software Production Technical Research Laboratory (Sofutouea Seisan Gijutsu Kenkyūjo), located in Yokosuka.

As background to the software battle, one must recall the 1982 industrial espionage scandal in which Hitachi was caught red-handed in California trying to steal the operating secrets of a new IBM computer. As details of the case unfolded, MITI and the Japanese public became painfully aware that the software and operating systems in Hitachi and Fujitsu computers were basically copies of IBM products, for which Hitachi and Fujitsu subsequently agreed to pay IBM millions of dollars. The scandal revealed Japan's weakness in software, compared with the United States; and it also made clear that by building IBM-compatible machines, Japanese firms were being tempted into industrial espionage against IBM. Far too much time was being spent in Japanese laboratories on "reverse engineering," that is, taking apart someone else's product to find out how it works, instead of on independent development of new products. MITI's position on software thus reflected its concern to acquire legally the software that Japan needed from abroad and to avoid a repetition of Hitachi's humiliation.

Until January 1, 1986, there was no protection in Japan for computer software; and foreign programs were routinely pirated and rented or sold to personal computer owners. In early 1983,

the Cultural Affairs Agency (Bunka-chō) of the Ministry of Education, which is legally responsible for administering Japan's copyright law, asked its Copyright Deliberation Council (Chosakuken Shingikai), an advisory body of twenty leaders from the book, film, recording, and university worlds, to look into the matter. The council proposed that Japan protect computer software by copyrighting it, meaning that for some fifty years the authors of computer programs could take legal action against unauthorized copying. Such protection is powerful but also rather narrow. As Edwin Whatley notes, "Copyright protects only the form in which a work is expressed rather than the ideas or concepts which it embodies. Thus, copyright offers strong protection primarily against direct copying of a work and none against works employing the same concepts, so long as they are expressed in a sufficiently different manner."⁸⁶

The opposite of copyright is protection through a patent, which covers both the form and the concepts involved in a work but which, being more comprehensive, is offered for a much shorter period of time. MITI, which viewed the protection issue from the point of view of Japan's computer makers, advocated patent protection (at first for 10 years but extended to 15 in the ministry's draft law).⁸⁷ This approach was itself controversial, since the United States protects computer programs under the copyright laws; but it was what MITI further proposed that set off a storm of protests. MITI's bill stipulated that anyone could use a program so long as a fee was paid; and in cases where the parties could not agree on the fee, a MITI-appointed panel of experts would arbitrate and set one. Most important, MITI's proposed law further required that the holders

of software patents license their operating systems to Japanese computer manufacturers, again for an arbitrated fee if the two parties failed to agree.

In early 1984, MITI and the Cultural Affairs Agency unveiled their respective draft laws, setting off what was probably the nastiest fire fight in the telecom wars. The United States and IBM backed the Cultural Affairs Agency, although IBM-Japan did so more quietly since it would still have to work in Japan however this issue was decided. Fujitsu and the other makers of IBM-compatible computers strongly favored MITI's position. They feared that under copyright IBM would gain exceptional rights in Japan, whereas IBM feared that MITI was trying to continue its old policy of the early 1960s of forcing IBM to license its patent rights to Japanese as the price of being allowed to do business in Japan. Some press observers, who remembered the IBM sting operation against Hitachi in California, thought that MITI was merely trying to get even. In February 1984, while locked in battle with MITI over the VAN law, MPT also entered the fray, strongly endorsing the Cultural Affairs Agency's bill.

MITI was eventually defeated. American pressure helped the Cultural Affairs Agency and MPT. The U.S. Congress introduced reciprocity legislation to stop sales in the American market of the products of countries that failed to protect American intellectual property rights. The Americans also pointed out that in UNESCO the Japanese have always strongly opposed all requests by Third World nations for the compulsory licensing of patents. In April 1985, the LDP finally took the Cultural Affairs Agency's draft, modified

somewhat to reflect MITI's concerns, to the Diet, where it was passed on June 7 and came into effect on January 1, 1986. The law gives copyright protection to computer programs, defined as "arrangements of commands to make computers function and to obtain functioning results," for fifty years.

Satellites and Space Communications Policy

On February 4, 1983, Japan launched its first commercial communications satellite at a cost some three times greater than similar or more effective satellites that could be purchased in the United States. The project was under the direction of the Science and Technology Agency, attached to the prime minister's office, and strongly backed by Keidanren. As the single most powerful association in the country for expressing the views of big business, Keidanren mirrored the divisions within the telecommunications industry over satellites. Its two main leaders, known as the "two Kobayashis," were the chairmen of the two leading NTT "family" firms. First was Kobayashi Taiyū, chairman of Fujitsu, who headed Keidanren's committee on data processing and favored buying Japan's satellites abroad. Second was Kobayashi Kōji, chairman of NEC, who headed Keidanren's Space Activities Promotion Council and favored the national production of communications satellites. When in July 1983, Kobayashi Kōji's committee recommended the national development of large (two to four ton) communications satellites rather than buying them from the U.S., Japan's satellite program became a serious issue in Japanese-American trade friction and a skirmish in the telecom wars.

There is no doubt that Japan's decision to build communications

satellites with public money is an unambiguous example of targeting and of industrial policy. The Japanese government refused even to discuss/the possibility of buying better and cheaper satellites from abroad, saying that it was a matter of national security, even though Keidanren had already made clear that Japan intended to start exporting them to North America and Western Europe by the 1990s. Given that Japan's share of imports in the U.S. domestic market for telecommunications products had grown from 3 percent in 1978 to 11 percent in 1983 and that fully a third of Japan's total production was exported, the Americans were outraged. As one of them put it:

Imagine that seven or eight years ago, just before the video tape recorder industry reached takeoff position, if Sony had come to the U.S. with its first VTR machine and we had said to them: "Sorry, Sony. It's true we don't produce this type of product in the U.S., but our technicians are working on it. In fact, we hope to be able to satisfy our own domestic market in another four or five years so your application for an import permit is rejected." . . . This is essentially what has happened to the sale of American communications satellites in Japan. In fact, it is the stated policy of Japan not to buy advanced technology produced abroad until Japanese products are competitive.⁸⁸

American pressure on Japan and on Keidanren ultimately forced the government to modify its position. It continues to prohibit sales of foreign satellites to government agencies but no longer prohibits Japanese civilians from buying them. Nonetheless, when in 1985 two

consortia of big trading companies, Mitsui Trading and Itō Chū on the one hand and Mitsubishi Trading and Mitsubishi Electric on the other, applied to become class I telecommunications carriers, MPT refused to allocate frequencies to Hughes Aircraft or any other American satellites that they proposed to buy. The ministry ultimately backed down only when Keidanren reversed itself and decided to join one of the satellite consortia that were being formed.

Meanwhile, MITI was being made nervous by these goings on. It criticized MPT and the Science and Technology Agency for contributing to trade friction, but it also set up its own internal advisory organ, called the "Space Utilization Research and Examination Committee." The purpose of the committee is to help MITI try to take over space development from the Science and Technology Agency and to shift the emphasis in Japan's space program from science to industry. The Japanese government continues to work to develop a national communications satellite capacity, and one suspects that MITI is merely getting ready to assume jurisdiction when the nation starts exporting.

Teletopias and New Media Communities

Nobody of course really knows what the "informationized" society of the future will look like, but the Japanese are taking no chances. It is possible that telecommunications will require an investment in facilities and infrastructure equal to the investment in railroads in the late 19th century. During 1984, NTT was already using figures of from ¥30 to ¥100 trillion for its INS (Information Network System) alone. Towns and prefectures certainly wanted to make sure that their localities were included in whichever ministry's plan became

national policy. For this reason the Diet Members' League for New Media, created in the autumn of 1983 by Kanemaru Shin and Satō Moriyoshi (both belong to the Tanaka faction) immediately attracted some 220 members.⁸⁹

MITI was the first to air its proposal. On July 26, 1983, it unveiled a plan to build some eleven (later cut to eight) "new media communities," that is, towns around the country designated as test sites for digitalized, multi-media networks and new equipment. (Note that both MITI and MPT use English to market their offerings--nyū media komyuniti is MITI's term and teletopia is MPT's. Japanese commonly use English as the language of fashion and advertising, just as French is used in English-speaking countries.) MITI justified its choice of specific communities in terms of their diversity--textile regions, high tech areas, resorts, and so forth--but it also took care to include Nagaoka, the capital city of Tanaka Kakuei's district in Niigata prefecture.⁹⁰

MPT was astounded by this MITI announcement, and Telecommunications Bureau chief Koyama scurried to the postal zoku to complain that MITI was infringing on its turf. The zoku told him to speed up his own announcement, and in August MPT duly published its list of some twenty cities it planned to designate as Teletopias. This meant that NTT would install in them its advanced INS system and supply them with its new CAPTAIN ("character and pattern telephone access information network") videotext telephones. Neither INS nor CAPTAIN was as yet available in the summer of 1983--full-scale testing began only in November 1984 at Mitaka, a suburb of Tokyo adjacent to the main NTT laboratory--and many thought that MPT's

first announcement was merely designed to head off MITI. Nonetheless, since MPT has NTT on its side, it could probably deliver on its plans sooner than MITI, and cities all over the country began petitioning their Diet members to get themselves included as future Teletopias.⁹¹

In late 1984, MITI and MPT both sent to the LDP bills that would provide funds to build the new media communities and teletopias. They also flooded the press with propaganda about the wonders of the informationized society of the future. The party, however, scrapped both bills simply because they were too expensive (MITI's actually passed but in a watered down version that provided only small-scale funding to test the collaborative use of computers in industries). Meanwhile, the Ministry of Construction decided that both MITI and MPT were infringing on its jurisdiction and produced its own bill to build new telecommunications networks along the national highways. Not to be outdone, in November 1984, the Ministry of Transportation got interested in laying optical fibre cables along the JNR right-of-ways and going into business as a class I common carrier in competition with NTT and other new entries.

As a result of this bureaucratic free-for-all, the party hedged for more than a year. During this time MOF made clear to the politicians that they certainly could not afford all four ministries' proposals and very probably could not afford any of them. Finally, on February 28, 1986, the Nakasone cabinet approved a compromise bill, one that incorporated the LDP's newly discovered concept of "vitality." Baitaritei, an example of Japanese-created

English that does not exist in English (so-called wasei eigo), does not mean "vitality" in Japanese but rather governmental incentives for private sector initiatives. It is a code word for leaving a public matter to the private sector, as for example in the LDP Executive Council report of July 16, 1985: "The stimulation of domestic demand by actively promoting private vitality which is not dependent on government spending is the best policy to be adopted."⁹² As Ronald Dore notes, "the [Japanese] language lends itself to pompous neologisms" (he had "informationized society" in mind), and vitality is certainly one of them.⁹³

The cabinet proposal of February 1986 combines the infrastructure plans of all four ministries. It offers a 13 percent special investment tax credit in the first year to private firms that come in on designated projects, and it also exempts them from property and land sales taxes. Additional funding is provided by concessionary loans from the Japan Development Bank, a government agency that invests postal savings through the Fiscal Investment and Loan Program. The areas designated for investment are: 1) facilities for high tech research and development and for training technicians; 2) telecommunications infrastructure (MPT); 3) information-oriented-society infrastructure (MITI); 4) facilities for telecommunications R&D for joint use by public and private enterprises; 5) facilities for international fairs and conferences; and 6) projects to upgrade harbors and port terminals.⁹⁴ Thus, in the teletopias case, the party seems temporarily to have solved interministerial conflict through an omnibus pork barrel bill that gives something to everybody.

Promoting Telecommunications Research

The centerpiece of MITI's policy for fiscal 1985 was a new

agency under its control to promote and help finance the high-technology industries of the future--specifically, telecommunications, new ceramics, biotechnology, and microelectronics. If MITI could occupy the high ground of high tech R&D, it had a good chance of ushering in its until then elusive "third golden age." In order to get such a new agency approved by the Budget Bureau of the Ministry of Finance and the General Affairs Agency of the prime minister's office, however, it had to do two things. It had to find an agency under its control to abolish before the General Affairs Agency would allow a new one to be created; and it had to find an off-budget way of financing its new project, given the generally flat budgets of the mid-1980s imposed by MOF and Prime Minister Nakasone. To meet the first requirement, MITI offered up for sacrifice its old Foreign Trade Training Institute (this being one area in which Japanese assuredly do not need further education); and it proposed to fund the new agency through low-interest loans from the Japan Development Bank and through "private vitality."

As it turned out, MPT also wanted to fund a new organ to facilitate telecommunications research. With the privatization of NTT, the government's major telecom research institutes had passed into private industry; and MPT needed some kind of public agency to fund and keep alive the research cartels of the NTT "family" firms. MPT did not have the required agency to sacrifice in order to create a new one, but it had something just as valuable--lots of money. MPT believed that it controlled the dividends on one-third of NTT's shares, and it now proposed to use these funds to finance joint public-private telecommunications research.

Unhappily for MPT, the Ministry of finance took the view that "At a time of great stress in national finance, to leave a third of the NTT shares--which is the joint property of the people--under the monopoly of a single ministry is scandalous."⁹⁵ Instead, MOF proposed, in cooperation with MITI, to revive the almost moribund Industrial Investment Special Account with NTT dividends, plus funds derived from the privatization of the government's tobacco monopoly. The Industrial Investment Special Account was an unconsolidated, earmarked account dating from the 1950s and early 1960s, when it was used as an instrument of industrial policy. Its funds had not been replenished for many years, however, when MOF and MITI urged reviving it to fund high-tech research. Needless to say, this proposal would have removed MPT from having any control over the NTT dividends, since all special accounts are under MOF's jurisdiction.

This three-ministry dispute went to the LDP for arbitration. Party secretary general Kanemaru devised a solution and then sold it to his own faction (i.e., Tanaka's), which ensured its passage in the Diet. Kanemaru accepted MOF's financing formula. He proposed that the new Basic Technological Research Promotion Center (Kiban Gijutsu Kenkyū Sokushin Sentā) be supplied with start-up capital from three sources. First, it would receive ¥6 billion from the Industrial Investment Special Account, which would itself be restored to life in the manner MOF had proposed. Second, it would accept a ¥3 billion loan from the Japan Development Bank. Third, the private sector would contribute some ¥4.5 to 5 billion. In addition, Kanemaru authorized the new center to create joint research projects with two or more private companies, for which an additional ¥2

billion of working capital would be supplied from the Industrial Investment Special Account. Finally, he gave the center still another ¥2 billion from the Industrial Investment Special Account for research loans to private firms for risky projects (they do not have to repay the loans if the projects fail). NTT dividends should amount to at least ¥20 billion per annum, which is more than enough to fund all of these subaccounts and still build up the special account for the future.

Since MITI was supplying the sacrificial agency and MPT (indirectly) the money, Kanemaru gave them both jurisdiction in administering the new center. This decision produced one of the classic encounters of the telecom wars. On December 18, 1984, in MOF's press club room on the second floor of the MOF building, MITI Minister Murata and MPT Minister Satō gathered for a press conference: They had just completed final negotiations over the fiscal 1985 budget with Finance Minister Takeshita, in which the main issue was MOF's approval of the Basic Technological Research Promotion Center. Murata opened: "With regard to the center, it has been decided that both the Ministry of International Trade and Industry and the Ministry of Posts and Telecommunications will be involved, but MITI will take the upper hand." Satō then stepped forward, interrupted, and said, "This project is absolutely under the joint jurisdiction of both MITI and MPT. MITI is not playing any leading role."⁹⁶ The next day every newspaper in the country reported the "blood feud" between MITI and MPT. Incidentally, Murata and Satō are close friends: they were both born in 1924, both graduated from the law department of Kyoto University, both served as bureaucrats

before entering politics, and both were first elected in 1969.

The Basic Technology Research Facilitation Law, setting up and funding the center, passed the Diet on June 15, 1985. Because the center was partly funded by the private sector and was thus an example of "vitality," the government insisted that its chairman had to be a civilian. It asked the venerable president of Keidanren, Inayama Yoshihiro, 81 years old in 1985 and an official in MITI's predecessor ministry during the 1930s, to find one. He first asked Iwata Kazuo, the former chairman of Tōshiba, but MPT rejected him for being "too close to MITI." Inayama then tried Shindō Sadakazu, chairman of Mitsubishi Electric, but MITI turned him down as a "member of the NTT family." Inayama finally went to Hiraiwa Gaishi, the respected chairman of Tokyo Electric Power, and when he declined, decided to take the post himself.⁹⁷

Serving under Inayama are the chosen agents from the three concerned ministries. The chairman of the board is Saitō Taichi (MITI 1945-1975), whose last position in the government was as director of the Medium and Smaller Enterprises Agency. Managing Director is Koizumi Tadayuki (MOF 1948-1981), whose last position in the Finance Ministry was as chief of the Customs Department in the National Tax Agency. Deputy Managing Director is Takanaka Masoru, former head of MPT's Postal Savings Bureau. In his inaugural remarks to his colleagues when the center opened on October 2, 1985, Saitō said, "Although this is a motley group drawn from such diverse sources as MITI, MPT, and MOF, and the private sector, we must not fall into disarray but hang together as one and try to advance the cause of research in basic technology. We must forget who our

parents are and just work together."⁹⁸

So was launched Japan's latest bureaucratic effort to achieve scientific and technological preeminence in the industries of the future. The new center was given a big send-off on July 29, 1985, at the New Otani Hotel, Tokyo. Chairman Inayama brought out some 55 "zaikai all stars" to pledge their support, including NTT president Shintō, Ishihara Takashi of the Japan Automobile Industry Association, Hagura Nobuya of the National Banking Association, and Morita Akio of the Japan Electronic Machinery Association (and head of Sony). The center is a typical Japanese hybrid: the product of bureaucratic competition, funded from public but not tax monies, and incorporating private sector supervision and participation. And yet it is also likely to be more effective than anything Japan's competitors will put together.

Conclusion

As the telecom wars amply demonstrated, lobbying is a common occurrence in Japanese public life. During 1984, at the height of the battles over VANS and the privatization of NTT, representatives of domestic computer manufacturers paid virtually daily calls on the leading postal zoku.⁹⁹ Hitachi, Tōshiba, Mitsubishi Electric, and Matsushita are the fourth, fifth, seventh, and eighth largest political donors in the country (first, second, third, and sixth are Nissan, Japan Steel, Mitsubishi Heavy Industries, and Sumitomo Bank). No other industry has as many contributors of funds to the LDP in the top ten as the electrical manufacturers.¹⁰⁰

What do the cases of policy-making in the telecommunications industry that we have touched on here suggest about the knowledge

needed by a person who wants to lobby the Japanese government?

First, the potential lobbyist must know which ministry or ministries has jurisdiction over his or her problem and then find out everything it is possible to know about that organization, including its history, personnel cliques, post-retirement patterns, scandals, and so forth. This is precisely the kind of information that any Japanese manufacturer or marketing organization compiles all the time. The major Japanese daily newspapers, for example, routinely print on page two details of personnel shifts within the ministries and agencies of the central government. It would be unheard of to read such information in the New York Times or the Washington Post on, say, the Department of Commerce, but in Tokyo it is important news. The Japanese press reports on who is in charge of what section throughout the Japanese executive branch because its readers need and want that information.

Second, the potential lobbyist should have an intimate understanding of the organization and personnel of the Liberal Democratic Party and keep up to date on zoku and their activities. It is obvious that until 1985 Tanaka Kakuei was the single most useful person in Japan to try to influence. It is also obvious that as a consequence of the Lockheed case and the way in which it was made public by a committee of the U.S. Senate, Tanaka was not open to appeals from American sources. But as a result of serious illness, his political life is now over. There will probably not again soon be a Japanese politician as powerful and as effective as Tanaka, but this only means that persons interested in what the Japanese government may decide cannot afford to neglect any LDP faction or group of zoku.

Information on Japanese politics is not hard to acquire. Official, academic, and journalistic writing on Japanese public affairs is voluminous; and Japanese officials do not mind being interviewed. Like officials everywhere, secrecy is their most powerful weapon, but they also hope to learn as much from a good interview as they put out. The problem is that to keep up with what is going on in Japan, the analyst must be on the ground in Tokyo--just as the lobbyist of the U.S. government must be in daily touch with Washington, D.C. There is no substitute for on-site data collection, conversation, interviews, and analysis. Businessmen, government officials, and other foreigners who want to get over their message in Japan and who do not have their own agents in Tokyo would be well advised to abandon the effort. A short trip by, for example, a U.S. government official or congressman will be not only ineffective but genuinely misleading, since the Japanese are skilled in letting foreigners think they have actually accomplished something. Attempting to influence Japan requires professional levels of linguistic and area studies knowledge. It is high time that foreign nations that are dissatisfied with Japanese governmental policies began to match their rhetoric with some expertise.

Footnotes

1. Yoshida Shigeru, The Yoshida Memoirs (Cambridge, MA: Houghton Mifflin, 1962), p. 128. Note that Japanese names are given in the Japanese manner, family name followed by given name.
2. "No Country More Important" is the English-language title of an influential book published in both English and Japanese by the U.S. Ambassador to Japan during the late 1970s and early 1980s, Mike Mansfield. See Mansfield, Nihon hodo jūyō na kuni wa nai (No Country is More Important Than Japan) (Tokyo: Simul Press, 1980, 1984). For the idea of Japan as the "cornerstone" of U.S. policy in Asia, see U. S. Department of State, "US-Japanese Relations," Gist, January 1986, p. 1.
3. On the origins of the transparency issue, see Chalmers Johnson, "The Institutional Foundations of Japanese Industrial Policy," in Claude E. Barfield and William A. Schambra, eds., The Politics of Industrial Policy (Washington, D.C.: American Enterprise Institute, 1986), pp. 192-95.
4. Timothy J. Curran, "Politics and High Technology: The NTT Case," in I. M. Destler and Satō Hideo, eds., Coping with U.S.-Japanese Economic Conflicts (Lexington, MA: D. C. Heath, 1982), p. 236.
5. Sam Jameson, "Japan's Trade Image Improves in Some Areas," Los Angeles Times, April 21, 1986.
6. Glen S. Fukushima, "The U.S.-Japan Trade Conflict: A View from Washington," International House of Japan Bulletin, 6:2 (Spring 1986), pp. 7-11.
7. On "privatization," see The Economist (London), December 21,

- 1985, pp. 71-74.
8. Charles L. Brown, "The Dynamics of Information Technology, Enterprise, and Public Policy," International House of Japan Bulletin, 6:1 (Winter 1986), pp. 1-3.
 9. The Economist (London), March 30, 1985, p. 81.
 10. On the relatively slight influence of "foreign financial and corporate institutions, and of foreign governments, on the policymaking process in the Japanese financial markets," see James Horne, Japan's Financial Markets: Conflict and Consensus in Policymaking (Sydney, Australia: George Allen and Unwin, 1985), p. 22.
 11. Kawaguchi Hiroyuki, "Jimintō habatsu to kanyō: 'zoku' no rankingu" (LDP factions and the Bureaucracy: Rankings of zoku), Gekkan kankai, 9 (November 1983), p. 95.
 12. John Creighton Campbell, Contemporary Japanese Budget Politics (Berkeley: University of California Press, 1977), p. 111.
 13. Kankai (Bureaucratic World) Editorial Board, comp., "Yūsei vs. Tsūsan zenmen sensō no naimaku" (Inside Story of the All-out War Between MPI and MITI), Gekkan kankai, 9 (November 1983), p. 137. On the concept "vertical administration," see Albert M. Craig, "Functional and Dysfunctional Aspects of Government Bureaucracy," in Ezra F. Vogel, ed., Modern Japanese Organization and Decision-making (Berkeley: University of California Press, 1975), p. 11 ff. On the concept "capitalist developmental state," see Chalmers Johnson, MITI and the Japanese Miracle (Stanford: Stanford University Press, 1982), p. 17 ff.

14. On bureaucratic competition, see Chalmers Johnson, Japan's Public Policy Companies (Washington, D.C.: American Enterprise Institute, 1978), p. 147.
15. Kawakita Takao, Tsūsan-Yūsei sensō (The MITI-MPT Wars) (Tokyo: Kyōiku Sha, 1985), pp. 56-57. On the idea that MOF is also a "super-elite bureaucracy," see Jin Ikkō, Ōkura kanryō: chō-erito shūdan no jinmyaku to yabō (MOF Bureaucrats: The Cliques and Intrigues of a Super-elite Group) (Tokyo: Kōdansha, 1982), p. 19 et passim.
16. Gekkan kankai (November 1983), pp. 132-41.
17. For the opinion that "industrial development policies have become less important to Japanese economic development as the Japanese economy itself has grown and matured," see Jimmy W. Wheeler, Merit E. Janow, and Thomas Pepper, Japanese Industrial Development Policies in the 1980s (Croton-on-Hudson, NY: Hudson Institute, 1982), p. xxi, s.v. pars. 1, 5-8. Interestingly enough, this report was commissioned and paid for by the U. S. Department of State. It has been reprinted and distributed commercially as The Competition: Dealing with Japan (New York: Praeger, 1985). On the Lion's Petroleum case, see Kawakita, p. 99; and Japan Law Letter, March 1985, p. 28. On MITI's targeting of and measures for the semiconductor industry, see Shimura Yukio, IC sangyō no himitsu (Secrets of the Integrated Circuit Industry) (Tokyo: Chōbunsha, 1981), p. 45 et passim.
18. See, in particular, Amaya Naohiro (former deputy vice-minister of MITI), "Saka no ue no kumo" to "saka no shita no numa"

("The Beautiful Clouds of the Up-slope" and "The Swamp at the End of the Downslope") (Tokyo: Tsūshō Sangyō Chōsa Kai, 1985). This book includes Amaya's English-language essay, "A Note on MITI's Industrial Policy," presented to the Aspen Institute, August 28, 1984.

19. Kodama Fumio, "Policy Innovation at MITI," Japan Echo, 11:2 (Summer 1984), pp. 67-69. This article is a translation of Kodama's "Tsūsan-shō ni yoru kiseki wa futatabi kanōka" (Can the MITI-made Miracle Occur Again?), Chuō kōron, March 1983, pp. 139-47.
20. In early 1986, after All Nippon Airways, Japan's leading domestic airline, decided to buy Boeing 767-300s as its next mainstay aircraft, the Nihon Keizai shimbun reported charges that MITI had become "America's good friend" and "America's lackey." However, some analysts recognized in MITI's pro-import drive "a façade for expanding the ministry's influence over domestic firms." The Nihon Keizai wrote: "The drive to cut the surplus is a good opportunity for MITI to recover its old iron grip on domestic industries which it lost in the process of Japan's trade liberalization. MITI plans to intervene in domestic industries as 'an emergency measure' and maintain that intervention for a long time." Japan Economic Journal, January 25, 1986, pp. 1, 5. In the summer of 1985, MITI also discussed and then shelved as too controversial a draft "Overseas Investment Facilitation Law." This bill stipulated that firms whose exports exceeded MITI-set limits would be obligated to shift some of their production offshore. The draft

law would have given MITI strong powers of control over export-oriented industries, particularly the electronics and telecommunications industries that do not have MITI-administered quantitative controls over exports such as exist in the automobile industry.

21. For a Japanese analysis along these lines, see Kumon Shumpei, "Japan Faces Its Future: The Political-Economics of Administrative Reform," Journal of Japanese Studies, 10:1 (Winter 1984), pp. 143-65, particularly 160. Cf. Peter F. Drucker, "The Changed World Economy," Foreign Affairs, 64:4 (Spring 1986), pp. 768-91.
22. See, e.g., Kawakita, pp. 60-61. Cf. National Research Council, National Academy of Sciences, High-technology Ceramics in Japan (Washington, D.C.: National Academy Press, 1984).
23. Konaga Keiichi, "Tsūsan-shō no shin senryaku: tekunoraibaru Beikoku to no kyōsō" (MITI's New Strategy: Competition with Our Technorival, America), Next (December 1984), pp. 48-53. (Note that many new Japanese magazines use English words or phrases for their titles, including Focus, This Is, Trigger, Voice, and several others. Next is such a magazine.)
24. Kawakita, pp. 61-62.
25. Fukui Haruhiro, "The Liberal Democratic Party Revisited: Continuity and Change in the Party's Structure and Performance," Journal of Japanese Studies, 10:2 (Summer 1984), pp. 409-11 and n. 25.
26. Gekkan kankai (November 1983), p. 133.

27. Kawakita, p. 62.
28. Ibid., p. 73.
29. "The Business-minded Ministry: MPT," Journal of Japanese Trade and Industry, 5:2 (March-April 1986), p. 30. (Note that this magazine is published by a MITI-affiliated organization.)
30. See Watanabe Tsuneo, Miyazaki Yoshimasa, and Iijima Kiyoshi, eds., Seiji no iōshiki daihyakka (Practical Political Encyclopedia) (Tokyo: Kōdansha, 1983), p. 255, s.v. Yūsei-zoku.
31. "100-chō-en banku, yūcho" (Postal Savings, the ¥100 Trillion Bank), Nihon keizai shimbun, January 29, 1986. (My thanks to Barry Keehn for drawing my attention to this article.)
32. Journalists' Roundtable, "'Tsūshin kakumei' ni ugomeku seiji riken" (Political Vested Interests Squirm Under the 'Telecom Revolution'), Ekonomisuto, 62 (April 17, 1984), p. 25; Horne, pp. 132-33; Inoguchi Takashi and Iwai Tomoaki, "Jimintō riekī yūdō no seiji-keizaigaku" (The Political Economy of Guidance of the LDP by Special Interests), Chūō kōron, March 1985, p. 160; and "Dissolution of NIT," Zaikai tembō, September 1984 (trans. Foreign Broadcast Information Service [FBIS], Japan Report, JPRS-JAR-84-017, November 14, 1984, p. 56). An interesting case of a direct connection between the special post offices and MPT is that of Hirose Masao. He went from being postmaster of his family's post office in Kyushu to the Diet as a representative of the Ōita First district and on to service as postal

- minister in the third Satō cabinet (1971-72). Hirose's post office had been part of his family's business for three generations. See Noda Keizai Kenkyūjo, comp. Seiji to sono gunzō (Politics and Political Groups) (Tokyo: Noda Keizai Kenkyūjo, 1975), p. 275.
33. Kawakami Noriyasu, "Kankai jinmyaku chiri: Yūsei-shō" (Geography of Bureaucratic Personnel Relations: Ministry of Posts and Telecommunications), Gekkan kankai, 11 (February 1985) (trans. American Embassy, Tokyo, Summaries of Selected Japanese Magazines, April 1985, p. 6); and Japan Times Weekly, October 20, 1979, p. 10; October 27, 1979, p. 2; November 3, 1979, p. 9; November 10, 1979, p. 2; November 17, 1979, p. 1; and November 24, 1979, p. 1.
34. Ōuchi Takao, "Yūsei vs. Tsūsan: bateshi-naki arasoi" (MPT vs. MITI: A Struggle Without End), Gekkan kankai, 10 (June 1984), p. 142.
35. Quoted by Curran, p. 201.
36. James Elliott, "The 1981 Administrative Reform in Japan," Asian Survey, 23:6 (June 1983), p. 765. On the first Provisional Commission for Administrative Reform and related matters, see Chalmers Johnson, "Japan: Who Governs? An Essay on Official Bureaucracy," Journal of Japanese Studies, 2:1 (Autumn 1975), pp. 1-28.
37. Kumon, p. 153.
38. Gotoda Teruo, "Nihon ni okeru kōdo gijyūsu hatten no kanryō kikō no taitō to sangyō seisaku no saihensei" (The Emergence of a Bureaucratic Apparatus for the Devel-

- opment of High-technology in Japan and the Reorganization of Industrial Policy), Himeji Gakuin kiyō (Himeji University Bulletin), No. 13 (1985), p. 142.
39. 21-seiki Kigyō Kenkyū Group (Industries of the 21st Century Study Group), Nyū media no shihaisha (Managers of the New Media) (Tokyo: Yamate Shobō, 1984), pp. 202-4. Also see "Yūsei-shō kambu shokuin" (Roster of MPT Leaders), Shūkan yomiuri, January 1, 1985, pp. 158-68.
40. Kawakita, p. 69. It should be noted that the use of military metaphors is not exclusive with Kawakita but is common for virtually all Japanese writers on this subject. Other examples include "Terekomu uōzu sōkanzu" (Chart of the Telecom Wars), Konpyūtopia, June 1985; and Nikkei Business, ed., Sekai terekomu sensō (The Global Telecom War) (Tokyo: Nihon Keizai Shimbun Sha, 1984).
41. For the Japanese names of the first three sections, see Johnson, MITI, p. 338. The name of the new Information Management Systems Development Section is Jōhō Shōri Shisutemu Kaihatsu-ka.
42. For the view that politicians dominate the bureaucracy, see Takahashi Yoshiyuki, "Jimintō habatsu to kanryō: 'Tanaka shihai' no nouhou" (LDP Factions and the Bureaucracy: The Knowhow of the "Tanaka Domination"), Gekkan kankai, 9 (June 1983), pp. 114-24; Editorial, "'Minkō-kanrei' e no tenkan" (The Switch to "Civilians Up, Bureaucrats Down"), Nexi (December 1984), p. 47; and Kawakita, p. 91. For the "cheering squad" view, see Gekkan kankai (November 1983),

- p. 149; and "Seme no Yūsei, shiren no Denden" (MPT on the Attack, NTT on Trial), Nihon keizai shimbun, October 22, 1984. For the theory of politicians-as-air-cover, see Kawakita, p. 72; and Inoguchi and Iwai (they use the metaphor of artillery rather than air power), p. 160.
43. The Economist (London), May 3, 1986, p. 13.
44. Peter E. Fuchs, "Regulatory Reform and Japan's Telecommunications Revolution," in Program on U.S.-Japan Relations, ed., U.S.-Japan Relations: New Attitudes for a New Era (Cambridge, MA: Center for International Affairs, Harvard University, 1984), p. 136.
45. Satō Seizaburō and Matsuzaki Tetsuhisa, "Jimintō etchōki seiken no kaibō" (Autopsy on the Super-long-term Reign of the LDP), Chūō kōron, November 1984, p. 95. Also see Satō and Matsuzaki, Jimintō seiken (The Political Regime of the LDP) (Tokyo: Chūō Kōron Sha, 1986) with their outstanding compilation of data on all postwar cabinets, pp. 294-337.
46. Satō and Matsuzaki, Chūō kōron, November 1984, p. 89; and Kawakita, p. 88. The most important study of PARC is Nihon Keizai Shimbun, ed., Jimintō seichōkai (The LDP's Policy Affairs Research Council) (Tokyo: Nihon Keizai Shimbun Sha, 1983), which includes a valuable commentary on the role of PARC by former Prime Minister Tanaka Kakuei, pp. 194-208.
47. Satō and Matsuzaki, Chūō kōron, November 1984, p. 90.
48. Inoguchi and Iwai, pp. 138-39.
49. The relationship between faction and zoku is perhaps best

captured in Tanaka Kakuei's metaphor of the faction as a "general hospital." According to Tanaka, his own faction, which is by far the largest within the LDP, was like a first-rate hospital--one staffed by qualified specialists in all medical fields and equipped with the best possible facilities (i.e., bureaucratic connections). As a result the Tanaka faction could cope with any type of "illness"--for example, a constituent's petition (chinjō), a faction member's need for funds, a businessman's need for access to the bureaucracy, or a trade association's desire to see some market-opening scheme delayed. In short, what this good general hospital had was a comprehensive array of zoku. See Jōhō Kenkyūjo, ed., Tanaka Kakuei (Tokyo: Dōta Hausu, 1983), p. 139. On zoku, also see the articles by Masuzoe Yōichi in Sankei shimbun, July 30 and August 2, 1984; Seiji no jōshiki daibyakka, pp. 205, 215, 227, 235, 245, 255; Inoguchi Takashi, "Nihon seiji no zahyōjiku kaeru bōeki masatsu" (Trade Friction Changes the Axes of Japanese Politics), Ekonomisuto, March 25, 1986, pp. 34-41.

50. Kawaguchi, p. 96.
51. See Chalmers Johnson, "Tanaka Kakuei, Structural Corruption, and the Advent of Machine Politics in Japan," Journal of Japanese Studies, 12:1 (Winter 1986), pp. 1-28.
52. Murakawa Ichirō, Seisaku kettei karei (The Policy-making Process) (Tokyo: Kyōiku Sha, 1979), p. 15; and Takahashi, p. 115.

53. Satō and Matsuzaki, Chūō kōron, November 1984, p. 74.
54. LDP leaders have long observed that conflicts of jurisdiction within the bureaucracy provide opportunities for the party to assert and enlarge its authority. See Journalists' Roundtable, Ekonomisuto, April 17, 1984, p. 24.
55. Horne notes many cases in which the Federation of Bankers' Associations and the city banks were closer to and more influential with MOF than with the LDP (e.g., pp. 107-11, 129). Also see Satō and Matsuzaki, Chūō kōron, November 1984, p. 91.
56. See "Jūshoku iinchō no 'reishin seppō'" (The Head Priest's "Sermon on Communications") [interview with Satō Megumu, then chairman of the House of Representatives' Standing Committee on Communications], Gekkan kankai, 9 (May 1983), pp. 102-8 [the title alludes to Satō's background as the descendant of Buddhist priests]; and Satō Megumu [then Minister of Posts and Telecommunications], "Iza homban: 'Tsūshin jiyūka' jidai" (Lights! Camera! Action! The "Liberalized Telecommunications" Era), Gekkan kankai, 11 (May 1985), pp. 64-74.
57. Kawaguchi, pp. 105-6; and Kawakita, p. 71.
58. Koita Hashijirō, Seikai ōrai, October 1985 (trans. FBIS, Japan Report, JPRS-JAR-86-005, March 27, 1986, p. 40).
59. Horne, p. 120.
60. Michael Korver, "Developments in Japanese Finance," Japan Economic Journal, May 17, 1986, p. 5; and Jin Ikkō, pp. 189-201.

61. Horne, pp. 137-39.
62. Gekkan kankai, November 1983, pp. 105-6, 132-33; Japan Law Letter, May 1985, p. 11, and March 1986, p. 7; Kawakami, in Summaries of Selected Japanese Magazines, April 1985, p. 3; and Takahashi, pp. 121-22.
63. Kawakita, pp. 136-37.
64. Nihon keizai shimbun, May 10, 1983; and Gekkan kankai, November 1983, pp. 135-36.
65. Ōuchi, p. 140; NTI Topics, No. 11 (Summer 1985), p. 2; and Zaikai tembō, August 1984 (trans. FBIS, Japan Report, JPRS-JAR-84-017, November 14, 1984, pp. 32-35). For the text of the Telecommunications Business Law in English, see Japan Law Letter, February 1985, pp. 19-30, and March 1985, pp. 14-23.
66. See Mark E. Foster, "Telecommunications Equipment Standards and Certification Procedures for Japan" (unpublished paper, Foreign Commercial Service, U.S. Department of Commerce, Tokyo, October 1984), p. 12 (permission to cite obtained from the author). Also see Foster, "A Guide to Mandatory Technical Standards and Product Certification Procedures under Japan's Electrical Appliance Law" (unpublished paper, same source and date).
67. Ōuchi, p. 138.
68. Business Week, March 11, 1985, p. 67.
69. Zaikai tembō, August 1984 (trans. FBIS, Japan Report, JPRS-JAR-84-017, November 14, 1984, p. 34).

70. Gotoda, p. 145; Japan Law Letter, May 1984, p. 64; and Nihon keizai shimbun, April 6, 1984.
71. Kawakita, p. 75; Ōhashi Ikuo (MPT official), "The Effects of Telecommunications Deregulation," in Program on U.S.-Japan Relations, ed., U. S. - Japan: Towards a New Equilibrium (Cambridge, MA: Center for International Affairs, Harvard University, 1983), p. 91; and Zaikai tembō, August 1984 (trans. FBIS, Japan Report, JPRS-JAR-84-017, November 14, 1984, p. 24).
72. The Economist (London), December 21, 1985, p. 74.
73. Gotoda, pp. 146-47; Kawakami, in Summaries of Selected Japanese Magazines, April 1985, p. 6; Kawakita, pp. 78-82; and Takahashi, pp. 121-22.
74. Journalists' Roundtable, Ekonomisuto, April 17, 1984, p. 26.
75. NTI Topics, No. 14 (Spring 1986), p. 3; Journal of Japanese Trade and Industry, 5:2 (March-April 1986), p. 29; Japan Times Weekly, October 19, 1985, and January 11, 1986.
76. Japan Law Letter, March 1986, p. 13.
77. Ōuchi, p. 145.
78. C. Michael Aho and Jonathan David Aronson, Trade Talks: America Better Listen (New York: Council on Foreign Relations, 1985), p. 85.
79. Foster, "Telecommunications," p. 25 and appendix.
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81. General Affairs Agency (Sōmu-chō), ed., Shingikai sōran (General Survey of Deliberation Councils) (Tokyo: Ōkura-shō

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83. Kawakita, pp. 42-44.
84. Japanese Telecommunications Association, New Era of Telecommunications in Japan (issue no. one, 1985), pp. 3-4; Sam Jameson, "Japan: Rules Based on Telecommunications," Los Angeles Times, April 4, 1985; Sam Jameson, "Japan Moves to Keep Its Promises to U.S.," Los Angeles Times, April 9, 1985; and William C. Rempel and Sam Jameson, "Japan Phone Market: Patience vs. Pressure," Los Angeles Times, April 21, 1985.
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