INTRODUCTION

The Japanese Post Office

in Theoretical and Comparative Perspective

The post office is properly a mercantile project. The government advances the expense of establishing the different offices, and of buying or hiring the necessary horses or carriages, and is repaid with a large profit by the duties upon what is carried. It is perhaps the only mercantile project which has been successfully managed by, I believe, every sort of government. The capital to be advanced is not very considerable. There is no mystery in the business. The returns are not only certain, but immediate.

—Adam Smith, *The Wealth of Nations*

The post office may very well be the most taken-for-granted of public institutions. With remarkable predictability, mail carriers the world over deliver letters at uniform rates to the remotest of communities and in all kinds of weather, acquiring a reputation for reliability and perseverance. Before the introduction of the telephone, the telegraph, and the steam engine, the “post” was often the sole means of communication.


1. This reputation is most famously embodied in the inscription above the entrance to the James A. Farley Post Office in New York City: “Neither snow nor rain nor heat nor gloom of night stays these couriers from the swift completion of their appointed rounds.” Numerous other countries, including Japan, have similarly praised their postal employees.
and transportation. During the mid- to late nineteenth century, many postal systems launched financial services that hastened the expansion of commerce and trade and introduced ordinary citizens to the world of modern finance. All the while, the post office functioned as a focal point of community life, helping local populations adapt to the standardized rhythms of modernity. Put simply, the post office is a fundamental component of modern society, but it tends to receive attention only when it falls short of its responsibilities or is targeted for reform.

When we examine those instances in which postal systems are stumbling or in flux, we find that Adam Smith was only partly right. Although it is true that every sort of government has had a hand in the management of postal systems and that the business of establishing mail services should be fairly simple, Smith did not anticipate the expansion and administrative sophistication of postal services in modern societies and the economic pressures these developments consequently imposed both on nation-states and ordinary people. Nor did he foresee the diversification of some postal systems’ political, security, and social functions and the vested interests that developed around them—interests that often had negative repercussions for the efficiency and effectiveness of political and economic institutions. The postal system is not a straightforward mercantile enterprise, and by examining how and why this is the case, we open a window onto the complexities and pathologies of modern political economies.

**The Japanese Postal System**

In perhaps no other country has the postal system had more influence on the economy, politics, and society than in Japan. Based on the British model, the post-1868 Japanese post office served as a vehicle for political and economic modernization and the dissemination of nationalist values among local residents. The postal savings and insurance systems produced massive amounts of capital for industrial and military development and, after World War II, Japan’s meteoric economic rise. Locally, the post office occupied a pivotal position in towns and villages, dispensing letters, essential financial services, and, more recently, welfare benefits for Japan’s most vulnerable citizens. In so doing, the post office came to epitomize convenience, financial security, state paternalism, and a host of other values that helped define modern Japan for its people.
As generations of Japanese took advantage of the postal system’s diverse services, few dwelled on one of its most distinctive features: its unprecedented degree of politicization. From the establishment of individual post offices to the state’s investment of capital drawn from the postal savings and insurance systems, postal functions became enmeshed in a web of vested interests whose influence reverberated throughout the financial and political spheres. The commissioned postmasters (tokutei yūbinkyokuchō) stood out in this regard. From the mid-1950s, local commissioned postmasters and their spouses and retired colleagues constituted one of the country’s best organized, secretive, and influential interest groups. Politically, they participated in the electoral machine of the Liberal Democratic Party (LDP) by systematically gathering the vote behind individual politicians and recruiting new members for both the party and individual candidate support organizations (kōenkai). As they reached the pinnacle of their power during the early 1980s, the postmasters associations purportedly represented 1 million votes at election time. Meanwhile, the postmasters cooperated with their LDP allies to defeat or weaken reformers’ efforts to adapt state-run postal institutions to a changing economy, thereby placing Japan well behind Europe on the road to postal reform. In sum, the commissioned post office system stood at the center of Japan’s conservative political-economic establishment, contributing not only to its long-term survival but also to its complexities and inefficiencies.

Although postwar Japan produced plenty of critics of the modern postal system, it was not until the turn of the twenty-first century that postal reform gained significant political traction, thanks largely to the actions of one man: Koizumi Jun’ichirō (1942–). To Koizumi and his political and academic allies, postal institutions symbolized much of what ailed contemporary Japan: the inefficient allocation of financial resources, “excessive” government interference in domestic markets, the

2. I use the term “politicization” in this study to refer to the performance of political functions by actors in the postal system. As Chapter 1 will illustrate, this can include spying, censorship, and other national security functions, as well as participation in electoral campaigns.

3. Starting in the early 1990s, Britain, Germany, several other continental European countries, Australia, and New Zealand corporatized or privatized all or part of their postal systems.
government’s indebtedness to self-seeking interest groups, and Japan’s seeming inability to adapt swiftly to global economic change. Upon assuming the prime ministership in 2001, Koizumi defied the wishes of his conservative LDP colleagues by embarking on a four-year crusade to privatize the postal services and sever the ties that bound the LDP to the commissioned postmasters and other vested interests. While many hailed the plan as a necessary component of structural reform within the political economy, others bemoaned the potential loss of traditional institutions and the conservative values they represented. Few, however, expected the plan to succeed, given the staunch opposition of the postmasters, the postal workers, politicians from across the political spectrum, and many postal bureaucrats. But succeed it did. By late 2005, it appeared that Koizumi had transformed not only the post office but also the very institutional and ideological foundations of Japanese finance and politics. By many accounts, it was one of the most astonishing political achievements in postwar Japanese history.

The story of the Japanese state-run postal system and Koizumi’s campaign to radically reform it raise a number of intriguing questions. Why did the system become so deeply politicized and resistant to change? And how did Koizumi, of all people—an iconoclastic politician from outside the LDP mainstream—succeed in privatizing it? To what extent, finally, will Koizumi’s postal privatization plan actually change the institutions and politics of the postal system? These and related questions are the focus of this book.

The Argument in Brief

To explain the politicization and privatization of the Japanese postal system, this book traces the origins and subsequent evolution of the system from a historical institutionalist perspective. In so doing, I ex-

4. In keeping with the general trends of this literature, I define institutions as the rules and norms that structure relationships within and among groups of actors in a polity. I have been particularly inspired by the following sources: John Campbell, *Institutional Change and Globalization*; Hall, *Governing the Economy*; Hall and Soskice, eds., *Varieties of Capitalism*; Pierson, *Politics in Time*; Pierson and Skocpol, “Historical Institutionalism in Contemporary Political Science”; Steinmo, Thelen, and Longstreth, eds., *Structuring Politics*; and Thelen, *How Institutions Evolve*. 
plore the shifting relationship between the postal services and the state and explain how that relationship both reflected and contributed to political and economic development in modern Japan. As such, this book serves as a case study not only of how postal systems can acquire functions beyond the realm of communications, but also of how important public institutions can evolve in a symbiotic fashion with their broader environments. I also examine the interest groups that developed around postal institutions, paying particular attention to the commissioned postmasters. Although by no means the sole ingredient in the postal system’s politicization, the postmasters played a pivotal role in the Japanese post office saga by virtue of their distinctive position at the intersection of Japan’s bureaucratic and electoral worlds. As I explore the history of that position, I explain the postmasters’ electoral significance for conservative politicians as well as their impact on policymaking in the postal sphere. The postmasters’ story also serves as a stand-alone study of Japan’s postwar interest group environment and the circumstances in which specific interest groups gain (and lose) electoral significance. Finally, this book assesses the impact of individual leaders on the Japanese postal system. Although several individuals—including members of the post–World War II American occupying forces—helped shape the postal system since 1868, three had critical influence on the system’s economic and political trajectory: Maejima Hisoka, the mid-level bureaucrat who laid the institutional foundations of the postal system during the formative years of the early Meiji period; Tanaka Kakuei (1918–1993), the foremost political broker of early postwar Japan and the architect of the electoral alliance between the postmasters and the LDP; and Koizumi Jun’ichirō, the political maverick who sidelined the proponents of the state-run system and imposed market-oriented rules on the post office. To varying degrees, each of these men demonstrated

5. This book also acknowledges the contributions of Hashimoto Ryūtarō (1937–2006), who as prime minister between 1996 and 1998 managed to accelerate the political and bureaucratic momentum toward postal privatization. But while I argue that Koizumi’s accomplishments on postal reform would have been far less extensive had Hashimoto not laid some of the groundwork for him, I stop short of categorizing Hashimoto’s role as “critical.” As Chapter 5 illustrates, this is because Hashimoto’s accomplishments in the postal sphere were in many ways attributable to Koizumi, who put intense pressure
a remarkable ability to shape their political and institutional environments in accordance with their beliefs and policy preferences. But they were also the products of historical and institutional circumstance. As a result of developments beyond their control, each had access to resources that gave them unprecedented leverage over their environments, while simultaneously facing significant institutional constraints to the fulfillment of their goals. These men made history, in other words, but it was history and institutions that gave them—or deprived them of—the tools to do so.

Although my primary objectives are to explain the causes and implications of the postal system’s politicization and recent privatization, I also look at the system’s social and cultural significance. Throughout the book, I illustrate how the postal services assumed an array of social and cultural functions that enhanced the post office’s legitimacy in the eyes of ordinary Japanese. This is not to suggest that these factors had a direct, causal impact on policymaking outcomes within the postal sphere; these outcomes, I believe, are more effectively explained by the interplay among institutions, interests, and leadership. I will show, however, how they influenced the language of postal politics as different actors manipulated the post office’s social and cultural values for political gain, thus elevating the debate over postal privatization to a level of rhetorical intensity that is rare in Japanese politics. I will also illustrate how the multifaceted significance of the postal system transformed the local post office—that nineteenth-century harbinger of modernity—into a potent symbol of tradition and of popular ambivalence about the country’s embrace of neoliberal economic reform.

EXPLAINING THE POSTMASTERS’ POLITICIZATION

The extent to which the Japanese postmasters became involved in electoral affairs may be internationally unprecedented. From the mid-1950s, the postmasters cultivated an exchange relationship with the LDP in on the reform process via his position as Minister of Health and Welfare. In a similar vein, I portray the contributions of Takenaka Heizō (1951–) to the postal privatization process as important but not critical: although he gave concrete expression to many of Koizumi’s proposals, Takenaka’s effectiveness was ultimately contingent on Koizumi’s leadership.
which they systematically gathered party and *kōenkai* members, votes, and financial contributions for the party in return for protective government policies. This is particularly striking when compared to the British postal system, which served as a model for Japanese postal institutions but produced no cohort of significantly politicized postmasters.

How can we explain this discrepancy? Arguments that focus on electoral systems give us few clues. We might expect the postwar Japanese postmasters to have been most influential in Lower House elections, where the organized vote was indispensable to individual LDP candidates operating within the pre-1994 multi-member district system. The postmasters were, after all, among the country’s best organized interest groups. But the postmasters were in fact far more active in Upper House elections, in which multi-member districts are combined with a nationwide proportional representation (PR) district. The postmasters’ importance in Lower House elections did increase following the 1994 transition to an electoral system consisting of PR and single-member districts (SMD); consider, for example, their mass mobilization in SMD behind the so-called postal rebels during the 2005 election and their extensive support for the Democratic Party of Japan (DPJ) in 2009. But if the switch to this new electoral system was indeed responsible for the postmasters’ mass mobilization during recent Lower House elections, why have postmasters not rallied en masse behind politicians in Britain’s SMD electoral system? Clearly, while electoral rules help shape the scope and effectiveness of postmaster participation in election campaigns, they

6. Although postmasters in other Western countries have performed certain electoral functions in the past, the closest approximation to the Japanese case may have been the postmasters of the United States during the nineteenth and early twentieth centuries. But while American postmasters were often important determinants of the electoral fortunes of individual members of Congress, they split their allegiance between the two main political parties and did not achieve the level of organization and systematic electoral participation that characterized their postwar Japanese counterparts. For more on the political functions of the American postmasters, see relevant sections of Cullinan, *The United States Postal Service*; Fowler, *The Cabinet Politician*; Fuller, *The American Mail*; John, *Spreading the News*; Priest, “The History of the Postal Monopoly in the United States”; and Tierney, *The U.S. Postal Service*.

7. The postmasters’ preferred candidates—most of them retired postal officials themselves—normally ran in the Upper House’s national PR district.
are poor predictors of how and why postmasters get involved in those campaigns in the first place.

A more persuasive explanation emphasizes the role of innovative leadership during periods of political and institutional uncertainty. In early Meiji Japan, Maejima Hisoka was largely responsible for introducing modern postal institutions, including the commissioned post office system, while in the postwar period Tanaka Kakuei arranged the electoral marriage between local postmasters and the LDP. As Minister of Posts and Telecommunications in the late 1950s, Tanaka recruited the postmasters to help gather the vote behind the LDP at a time when the newly unified party faced severe electoral challenges from the radical Japan Socialist Party (JSP). Tanaka’s efforts to expand the party’s base of support among organized interest groups also helped pave the way for long-term one-party dominance, which in turn strengthened the postmasters’ loyalty to the LDP.

There were no such instances of political entrepreneurship during the last 150 years or so of British postal history. Roland Hill, the primary architect of modern postal institutions and a leading bureaucrat in the post-1840 postal system, was an innovative leader par excellence, but one of his main objectives was to construct an efficient postal administration that was insulated from politics. Hill was motivated by several centuries of deeply politicized patronage appointments to the position of postmaster general and the gross financial and administrative inefficiencies that subsequently ensued. To the best of my knowledge, there were no noteworthy examples of politicians after Hill’s time who looked to the postmasters as a vehicle for gathering the vote in national elections.

Although entrepreneurship (or the lack thereof) during periods of political and institutional flux is an important determinant of the electoral marriage between postmasters and political parties in Japan, this explanation begs a question: why do innovative political leaders in some countries recruit postmasters for electoral purposes, but not in others? The answer, I believe, has to do with the nature of the postmasters

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8. I use the term “political entrepreneurship” in this study to refer to the capacity of risk-taking actors to develop or recombine political/institutional resources in ways that advance specific political, bureaucratic, or economic objectives.
themselves, which in turn reflects the evolving historical relationship between postal institutions and the state.

In order for any group to effectively gather the vote without resorting to coercive measures, it needs persuasive powers and access to networks of voters. In theory, postmasters in any country with a state-run postal system are inherently well poised to acquire both sets of resources given their status as civil servants and—for those who administer smaller post offices, at least—close association with local residents. In Britain, modern postmasters have been weak on both counts. For generations, the vast majority of postmasters have been “sub-postmasters,” mostly small retailers who administer postal services to supplement their primary income. Historically, the government found these positions difficult to fill, let alone control, a fact that is symptomatic of the position’s relative lack of prestige. The sub-postmasters also lack discrete professional organizations that might strengthen their electoral allure. Although the sub-postmasters established a national association in 1894, relatively late in the history of the post-1840 centralized postal system, the organization lost its clout as the sole representative of the postmasters after it merged with postal unions in 1972. Lacking strong, independent organizations, the sub-postmasters have been poorly situated to coordinate vote mobilization campaigns across individual electoral districts. Small wonder, then, that members of Parliament neglected the sub-postmasters as potential electoral allies.

The British postmasters’ relative political insignificance can be explained at least partly by the nature of the postal system’s haphazard development in relation to the expansion of state authority. Since late Elizabethan times, the postal network developed in fits and starts in response to the communications and military needs of the Crown. Fearing by the late seventeenth century that its enemies were mobilizing mail carriers—both licensed postmasters and unlicensed couriers—for seditious purposes, the Crown gradually moved to impose monopoly control

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11. There is also little evidence to suggest that Britain’s small number of more prestigious “head postmasters” were attractive candidates for electoral mobilization. Although their hiring was occasionally influenced by local MPs, this practice all but disappeared by the turn of the twentieth century (Daunton, *Royal Mail*, 276–77).
over the country’s mail services. But the Crown’s efforts to rein in the services were only partially successful, thanks largely to its fixation on revenue extraction. Until the early nineteenth century, the state would farm out sections of the postal network to the highest and/or most distinguished bidder, but only rarely were the “farmers” selfless and far-sighted enough to cover the costs of expanding and improving the quality of postal services. Many local postmasters, meanwhile, were being hired in slapdash fashion and acquiring notoriety for neglecting their duties and bilking public funds; not a few complained about their poor pay and onerous financial obligations to the Crown. By the time the system was overhauled in 1840, the postmasters had developed into a socially diverse, decentralized, and unorganized network of public servants.

Historically, Japanese political authorities were much more successful in harnessing postal networks to state goals. During the Tokugawa era (1600–1867), the military government based in Edo (present-day Tokyo) established a national communications network that would have been the envy of the British Crown in terms of the relatively high qualifications of its stationmasters and the degree of central government control over the system. Shortly after the Meiji Restoration in 1868, the state reformed and expanded the postal system with astonishing speed, building on both Tokugawa precedents and British practices. By 1880, post offices were in place throughout the country, serving as effective local vehicles for both the dissemination of state information and the population’s identification with the modern nation-state.

The Japanese postal network’s historically close relationship with the state had profound implications for the political functions of the postmasters. In addition to fulfilling residential and financial requirements that were customary in most countries, Meiji postmasters were recruited almost exclusively from among low-ranking local notables in the expectation that they would become trusted intermediaries between the state and local residents. Japanese postmasters also had to perform their postal duties with virtually no financial compensation, unlike their British counterparts. Their reward for services rendered: the prestige of serving as local representatives of the Meiji state—a perquisite that many postmasters used to secure supplementary positions in business and local elected government. In time, many postmasters acquired reputations as committed local officials who placed service to the emperor
above their own pecuniary needs. During the early postwar period, the postmasters’ social status made them attractive to conservative politicians as electoral partners.

The Japanese postmasters were also advantaged by their participation in dense organizational networks that could be mobilized for electoral purposes. These networks were the handiwork of the prewar state. In contrast to the British case, Japanese postmasters were forcibly mobilized by Meiji bureaucrats into a tightly knit federation of organizations that stretched from the national level to the local neighborhood. Designed to enable the state to communicate quickly and effectively with the postmasters and to control their every move—from their initial hiring to setting the schedules and agendas of their professional meetings—these organizations helped shape a remarkably homogeneous and socially cohesive network of postmasters that covered all corners of the country. For postwar conservative politicians looking for intermediaries between themselves and potential voters, these networks proved invaluable.

The political implications of the postal system’s relationship to the state underscore Paul Pierson’s observations about the importance of timing in the establishment and evolution of public institutions, as well as the complementarity between those institutions and their broader institutional and political environments.12 To summarize, the key to explaining why Japanese postmasters acquired the persuasive powers and organizational networks to participate in electoral politics lies in their relationship with the state. In Britain, the postmasters as an occupational group evolved in a decentralized and often haphazard fashion over the course of many centuries, receiving few opportunities—from the state or elsewhere—to enhance their social standing or build strong organizations. Consequently, modern Britain experienced no mass mobilization of postmasters behind political parties. In Japan, many generations of strong bureaucratic control over the recruitment and organization of local postmasters produced a socially homogeneous group that acquired both the prestige and the dense organizational networks necessary for systematic participation in electoral politics. I illustrate these points in

greater detail in Chapter 1, which sets the historical stage for the rest of the book. In Chapter 2, I explore the development of Japan’s postal system after World War II and the emergence of the postmaster-LDP alliance. Chapter 3 looks inside the professional activities and associations of the postmasters, focusing on both their strengths and weaknesses within the electoral and policy processes.

THE JAPANESE POSTAL REGIME

Although the exchange relationship between the commissioned postmasters and the LDP lay at the heart of post-World War II postal politics, bureaucrats were also important. Long accustomed to micromanaging the postmasters, officials in the postwar Ministry of Posts and Telecommunications (Yūseishō; MPT) established close ties with the postmasters and the ruling party. The result was an iron triangle that exercised tight control over postal policymaking and contributed to the longevity of the so-called 1955 system of LDP dominance. As Chapter 4 illustrates, other interests also fell in line behind the postal services, producing a veritable regime with distinctive institutions and power relationships, rules of engagement, and policy preferences. The economic glue that held the regime together was the Fiscal Investment and Loan Program (FILP; zaisei tōyūshi or zaitō). Funded mainly by postal savings deposits and insurance premiums, the FILP supplied the government with funds for investment in industrial development, public works, and a variety of other projects that helped solidify the support of the electorate and the political parties—both conservative and leftist—for the state-run postal services.

The postal regime persisted alongside the state-run postal services until the turn of the twenty-first century, giving concrete expression to the institutionalist notion of “path dependence”; the more regime members invested their time, money, votes, and occupational futures into the postal system, the more committed to those investments they became. The regime had, to a degree, become “locked in” to its particular political trajectory, finding it increasingly difficult—and costly—to change. As

13. As Chapter 4 explains, my analysis of the notion of “regime” is drawn from Pempel, Regime Shift.
Chapter 3 shows, this was especially apparent in the case of the postmasters, whose leaders went to extraordinary lengths to force compliance with occupational norms.

The postal regime also functioned as a formidable stumbling block to the mounting movement for postal reform. From the 1950s, when postal reform first appeared on the government agenda, through Koizumi’s attempt to liberalize the mail service in 2002, the regime mobilized its vast networks of interest groups and politicians to halt or drastically minimize change. This does not mean that postal institutions completely escaped reform; as Chapters 4 through 6 show, the postal system was subjected to a number of small but significant changes over the years. But as a result of their organizational strength and political tenacity, anti-reform interests like the postmasters and their bureaucratic and LDP allies managed to keep radical reform at bay for decades.

Although the postal system and its underlying political regime managed to defeat the forces of radical exogenous change, internally, the postal services proved to be fairly dynamic. As Kathleen Thelen explains, the long-term survival of institutions depends on their periodic rejuvenation as they seek to strengthen their broader relevance. The political history of the Japanese postal regime bears this out, as several chapters in this book illustrate. That the state-run postal system and postal regime survived for so many years—and despite the institutional rigidities within the commissioned post office system that I describe in Chapter 3—is testament in part to their ability to adapt to changing times. During the latter half of the twentieth century, the postal system introduced a spate of new mail, savings, and insurance services to its customers. Postal workers assumed volunteer functions in their communities as they tried to transform their facilities into post offices that the “people could love.” Threatened by the rise of the postal reform movement, post offices in sparsely populated areas networked with local governments and retail shops to carry out social services for the elderly (himawari services). More recently, many post offices assumed government functions in the wake of local government amalgamations and the gradual decentralization of state power. And there may be no more “adaptable” postal service than the postal savings system, which sup-

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plied the state with a vast reservoir of funds for investment in a shifting array of state projects. To be sure, these and other instances of institutional adaptation and innovation were at least partly motivated by the drive for institutional preservation in a rapidly changing society and political economy. But for many ordinary Japanese, institutional dynamism within the confines of state control helped preserve the postal system’s legitimacy, transforming the services into what many praised as a quintessentially Japanese set of institutions and values.

THE POST OFFICE’S SOCIAL AND CULTURAL DIMENSIONS

Institutions have a symbiotic relationship with the values and ideas that help define them. And so it was with the Japanese postal system. Almost from the start, the post office embodied many of the values and preferences that we now associate with Japan’s more “traditional” political economy: state activism and paternalism, the valorization of public service over profit, a belief in government or public enterprise as the only valid caretaker of the public interest, a penchant for economic security and stability, economic nationalism, “financial socialism”—and the list goes on. As I illustrate in the second half of this book, proponents of the state-run postal system frequently evoked these values as they fended off criticisms from the advocates of postal privatization, reminding their audiences that the postal services were in the business of serving the people rather than “making money.” But there were also instances in which members of the postal regime invented new values—or repackaged old ones—in their efforts to achieve their foremost objective: institutional survival. This is illustrated most effectively by the post office’s embrace of social welfare values amidst mounting calls during the 1980s for radical postal reform.

Whether innate to the postal system or “invented” by its politically savvy defenders, these traditional values fueled the postal regime’s rhetorical backlash against Koizumi and his reformist allies during the early 2000s. Those who championed postal reform in the name of free markets, competition, and globalization were branded un-Japanese hand-

15. The term “financial socialism” is usually used in a derogatory sense to refer to governmental policies that serve costly social—as well as financial—objectives.
maidens of impersonal economic forces—cultural apostates willing to sell Japan’s distinctive traditions and national identity to the lowest bidder. Not to be outdone, Koizumi risked the very future of his government to “storm the castle” of the “feudal” postal regime and subject the postal services to market forces. The ensuing battle, some onlookers concluded, was tantamount to a modern-day “Sekigahara.”

The cultural dimensions of Japanese postal politics by no means determined the winners and losers in the battle over postal reform, but they most certainly influenced the language of that battle. On a deeper level, they reflected the post office’s multifaceted significance for ordinary Japanese. As this book explains, it was in part through the postal network that ordinary Japanese acquired a sense of local community and nationhood during the Meiji period. Their patriotism deepened as the postal savings system taught them how to save for the sake of industrial development and empire building, and as they purchased commemorative postage stamps celebrating the virtues of the emperor system and Japan’s military accomplishments. The expansion of the postal network facilitated communications among ordinary Japanese and the widely popular custom of exchanging postcards (nengajō) at New Year’s. Children around the country took school trips to their local post offices to learn the history of communications in Japan and proper letter-writing etiquette. Local postmasters emerged as community leaders, volunteering as coaches for children’s sports teams, participating in parent-teacher associations, and heading local neighborhood associations. Meanwhile, the postmasters and their employees tended to the elderly in ways that softened the negative side effects of depopulation in remote communities. The post office may have been taken for granted by most ordinary Japanese, but it in fact represented the very warp and woof of modern society. Changing the post office meant changing Japan.

EXPLAINING KOIZUMI’S VICTORY

Although Koizumi was well aware that postal privatization stood to transform Japanese politics and finance, he seemed less concerned about — — —

17. The bloody Battle of Sekigahara, fought in 1600, ushered in the Tokugawa period. Today, the term is sometimes used in Japan as a metaphor for turning points in political conflicts.
the social and cultural significance of the post office as he embarked on his crusade. He thus sparked what may very well have been the most divisive political conflict since the 1960 Security Treaty Crisis. Given the intensity of opposition to postal privatization, how can we explain Koizumi’s victory in October 2005?

The easy explanation is that this was an instance of “punctuated equilibrium” in which an innovative leader created an unforeseen opportunity for radical institutional change. Koizumi sidelined the anti-privatization camp during the legislative process by defying decision-making norms and then defeated the last strongholds of resistance by calling a snap election. Although this explanation effectively highlights Koizumi’s innovative leadership skills, it does not explain why Koizumi accomplished what he did, and not, say Nakasone Yasuhiro (1918–) or Hashimoto Ryūtarō, both of whom had hoped for some degree of postal privatization during their tenures as prime minister.

Scholars who attribute policy outcomes primarily to the balance of power among interest groups might explain the timing of Koizumi’s success as a function of the postal regime’s declining political influence relative to that of the liberal economic reform movement. As Chapter 3 explains, there is plenty of evidence to support this view. Thanks to inherent vulnerabilities within the postmasters associations, generational changes among both the postmasters and the LDP, fissures among postal bureaucrats as a result of the corporatization of the postal services in 2003, and heightened media attention to scandal within the postal services, the postal regime was losing some of its leverage over the proponents of reform. But while the relative decline of the postal regime undoubtedly contributed to Koizumi’s successes, this explanation neglects the fact that the regime was still far better organized than the pro-privatization camp. More importantly, it also overlooks the novel institutional opportunities that enabled Koizumi to put the regime on the political defensive.

Although there would have been no postal privatization during the 2000s without Koizumi Jun’ichirō, his crusade ultimately succeeded because of institutional changes introduced well before he had assumed power. As described in Chapter 5, Hashimoto Ryūtarō’s government

(1996–1998) introduced a series of reforms that strengthened the policymaking power of the prime minister relative to that of the bureaucracy and LDP politicians. Of particular note was the establishment of the Council on Economic and Fiscal Policy (CEFP). A supra-ministerial advisory committee headed by the prime minister and consisting of key economic ministers and private sector representatives, the council's mission was to formulate broad government policy on the economic and financial fronts. As such, the CEFP transcended many of the traditional constraints of the policymaking system, including bureaucratic localism and inter-ministerial turf battles. It was the CEFP and important supporting institutions, Chapter 6 argues, that enabled Koizumi to sideline normal interest group alignments in the postal services and to hammer together a blueprint for postal privatization.

Unfortunately for Koizumi, these new policymaking institutions proved powerless in the Upper House, which defeated his privatization legislation in August 2005. Koizumi then proceeded to call a snap Lower House election, casting it strictly in policy terms and withholding the LDP’s endorsement of Lower House incumbents who had voted against privatization in July. As Chapter 6 further explains, Koizumi’s landslide victory in the election was attributable to new electoral rules that enabled him to secure the support of Japan’s rapidly expanding cohort of floating voters. Had Koizumi been in power while the old multi-member district system was still in effect, the election would have been lost to local voters and special interests clamoring for particularistic favors—precisely the sorts of favors that were financed through the FILP by the postal savings and insurance systems. In sum, Koizumi was able to draw up a comprehensive blueprint for postal privatization, win the 2005 election, and then pass his postal legislation because of new institutional opportunities to change policymaking and electoral customs to his advantage.

Institutions provide spaces for the exercise of innovative leadership, and innovative leaders learn how to adapt to those institutions and shape their future trajectories. Maejima Hisoka was the first such innovator in the history of the state-run postal services, introducing a host of new services and institutions and then grafting onto them some of the economic and social missions of the Meiji state. Tanaka Kakuei was the second, inheriting an array of well-entrenched postal institutions
and then harnessing them to the electoral objectives of the LDP. Koizumi broke rank with his predecessors by transforming the postal institutions themselves and hence the interests that supported them. It appeared, in short, that Koizumi had destroyed much of Maejima’s and Tanaka’s handiwork, leaving behind a postal system that promised to transform Japanese finance and politics.

THE FUTURE OF JAPANESE POST OFFICE POLITICS

As the Conclusion explains, on October 1, 2007, the postal services were divided into four private companies under a government-owned holding company—one each for the mail, postal savings, and postal insurance services, and a fourth for the country’s network of post offices. The 2005 legislation stipulates that the holding company must sell its shares between 2011 and 2017. As the services are increasingly exposed to market forces, post office clients should have access to a broader range of products and services. The privatization process should also reduce the size of the postal savings and insurance services, shrink the FILP, and thus invigorate private financial markets. All told, these changes should accelerate Japan’s long-term economic growth rates.

Administratively and politically, Koizumi and his team of reformers took advantage of new institutional opportunities to create a top-down system of executive leadership centered in the cabinet office—a system that weakened the control of the LDP and the bureaucracy over the policy process. Koizumi also reduced the powers of the Ministry of Internal Affairs and Communications (Sōmushō) by transferring the postal financial services under its jurisdiction to the private sector. Meanwhile, the September 11, 2005 election severed the electoral partnership between the LDP and the postmasters associations, pushed the postmasters toward the People’s New Party (PNP) and the DPJ, and forced anti-postal privatization LDP Diet members to throw their lot behind the reformers. It appeared, in short, that the postal regime had been eviscerated and that the “1955 system” was finally dead.

Does this mean that Japan was now on the threshold of a new era—of a “2005 system,” as one observer predicted?19 Not quite. Koizumi

may have laid the foundations for remarkable change, but not all of those changes are living up to their potential. The postal savings service will remain a formidable competitor in Japanese financial markets over the short to medium term, given its sheer size and other protective measures that were conceded by the Koizumi government during the policy formulation process. Although the official linkages between the postal savings system and the FILP were cut several years ago, administrators of the postal savings system will continue to voluntarily invest in the FILP for as long as private sector interest rates remain low and the global financial outlook is uncertain. This means that for the time being, at least, the FILP will occupy a reduced but nevertheless important position in the government’s arsenal of policy instruments. And for as long as the FILP survives, interest groups will be tempted to pressure the ruling party for a piece of the fund’s pie.

Koizumi’s efforts to destroy the postal regime also suffered some setbacks. Plans to streamline the national network of post offices were diluted by a government commitment to retain one post office for every town and village in Japan. Efforts to destroy the organizational foundations of the commissioned postmasters were scuttled by the chief executive officer of the new government holding company. Koizumi’s expulsion from the LDP of Diet members who had voted against his privatization legislation in the summer of 2005 was partially reversed in 2006, when Prime Minister Abe Shinzō (1954–) readmitted eleven of those rebels into the party in a bid to shore up the LDP’s fortunes in the 2007 Upper House election. One of those rebels went on to occupy two successive cabinet positions.20 Asō Tarō (1940–), who as Minister of Internal Affairs and Communications had staunchly opposed certain details of Koizumi’s privatization plan, became prime minister in September 2008. And on August 30, 2009, the DPJ, led by Hatoyama Yukio (1947–), won a landslide victory in the Lower House election, promising to undo some of Koizumi’s structural reforms. As of this writing, the remobilized postmasters are pressuring the powers-that-be to amend Koizumi’s postal privatization blueprint after unabashedly throwing

20. Noda Seiko was former Prime Minister Fukuda Yasuo’s Consumer Affairs Minister. She went on to serve as Prime Minister Asō’s Minister of State for both Science and Technology Policy, and Food Safety.
their support behind the DPJ and the PNP in the 2009 and 2010 elections. To be sure, the postal regime is not nearly as influential as it once was during the early 1980s; postal bureaucrats have lost many of their powers, the postmasters are experiencing a decline in their organizational unity, and it appears that the maturation of institutional changes within the electoral system has permanently weakened the postmasters’ electoral clout. But the regime is by no means dead. For as long as the postmasters maintain a semblance of organizational cohesiveness, the FILP persists, and politicians seek the organized vote, elements of the postal regime will survive.

When all is said and done, it was Koizumi’s political leadership in the context of new policymaking and electoral institutions that sidelined the postal regime and paved the way for the privatization of Japan’s state-run postal system. And it was politics that will enable important elements of the postal regime to survive well into the future—with perhaps negative consequences for Koizumi’s political and economic legacies.