

**A Comparative Study of Postal Service Privatisation in Britain and Japan – What is the  
Mechanism behind the Two Cases and Where are the Differences Derived from?**

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## **Abstract**

Liberalisation of formerly monopolistic mail delivery and subsequent privatisation of postal services have become a trend. In Europe, the European Union appears to be one of the factors leading this trend. Interestingly, however, in Britain the process is relatively independent of such European pressures. Likewise, in parallel with the European movement, the postal reform was undertaken by the Koizumi Cabinet in Japan. Therefore, postal privatisation provides an interesting case as the sector has long remained in the public sector and thus its privatisation appears to be somewhat discontinuous from earlier privatisation; cross-national variations remain unexplained; but it still represents a prime example of privatisation in light of its scale. In this regard, the main aim of this dissertation is to provide an explanation of postal services privatisation in Britain and Japan by exploring the mechanism behind it and identifying the differences in the reasons for privatisation and where they have derived from.

The privatisation of postal services has been a prolonged process in that it has been attempted over two decades in Britain, and it has been extremely politically controversial and would never have been achieved without the Koizumi Cabinet being in power in Japan. In this sense Feigenbaum and Hening's (1994) political approach should be worth employing in the analysis. Nonetheless, their political approach alone is not sufficient to obtain a comparative insight. Hence, the policy-making style of Britain and Japan will be considered. Each case of privatisation will therefore be examined from the political perspective with reference to the respective policy-making styles.

The case at hand demonstrates that the countries have had a different mix of divergent incentives for the privatisation even in the face of similar challenges. Due to the policy-making style inherent in each country, *pragmatic privatisation* can explain the British case well, while the Japanese case is better explained by *systematic privatisation*. Moreover, the difficulties that the respective processes have experienced lie here the direction of the reform is not consistent with its traditional policy orientation.

The findings suggest that the analysis with reference to policy-making style helps to identify which of Feigenbaum and Hening's three types of political explanations apply to each case. Moreover, the initial assumption on policy-making style induced from the framework of varieties of capitalism has some implications on how the state's role can be understood in the framework.

## **1. Introduction**

Since the late 1970s, substantive changes in the institutional framework have taken place across developed countries. According to Majone (1997), due to a variety of domestic and international factors, a shift in emphasis on the state's role has occurred from the positive interventionist state to the regulatory state (139). One of its major characteristics is privatisation. Nonetheless, although many network industries have been privatised in such a wave, postal services have long remained in the public sector even in Britain, which has been recognised as a leader of the regulatory reform (e.g. Thatcher, 2007b). In Britain, it is only this year that the road towards privatisation was paved for Royal Mail Group by the Postal Services Act 2011. In this sense, any generalised explanation seems to fall short in explaining the case of postal services privatisation.

Today, liberalisation of formerly monopolistic mail delivery and subsequent privatisation of postal services have become a trend (e.g. Eckert, 2009). One of the decisive factors of this trend may appear to be attributable to European economic and monetary integration, as referred to by Majone (1997). Indeed the European Communities (EC) launched a process of gradual market opening, which culminated in the target of abolishing the legal monopolies for postal delivery by 2011 (Eckert, 2010: 1231). Interestingly, however, in reality the British liberalisation and privatisation process is relatively independent of pressures from the EC (Thatcher, 2007b; Interview3). Moreover, almost in parallel with such European regulatory reform movement, in Japan, Japan Post Public Corporation was reorganised into Japan Post Group in 2007, with a view to gradual privatisation. Therefore, postal services privatisation provides an interesting case as it appears to be somewhat discontinuous from earlier privatisation, and cross-national variations remain unexplained, but it still represents a prime example of privatisation in light of its scale. Thus, the aim of this dissertation is to provide an explanation of postal services privatisation in Britain and Japan by exploring the mechanisms behind them and identifying different reasons for the late privatisation and where the differences have come from.

A variety of explanations of privatisation are possible. Among them, the economic approach sees privatisation as a major response to depleted public finance (Foster, 1992). The political approach is another explanation, provided by Feigenbaum and Henig (1994), who see the privatisation movement as a political phenomenon rather than as a technical adjustment to changing conditions. Nonetheless, although these approaches may help to explain similarities and dissimilarities in privatisation, they alone do not provide a comparative perspective. In addition, analysing postal reform across countries, Eckert (2009) argues that Japanese postal reform 'run short of introducing a regulatory framework which would effectively open up the market to competition' (261). However, the regulatory reform may be better understood in the wider institutional context inherent in each country. I therefore take the policy-making style of Britain and Japan into account on the basis of Hall and Soskice's (2001) framework of varieties of capitalism (VoC).

The case at hand demonstrates that the countries have had a different mix of divergent incentives for postal services privatisation even in the face of similar challenges. On close analysis, fundamental differences in the process and outcome in the two countries seem to be derived from their different policy-making styles. In addition, the conditions peculiar to the postal services industry together with country-specific backgrounds have added complexity to the issue. In the case of Britain, while the symbolic characteristics of post offices as well as the position of postal services as core public business have delayed privatisation in the 1980s and 1990s, falling mail volume together

with its policy tendency that places emphasis on market liberalisation contributed to mounting need for restructuring the sector through the regulatory reform and privatisation. In contrast, in Japan, while mail business did not become a focus of the heated debates, the traditional interdependency between politicians and postal offices contributed to the argument that the universal provision of not only mail collection and delivery, but also postal savings and insurance services should not be threatened by privatisation. Japan's policy-making tendency that puts emphasis on market stability also contributed to not taking the reform any further than what can be construed as the Japanese policy-making tradition, especially in mail business. The case study shows that the analysis with reference to country-specific policy-making style can provide significant comparative insight and help identify the respective mechanisms of the privatisation. The conclusion is followed with implications for further research.

## **2. Explaining Privatisation**

The definition of privatisation can include not only the shift of ownership, but also liberalisation and contracting out for public services (Feigenbaum and Henig, 1994: 185). In this dissertation, however, privatisation will be referred to as the shift of ownership, while liberalisation of postal services will be touched upon so as to understand the broad picture surrounding the policy-making of postal services.

Explaining privatisation, Foster (1992) sees the economic explanation as the most decisive drive. In his view, four objectives are paramount: they are to increase consumer choices; to open up publicly owned enterprises to the private-sector capital and discipline; to help break the stranglehold that the public-sector unions had over public-sector pay; and to reduce public-sector borrowing (116). For instance, pointing that achieving the maximum reduction in public-sector borrowing had been a policy in force throughout the 1980s in Britain, Foster argues that the then government considered that 'the only way to hold down the PSBR<sup>1</sup> and control the money supply, as well as secure the very substantial capital expenditure funds most nationalized industries needed, was through privatisation' (114). Under the difficult economic circumstances, immediate capital gain was preferred rather than the possibility of an improved income gain through the reform of public enterprises (Foster, 1994: 494).

In contrast, Feigenbaum and Henig (1994) argue that political dimensions should not be deemphasized. They claim that privatisation 'takes the form of a strategy to realign institutions and decision-making processes so as to privilege the goals of some groups over the competing aspirations of other groups' (191). Assuming that interests are divided and in conflict, they suggest three types of political perspectives in accordance with key motives for privatisation. The first type is *pragmatic privatisation*, which places its emphasis on discrete and context-dependency with focus on short-term, ad hoc solutions including financial necessity and adjustment to changing circumstances (191, 193). This type of privatisation is undertaken not only with little thought to ideology, but also in an environment that is not highly politicised (195). While they claim that 'the characterization of privatisation as economic adjustment is overly deterministic,' and 'downplays the motivating power of noneconomic forces' (190), their definition of *pragmatic privatisation* is similar to Foster's economic perspective. This is because their definition of the 'economic perspective' is narrower than that of Foster's term by limiting it simply to the neoclassical perspective that argues that resources should be entrusted to the more efficient hand of the market (Feigenbaum and Henig, 1994: 188). In this sense, it seems possible to understand both Foster's economic perspective and *pragmatic privatisation* interchangeably. The second type is *tactical privatisation*, with its focus on

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<sup>1</sup> Public Sector Borrowing Requirement

short-term shift in party or interest group clout, the motives for which are to attract voters or to reward supporters (196). While *pragmatic privatisation* deals with pressing problems or poor performance of publicly owned enterprises, *tactical privatisation* is guided more by political opportunism and the amount of potential gains at stake (196). *Systemic privatisation* is the third type and reshapes the entire society by fundamentally altering economic and political institutions, with a view to long-term shift in balance of power (194). *Systemic privatisation* is the most ideological and far-reaching in its potential impact (200). The motives for it include lowering expectations of government, reducing government capacity and transforming political stakes (203). This type of privatisation may take any of the following forms; one of them involves a substantial and non-readily reversible decrease in trade union power (200). Another involves a 'nontransient change in the values, culture, and expectation of the active public' (200). The other form constitutes an institutional shift, which may change the mechanism of social control from bureaucratic and political structure to the market (201).

In explaining the significance of a political perspective, Feigenbaum and Henig (1994) argue that an institutional restructuring such as privatisation is 'hardly agreed upon or the same for all' and thus that 'privatization is an intensely political phenomenon and ought to be analysed as such' (186). Given that postal services privatisation has been politically salient in both the British and Japanese cases, the application of the three political perspectives should be worthwhile.

Nonetheless, what seems to be missing in Feigenbaum and Henig (1994) is the mechanism of actual policy change. For instance, they represent a series of privatisation in the Thatcher government as *tactical privatisation*. However, this labelling itself hardly explains the mechanism of the reason the Post Office had been ruled out and why its privatisation was materialised this time. In order for policy change to be realised, positive momentum is necessary (e.g. Baumgartner and Jones, 2002); for instance, there were a couple of attempts at addressing postal services privatisation in Britain, which were only to fail in the past. Therefore, for the purpose of understanding such momentum for policy change, in the analysis, I examine the case roughly in terms of three aspects: politics, problems, and policies. According to Kingdon (1995), the three streams need to be coupled together at some critical juncture in order for policy change to be materialised. Hence, with regards postal services privatisation, it is not only politics that need to be in the mood, but also a problem needs to be widely recognised and proposed policy solutions have to include privatisation.

### **3. Varieties of Capitalism and National Policy-making Style**

While a refined analysis may be possible by the above-mentioned methods, the origin of the differences in the process and outcome between Britain and Japan does not seem to be well explained without reference to a comparative framework of analysis. As is referred to in the Introduction, for instance, Esckert's (2009) evaluation of the Japanese postal reform may be superficial and thus one-sided.

Considering the framework of VoC, Hall and Soskice (2001) posit a binary division of capitalism; liberal market economies (LMEs) are sympathetic to privatisation and liberalisation (8). In contrast, in coordinate market economies (CMEs), firms rely heavily on non-market, collaborative relationships to build the competencies of firms, as opposed to competitive relationships in LMEs (8); thus, CMEs have less affinity with privatisation and liberalisation compared with LMEs. Whereas Britain falls under the category of LMEs, Hall and Soskice refer to Japan as a CME. As VoC is however a firm-centred framework, attention should be paid to how the state role is considered in the VoC framework so that a comparative perspective on policy-making can be induced

and integrated into the analysis of privatisation.

Referring to the state's role, Hall and Soskice (2001) argue that firms need the cooperation of governments and expect them to be responsive to effort for coordination under pressure from business (63). In this regard, the state may appear not to be an active player, but a facilitator for coordination. Hancke, Rhodes and Thatcher (2007) point out that the original VoC framework automatically assumes that 'government policies reflect the underlying mode of competitive or cooperative business coordination' and thus that the nature of the state is assumed to merely reflect the interest of business (23-24). They then counter-argue that the state is sometimes 'considerably more activist,' and that this aspect is missed out in Hall and Soskice (ibid: 24).

Nonetheless, unlike the point raised by Hancke, Rhodes and Thatcher (2007), even on a basis of Hall and Soskice's argument, it does not necessarily follow that politics or the government simply follows economics or business interests. Whereas Hancke, Rhodes and Thatcher (2007) argue that in Britain, government policies are 'simply aligned with the interest of business' (24), according to Hall's earlier work (1986: 4), conversely, 'economic policy-making must be seen as highly political process'. He argues that either a simply functional imperative or a state-centric theory does not provide a good explanation for the state's behaviour; rather he claims that 'institutional factors supply a good deal of the answer' (11) and that 'there are likely to be structural consistencies behind the persistence of distinctive national patterns of policy' (18). It may be still contestable whether or not the role of the state should be taken *more* into account in the original VoC framework. However, given Hall's (1986) argument and his explanation of the British policy-making tradition, it can be argued that the original VoC framework does not assume that the state is as inactive as criticised. The role of the state may have been intentionally left out, since both formal and informal institutions reflect not only business interests but also the active intentions of the government, contrary to the criticism.

Analysing regulatory reform of network industries with reference to VoC, Thatcher (2007a: 150-151) proposes the sectoral equivalents to the national models; those are 'a regulated competitive market' model, 'an industry model', and 'a state-led model', each of which corresponds to Hall and Soskice's (2001) LMEs and CMEs, and Schmidt's (2002) state market economies (SMEs). Indeed, Thatcher's conclusion that cross-national convergence in formal institutions is taking place while informal institutions continue to differ is contestable, since it seems simplistic to argue that formal institutions are converging just because 'countries moved their formal institutional structures towards...privatisation' (167). Nonetheless, his claim that different market economies have the distinct norms that govern respective decision-making is insightful. According to Thatcher, British public officials seek 'fair and effective competition,' and 'suppliers seek maximization of profits and stock market value' (154). In contrast, although his analysis is limited to Europe, as Japan is usually seen either as CMEs or SMEs (e.g. Hall and Soskice, 2001; Schmidt, 2002), its norm governing decision-making should be similar to that of 'an industry-led model' or 'a state-led model'.

On the basis of such reasoning, it should be possible to induce the policy-making style of Britain and Japan from the VoC framework, because each policy-making style should have been mirrored into each type of market economy, whether the policy-making style is proactive or reactive. Based on the VoC framework, as well as with reference to Hall (1986) and other literature, the British policy-making style can be summarised as follows:

- The policy-making style should be compatible with or complementary to the characteristics of LMEs; as 'firms coordinate their activities primarily via hierarchies and competitive market arrangements,' government policies

should enable such an orientation of market arrangements (Hall and Soskice, 2001: 8).

- Government intervention is not seen as ‘inherently legitimate’ and requires a specific rationale; the goal of intervention is ‘to enhance the efficiency of the existing market structure’ (Vogel, 1996: 45).
- The form of state involvement thus tends to rely on the private sector (Hall, 1986: 53) as well as to take a strategy of competition in liberalisation (Vogel, 1997: 177).
- The policy-making style is adversarial rather than consensus-seeking and proactive and centralised since the 1980s; thus the will to reform and the capacity to act are strong (Bartle, 2002: 7)

Likewise, the Japanese policy-making style can be summarised as follows:

- The policy-making style is compatible with or complementary to the characteristics of CMEs; as firms depend more heavily on non-market, collaborative relationships, policy-making style supports such an orientation of institutional arrangements (Hall and Soskice, 2001: 8)
- Lacking ‘the Anglo-American tradition of liberalism,’ government involvement in industrial affairs is seen as ‘natural and appropriate’; the goals of intervention are placed on economic growth and market stability rather than efficiency; and corporate failure should be avoided in order not to impose any ‘unjustifiable costs on the general public’ (Vogel, 1996: 51-52).
- The government approach to regulation has been *strategic* in the sense that the regulation of industry has been linked to the promotion of industry (ibid).
- The policy-making style has been characterised by a close business-government relationship (Vogel, 1997: Schmidt, 2002) and thus relatively consensus-seeking; therefore, the will to reform and the capacity to act may not be as strong as with Britain.

#### **4. Research Design and Methodology**

In the following section, I begin by referring to the common challenges the postal industries face in relation to public services obligation, and will then give an overview of the industry structure and regulatory background in each country. Despite the focus of this dissertation, market liberalisation is also touched upon here, as it is linked to privatisation, but in a different way in each country. As to the scope of postal services privatisation, it should be noted that, whereas postal services refer to ‘the service of conveying postal packets’ not only by Royal Mail Group Ltd (RM), but also by competitors in Britain (Section 25, Postal Services Act 2000), postal services refer to only the services of conveying letters and parcels by the Japan Post Group or its predecessors in Japan (Article 2, Postal Act). In addition, unlike Britain, postal services privatisation in Japan includes the privatisation of *the three primary postal services*<sup>2</sup>, including not only mail collection and delivery, but also postal savings and insurance. Since these services have a significant relevance with postal services privatisation, they are also taken into account.

Subsequently, I examine the British and Japanese cases of postal services privatisation in turn and attempts to explain each of them based on Feigenbaum and

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<sup>2</sup> Hereinafter, when referred to in the context of the Japanese case, while ‘postal services’ refers only to mail collection and delivery, ‘three primary postal services’ denote all the services of mail collection and delivery, postal banking and insurance. Therefore, in the context of the Japanese case, ‘postal services privatisation’ denotes the privatisation of all these ‘three primary postal services’.

Henig's (1994) political perspective with reference to the policy-making style identified earlier. The hypothesis to be tested is that:

- *Pragmatic privatisation* can explain the British case well, while the Japanese case is better explained by *systemic privatisation*; and these explanations are compatible with each policy-making style. That is, in principle, since privatisation process has more affinity with the British policy-making style, pragmatic reasons suffice to realise privatisation in the case of Britain, while strong political back-up beyond pragmatic reasons is critical in the case of Japan.
- The difficulties the respective processes of postal services privatisation have experienced lie in the part where the direction of reform is not consistent with its traditional policy orientation; i.e. while liberalisation and privatisation were not difficult as compared with Japan, the royal identity of the company as well as concerns about securing public services provision prolonged the privatisation process in Britain; while the debate on universal provision of postal services did not obtain as much attention as in Britain, the introduction of competition discipline to ensure the level playing field between postal banking and insurance services and private competitors was highly controversial in Japan.

This case study relies chiefly on literature review, governmental publications, a couple of autobiographies written by those who were involved in the Koizumi Cabinet, as well as the online materials that covers the recent privatisation of RM. Several interviews with the regulator and within the sector have also been used in order to supplement the author's understanding (see Appendix B).

The limitation of this study is that, even though both the policy-making styles are assumed as in the previous section, they may not be truly accurate in the sense that it may be subject to change over time; the dichotomy of VoC, which policy-making style was induced from, may alter gradually over time, as pointed out by Streeck and Thelen (2005). Or they may be contingent on the government in power to a certain extent. However, this dissertation does not intend to challenge the VoC framework or policy-making styles per se. Moreover, in the VoC framework, all institutions, organisations and culture enter the analysis (Hall and Soskice, 2001:9). Similarly, ultimately, the origins or sources of the policy-making style may best be considered from all those aspects. However, I refer only loosely to the 'policy-making style' as identified earlier, and deeper analysis on policy-making style itself is beyond the scope.

Furthermore, in the British context, the impact of EC legislation will not be detailed in the study. This is because, as is often the case with Britain, even in the postal sector, 'the EU was not significant in debates' but domestic factors were centred on them (Thatcher, 2007b: 236; Interview3).

## **5. The Situation Surrounding the Postal Services Industry and Regulatory Background**

### **5.1. Common Challenges the Industry is Facing and Public Services Obligation<sup>3</sup>**

In Britain and Japan, the postal services industry is facing more or less the same challenges caused by demographic and technological change (e.g. BIS, 2010: 7). In particular, the explosion of digital media is seen as a major contributor to an unprecedented decline in

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<sup>3</sup> Whereas the term 'public service obligation' is more likely to be used in the British context, the term 'universal service obligation' is more widely used in Japan. In this dissertation, however, they are interchangeably referred to and the detailed definitions are not going to be discussed.



the letters market (Hooper, Hutton, and Smith, 2008: 9). Thus in this light, there is an increasing concern that the universal services are being put 'under threat' (ibid). In fact, such concern triggered the liberalisation process in Britain in order to make RM more competitive (Interview3).

A principle of universal service as a regulatory goal is to ensure a right of access to a public service (Prosser, 1994: 14). In Britain and Japan, accessibility to post offices is seen as serving a social cohesion and economic development in rural areas in particular (e.g. Boldron et al., 2008: MPT, 1998). At the fundamental level, therefore, a right of access to the postal services that fall under the scope of universal services provision prevails over efficiency maximisation. As the policy debates regarding the trade-off between safeguarding public services provision and competition seem to be an important yardstick, it will be referred to in the next sections in addressing postal services liberalisation with reference to the policy-making style.

## **5.2. British Case: Liberalisation Prior to Privatisation and the Industry Structure**

A process of liberalization dates back to the Thatcher government when the Post Office was put under scrutiny (Albon, 1988: 116). When the cross-subsidization from telecommunications services to postal services was terminated in 1981, the Post Office, which had been a public corporation since 1969, was divided into four-business units: Letters, Parcels, Counters and Girobank (118). The main objective for reorganisation was to allow for a quicker corporate response to market forces in an efficient manner (Lucio, 1993: 34). In particular, Girobank was soon converted into a public limited company as a step towards privatisation, and eventually sold off in 1988. On the other hand, the other business units were ruled out from privatisation, and the Counters business, the largest chain of retail outlets in Britain, was made a subsidiary company to the Post Office (Lucio, 1993: 34; Albon, 1998: 118, 120). As to market liberalisation, from as early as 1981, all items carried for 1 pound or more are exempt from the monopoly and private competitors were given licences (e.g. Albon, 1998; Parker, 1994; Thatcher, 2007b).

Further liberalisation was accelerated over the last decade. Impartial 'access to monopoly services' consists of an old legal tradition in Britain (Prosser, 1994: 10) and it became permissible in postal services when a mandatory access regime was initiated by the 2000 Postal Services Act, which is beyond the EC requirement. Under the Act, while the Post Office was converted into a public limited company, Royal Mail Group, Postcomm, the regulator of postal services, was established at the same time (Thatcher, 2007b: 241). Its primary duty was set to ensure provision of universal services, to promote competition wherever possible and to issue licences, including RM (ibid). Subsequently, in 2003, bulk mail services were opened up to competition and the general limitation of the reserved area was set at 100 grams or less; and the market was then fully liberalised in 2006, ahead of the EC's schedule (De Bas and van der Lijin, 2008).

Currently, the structure of Royal Mail Group is that Royal Mail Holdings plc is the parent company of the group and fully publicly owned; RM processes and delivers letters and packages as the universal services provider; Post Office Ltd (POL) is a subsidiary of RM and provides a nationwide counter services point for postal services and some other services, including financial and governmental services (Royal Mail Holdings plc, 2010). The important element to be noted is that, although there are around 11,500 post offices, sub-post offices make up the majority (BIS, 2010: 10). They are independent business run by sub-postmasters based on commercial contracts; such sub-post offices include self-standing post offices in their own right, the local village shop, or housed inside other, larger shops (ibid).

The current competition situation is that, approximately 20 per cent of all letters and more than 40 per cent of those posted in bulk by large companies are collected by

private competitors, such as TNT Post UK Ltd and UK Mail (Postcomm, 2008:7). With reference to the trade-off between public service provision and efficiency gains through competition, indeed, the importance of the universal services provision of six days a week delivery and collection is emphasized. However, the importance has also been placed on competition. Prior to privatisation, competition has thus been already accelerated.

## **5.2. Japanese Case: Liberalisation for Privatisation and the Industry Structure**

In contrast, in Japan, post offices have long provided not only delivery services of mail and parcels, but also postal banking and simple insurance services. Until 2003 when Japan Post Public Corporation was established, all *three primary postal services* had been provided directly by the Postal Services Agency. The post offices network used to be composed of three categories: the largest in scale were *general post offices*, which were managed by the postmasters who were from the central government and subject to transfer on a regular basis; *simple post offices* were those that were commissioned to local municipalities or other non-profit entities; and *commissioned post offices* occupied the majority of the entire network and the positions of postmasters were virtually inherited, despite a publicized selection process (e.g. Maclachlan, 2004: 284; Simple Post Office Act). The postmasters of this category are similar to the sub-postmasters in Britain in that approximately 90 per cent of the properties of the commissioned post offices are owned by such individual postmasters, but different in that they have leased the properties to the government and later to the company and that they formerly enjoyed the status of civil servants (Yamawaki, 2005:186). After the Bill concerning Postal Privatisation 2005 was passed, Japan Post Public Corporation was transformed into Japan Post Group in 2007, consisting of Japan Post Holdings, Japan Post Services, Japan Post Network, Japan Post Bank and Japan Post Insurance. Since then, the post office network has been managed by Japan Post Network.

The liberalisation process is somewhat different from that of Britain due to the difference in the basic concept of the legal framework. Unlike Britain, which has decided on the reserved area with reference to the standard based on weight and volume, the Japanese legislation has distinguished the letter business and non-letter business (see Appendix C). Non-letter business, which includes items such as parcels and the bulk mails that are directed to anonymous recipients, has been open to competition and long regulated by the legislation outside the scope of postal services (MIC, 2006a). In contrast, the letter business had been the reserved area and monopolised until 2003 when the Act on Correspondence Delivery by Private Business Operators introduced a licensing scheme (e.g. MIC, n.d.).

With the Act, two types of licences were introduced: the nationwide general category licence for conveying letter items at uniform rates on a basis of delivery within three days after posting; the special category licence for conveying the items that exceed certain size, weight or price limits, or providing express delivery services (MIC, n.d). Although no reserved area legally remains in a strict sense, no operator has entered general correspondence delivery business (ibid). Moreover, unlike Britain, a mandatory access regime has not yet been introduced; in 2006, the scheme was once proposed in the report released by the government (2006b: 3), but there has been no further discussion since the Koizumi Cabinet.

In the light of liberalisation of the letter business, under his slogan 'from the public sector to the private sector,' Prime Minister Koizumi strongly advocated introducing the licence scheme with the intention to pave the way towards privatisation, despite the harsh opposition even from within the Liberal Democratic Party (LDP) (Iijima, 2006: 228). Nonetheless, what should be noted is that his main concern was to conduct a structural reform and to improve public sector deficits (ibid: 211). Hence, the extent to

which Koizumi wanted private competitors to enter the letter business is questionable; the Act seems to have had rather a symbolic meaning for the structural reform as a whole. In addition, the idea that the only limited scope should be permitted for private entry prevailed, at least, within the Ministry of Internal Affairs and Communications (MIC), and those politicians who were closely related to post offices (Interview5). As a result, the extent to which postal services are liberalised is eventually limited compared with Britain, and the regulatory framework so far achieved seems to be protective in favour of Japan Post Group. It follows that in balancing competition and public service provision, the Japanese policy liberalising postal services takes its position much closer to the side of public services provision than that of competition, which seems to be one of the major reasons universal provision of postal services did not become a matter of controversy at a later time in the privatisation process compared with its British counterpart.

## **6. Towards Privatisation**

### **6.1. British Case: Privatisation Process and Analysis**

In Britain, among the major nationalised industries, only the Post Office remained largely untouched in the privatisation wave in the 1980s. Even Prime Minister Thatcher backed away from postal services privatisation, mainly because the universal provision of postal services had been recognised as a deep tradition to be kept (Campbell, 2002: 338,350). Lucio (1995) points out that the consumer equity reflected into the unitary pricing policy which 'impregnate[d] the economic logic of price with a "national" identity', and such a 'monarchic symbolism' of the Post Office has made its privatisation politically sensitive (129). While postal services had been profitable until the early 1990s, it had thus been widely recognised as one of the core businesses in the public sector (Interview4). Hence, although there was an attempt to privatise the Post Office under the Conservative government in the early 1990s, it failed to win Cabinet backing for the proposal (Parker, 1994: 17; Feigenbaum, Henig and Hamnett, 1998: 85). The opposition from some Conservative MPs was that privatisation might lead to 'regionally differentiated postal charges and the closure of rural post office counters' (Parker, 1994: 17).

In 2008 during the Labour government, the report commissioned by the government was released, in which 'a strategic partnership between Royal Mail and...private sector' was recommended while POL was to remain wholly in the public sector (Hooper, Hutton and Smith, 2008). Subsequently, irrespective of the 2005 Labour party manifesto, which stated that RM should stay in the public sector, the Postal Services Bill 2009 was introduced to allow the sale of a minority stake in RM, while keeping POL in public ownership (Allen, 2010). In mid-2009, however, the government announced to hold the Bill, because of the difficulty in finding a partner due to the market conditions as well as the unpopularity of the Bill even within the Labour party (Hooper, 2010: 12; Interview4). Then, soon after the Conservatives and the Liberal Democrats came into power in coalition, the updated version of the 2008 report was released. The report (Hooper, 2010) emphasized that the introduction of private sector capital into RM would be strongly recommended and that the pension deficit should be transferred to the government. Subsequently, the Postal Services Bill 2010 was introduced in the Parliament, and eventually passed into law in June 2011.

Considering the privatisation process, overall, pragmatic factors seem to have been the most decisive drive for the British case. Considering the political aspect, it could be argued that *tactical privatisation* may apply to some extent. As to the Thatcherite strategy in the 1980s, Feigenbaum and Henig (1994) argue that the Conservatives found that privatisation not only an economic agenda, but also a useful tactic for their re-election (197). In this sense, if one takes a look at the fact that the Postal Services Bill 2010 was far

more advanced in terms of the level of privatisation than the previous year's Bill under the Labour government, the traditional argument that the Conservatives tend to support privatisation strategically might be still somewhat valid. However, in reality, judging from 2010 election manifestos, it is not only the Conservatives but also the Liberal Democrats that are strongly supportive of RM's privatisation. Also taking into account the fact that the Labour government no longer has a strong 'dogmatic objection to privatisation' and proposed partial privatisation in 2009 despite its initial attitude against privatisation (Feigenbaum and Henig, 1998: 86), it is fair to argue that *systemic privatisation* may apply, as pointed by Feigenbaum and Henig (1998). They argue that Britain experienced 'a shift from pragmatic to systemic privatisation' (1998: 83) and in reality, by and large, all the parties indeed recognise privatisation proceeds today. Nonetheless, given that the Post Office had long been an exception of privatisation since the 1980s, further consideration should be given to the case. Further considering the political landscape today, the major opponent towards privatisation was Communications Workers Union (CWU), the trade union representing Royal Mail Group; it has so far opposed any privatisation suggestions (Parker, 2009: 2). However, given their historically adversarial attitude and the British adversarial policy-making style, it can be argued that they have not been a crucially effective veto player, as was exemplified by earlier privatisation that took place anyway in the face of the strong opposition from trade unions. What is thus important is that, although this time the Labour echoed CWU and CWU welcomed it, the Labour voted against the privatisation because the Bill proposed not *partial*, but *wholesale* privatisation (CWU, 2011). It was the Labour government that initiated the argument over *partial* privatisation irrespective of the opposition from CWU, emphasising the necessity of private capital injection into RM, and their position has not been changed since then. Moreover, the National Federation of Sub Postmasters showed its understanding of the need for change and privatisation (NFSP, 2010-2011), as did the management of RM and POL (HC Public Bill Committee, 2010). While referring to the British history of privatisation as *systemic privatisation*, Feigenbaum and Henig (1998) also argue that 'Britain may have returned to pragmatic privatisation' after *systemic privatisation* (86). Taking such recognition into account, what can be concluded here is that it is more likely to be pragmatic need rather than short-term electoral gains or ideological convictions that encouraged the political mood for privatisation this time.

Taking a closer look at the problem stream, one of the major problems Royal Mail Group has been facing is the need for accelerating modernisation, which is widely recognised and emphasised by almost all the relevant stakeholders (e.g. HC Public Bill Committee, 2010). While a variety of cumulative reasons for the delay in modernisation can be raised (Interview4), one major reason is the CWU's opposition, because it had been long resistant to modernisation, being concerned that it would lead to casualization of the labour (Lucio, 1993: 31). However, the necessity of modernisation such as automation, improving working practices and restructuring of the network has increasingly become prominent particularly after the pressure from liberalisation and the falling mail volume have pressed for more efficiency (e.g. Hooper Hutton and Smith, 2008; Hooper 2010; BIS, 2010). Thus, the recognition that modernisation is the 'only credible policy option' is now shared even among the CWU, though still chiefly at their central level (Hooper, 2010: 67).

Moreover, as is addressed by the Postal Services Act 2011, the large cumulative burden of RM's pension deficit has been another significant difficulty to be dealt with as it has led to the deterioration of the financial health of the company. Although the company has been endeavouring to reduce the deficit, its amount has now mounted up to 8.4 billion pounds (e.g. Hooper, 2010:15). Hence, tackling it on its own is no longer regarded as feasible. Even the Pensions Regulator expressed their concerns and thus the transfer of

the deficit to the government came to be considered as the only viable option so as to reap the benefits of modernisation (Hooper, 2010: 26; Hooper, Hutton and Smith, 2008: 14).

As a solution, therefore, while liberalisation has been accelerated by Postcomm especially after 2000 with the intention to put more pressure on the company to offer better services and to set off electronic competition (Interview3), modernisation has also been sought by both the government and Royal Mail Group. That is, for instance, POL has received part of its funding for modernisation from the government (e.g. BIS, 2010). Simultaneously, the company has attempted to conclude modernisation agreements with CWU over the decades (Lucio, 1993: 31, Hooper, 2010: 25). Therefore, also given the fact that the Conservatives once failed privatisation in the early 1990s and the Labour came in power in 1997 with these inherited challenges, it seems that the solution based on the idea that necessary change should be sought within public ownership preceded privatisation at the earlier stage. Nonetheless, the insufficient progress of modernisation together with continuous market decline made the government think 'public ownership has failed Royal Mail' (HL Debates, 2011). Thus the introduction of commercial disciplines as well as private capital by means of privatisation came to be seen as the desirable way to accelerate modernisation and safeguard universal postal services this time.

## **6.2. Japanese Case: Privatisation Process and Analysis**

In contrast, in the case of Japan, it is said that without the Koizumi Cabinet in power, it would have never appeared on any policy agenda (Takenaka, 2006: 243). Indeed, the postal services in Japan have been also faced financial difficulties; for instance, from 1998 to 2002 before Japan Post Public Corporation was established, the postal service business continuously had a deficit with the exception of FY 2001 (MIC, 2003). Unlike in Britain, however, even in the face of such financial difficulty in mail business, there was no official argument or proposal of liberalisation or privatisation until 1997 when the Administrative Reform Conference (ARC) led by Prime Minister Hashimoto from LDP released the reports. However, whereas the interim report stated that postal savings and insurance services should be privatised while mail collection and delivery being kept publicly-owned, the pressures to water it down were placed by those who opposed the idea (Iijima, 2006:219-220). As early as in this process, therefore, Hashimoto had to reach a compromise with Koizumi, because Koizumi had already had a strong conviction that all *the three primary postal services* should be privatised and was a member of the Hashimoto cabinet (ibid: 212-213). The compromise was, in exchange for removing the description about privatisation, the lines that state all *the three primary postal services* should be transferred to Japan Post Public Corporation within five years and that private competitors should be allowed to enter the letters business were inserted into the final report (ibid: 223). Simultaneously, it was agreed in the Basic Act on Central Government Reform by the Hashimoto Cabinet that postal services privatisation should not be considered any further after the final report.

Unlike Britain, however, considering the major problem that Koizumi had long wanted to tackle in the Japanese postal services system, it was not the sustainability of the letter business, but the concern about the continuously increasing national fiscal deficit, to which the funds collected by postal savings and insurance contributed (e.g. Iijima, 2006; Maclachlan, 2006). Postal savings and insurance tended to offer good interest rates and those collected funds used to be loaned to special corporations with low interest rates, often in order to fund seemingly inefficient public projects (Koizumi and Matsuzawa, 1996: 26). Under this scheme, when the loans were paid back, the government had to make up the shortfall in the difference of interest rates (Iijima, 2006: 211). Therefore, irrespective of the agreement under the Hashimoto cabinet, Koizumi claimed that the

'postal reform is an essential first step toward structural reform' and that administrative and financial reform should be accompanied by postal services privatisation, and placed the highest priority on it from the outset of his Cabinet in 2001 (e.g. Maclachlan, 2006: 7). Necessarily, thus, those who opposed his claim were not only from opposition parties, but also from within LDP.

Consequently, in the privatisation debates, unlike Britain in which the maintenance of universal postal services was heatedly discussed, the universal provision of postal services or regulatory scheme concerning letter business did not become a major focus. This may be because, although the letter business has been in continuous decline, it was still in profit under Japan Post Public Corporation (Japan Post Public Corporation, 2007). Together with the fact that the liberalisation of the letters market is limited, universal provision of postal services had not been yet widely recognised as being under threat compared with Britain, and its maintenance of the current level had been taken for granted. Instead it was a 'financial universal service' that was placed in the centre of the heated debates (e.g. Hashimoto, 2009). In particular, the three primary businesses including mail collection and delivery, postal savings and insurance have been regarded as important to be provided as a whole at post offices both by the advocate and opponent of the privatisation (e.g. Hashimoto, 2009). Concerning this point, on the one hand, the government led by the Minister of State for Privatisation of the Postal Services, Takenaka, insisted on having Japan Post and Japan Post Insurance completely privatised under the control of ordinary commercial law so as to ensure the level playing field with private competitors, while having Japan Post Services and Japan Post Network fully owned by Japan Post Holdings and governed by special law due to its public functions (Takenaka, 2006: 177). On the other hand, however, those who were unwilling to support privatisation advocated that *the three primary postal services* should be provided in a well-coordinated manner under the legally specified capital ties between Japan Post Holdings and all the subsidiaries so that even financial universal service would be ensured (Shimizu, 2005: 344).

Further considering the political landscape, nonetheless, opponents argued against privatisation not only because they feared that the privatisation may jeopardize the universal provision of *the three primary postal services* in rural areas (Maclachlan, 2006). The National Association of Commissioned Postmasters called Zentoku, strongly opposed privatisation; they were concerned about job security after privatisation (Maclachlan, 2006: 9). Unlike in Britain, however, what made the situation complex was that they have been politically influential, since Zentoku has had a strong tie with LDP by contributing to it as vote gatherers (e.g. Yamawaki, 2005). Moreover, the opponents especially within LDP, were concerned that the prospect of a scale-down of the postal network may have a negative impact on their election activities as well as that the governmental loan tied up with postal savings would no longer be available to fund their pet project (Maclachlan, 2006: 9; Eckert, 2009: 265). Thus, Zentoku and the opposing politicians manoeuvred in order not to pass the Bill (e.g. Maclachlan, 2006; Shimizu, 2005). Therefore, despite Koizumi's strong leadership, the issue was highly controversial even within LDP; the party was in conflict and divided (e.g. Iijima, 2006; Takenaka, 2006). Moreover, while the Ministry of Finance had been relatively neutral (Shimizu, 2005: 56), MIC was closer to the side that advocated maintaining capital ties within Japan Post Group (ibid: 344). In contrast, the management of Japan Post desired privatisation in order to achieve more business autonomy (Yamawaki, 2005: 135).

Acting as a 'policy entrepreneur' (Kingdon, 1995), among the policy solutions available, Koizumi made a final decision adopting Takenaka's plan, which seemed to best meet Koizumi's goal. In April, 2005, the government introduced the Bill that would

transfer Japan Post Public Corporation into Japan Post Holdings and four subsidiaries with a view to release all the shares of Japan Post Bank and Japan Post Insurance within the transitional period. The Bill passed the House of Representatives by five votes. However, as it failed to go through the Upper House, Koizumi dissolved the House of Representatives naming this general election 'postal privatisation election.' As a result, LDP won a great victory against the opponents and the Bill was eventually passed.

Considering these backgrounds and the process of privatisation, *pragmatic privatisation* seems applicable only to a small part of the entire story, concerning the privatisation of postal banking and insurance. The underlying motive for privatisation that the reformers had in their mind was to change the inefficient scheme of using the postal funds so that the fund money can flow from the public sector into the private sector. Complete privatisation of the two financial subsidiaries was thus seen as essential to ensure fair competition with the private sector. In this sense, the introduction of private discipline to improve efficiency of the business seems to be aimed especially at these two companies. This is demonstrated not only by Takenaka's plan but also by the fact that the former CEO of one private mega-bank was headhunted to be the first CEO of Japan Post Holdings. Hence, it can be argued that Japanese postal reform was after all 'the privatisation of compelling postal savings and postal insurance...rather than the privatisation of mail delivery' (Kisugi, 2007: 61 cited in Maruyama and Sano, 2008: 364).

In the light of letters and parcel businesses, *pragmatic privatisation* does not apply. Compared with the British case, in terms of liberalisation, what was achieved is no more than allowing private competitors limited entry into the letters business, which was rather symbolic than achieved gains from the benefits of liberalisation. In terms of privatisation, the constraints placed on the business were indeed lowered compared with before. However, one thirds of the shares of the holding company are to remain publicly owned and all the shares of Japan Post Services and Japan Post Network should be retained by Japan Post Holdings. Overall, therefore, as Eckert argues (2009: 268), it is plausible to say that Japanese postal reform has been essentially 'a side-effect' of restructuring financial and postal banking system and thus that Japan still maintains 'a traditional regulatory model' in the area of postal services, where market stability is preferred with substantial government involvement remaining.

After all, it seems that Japanese postal services privatisation should be evaluated as *systemic privatisation*; this is because the pragmatic reasons that the reformers bore in mind were not widely shared even within LDP and rather the agenda turned on ideological and symbolic meaning of the structural reform of the Koizumi Cabinet. Together with one of his slogan, 'from the public sector to the private sector,' meaning 'rely on the private sector to do what the private sector does best', 'fight with LDP', his own party, was another slogan. Koizumi was known for not being deeply involved in factional politics within LDP, and did not have strong back-up from any factions; therefore, for him, the backing by the general public was essential and it was the strength of his Cabinet (e.g. Shimizu, 2005). In this sense, his slogan and appeal to the public regarding postal services privatisation succeeded exactly in 'delegitimiz[ing] the public sector by imbuing broader constituencies with the ideological perspective' (Feigenbaum and Henig, 1994: 200).

## **7. Further Analysis on the Outcome and Conclusion**

As discussed so far, postal services privatisation in Britain has been achieved chiefly for pragmatic reasons, whereas the case in Japan has had pragmatic aspects, but succeeded largely due to Koizumi's politics.

Examining each characteristic of the postal reform in the different context with reference to each policy-making style, in the case of Britain, the eventual outcome

including full privatisation of RM, the transfer of pension deficit, and mutualisation of POL seems to be consistent with its traditional policy-making style to a considerable extent. First, 90 per cent of RM is going to be on a sale so as to introduce private capital with remaining 10 per cent being offered to employees, while POL is to be owned by the Crown or mutualised (BIS, 2011a). This can be interpreted as the intention to limit the government intervention only to where it is inherently necessary and thus be legitimate; with the intention to rely on the private sector, the government completely separated where the market mechanism would work from where it would be difficult. In fact, the government emphasises the importance of separating RM from POL (BIS, n.d.). For RM, the separation enables private capital and discipline to be introduced into the company; full privatisation of RM thus makes sense in terms of its policy-making tradition. Secondly, state aid does not appear to be consistent with the British policy-making style, as it may be seen as mere a subsidy and thus incompatible with its competition-oriented policy tradition. However, despite the fact that such subsidies were not seen as desirable in the 1990s (Interview4), state aid including the transfer of RM's pension deficit as well as the funding by the government for modernisation seems to have been seen as inevitable and thus came in line with its policy tradition today. This is because, as Hall (1986) argues, the British government tends to 'channel the remaining selective aid to unprofitable firms and declining sectors' (53), which seems to be the case here. By so thinking, the government measures make sense than it appears. Thirdly, whereas public ownership has less affinity with the British policy-making style than the Japanese style, mutualisation of POL is seems to be more British than Japanese, since the idea behind a mutual ownership structure is to rely on a partnership with all those involved through formal legal arrangements (Interview5). Given that the majority of post offices are operated by sub-postmasters as part of their own business, the mutualisation will complete the separation of Royal Mail Group from the government and the company will be managed in the private-business environments in a self-sustaining manner.

Nonetheless, taking into account not only the political hesitance so far but also the debates in Parliament, deep history of the postal system, which may have contributed to forming its royal identity, seems to have prolonged the privatisation process. The government explicitly recognises that post offices are 'more than a commercial entity and serves a distinct social purpose' (BIS, 2010:3). Furthermore, although RM has kept almost 99 per cent of its market shares even after full liberalisation (Interview3), in the face of the declining mail volumes, the sense that the degree of liberalisation is excessive seems to have been shared particularly among those who felt that they directly experienced negative impact of liberalisation, namely CWU and some politicians on their side, since it at least appears to have resulted in squeezing the profit of RM. In the privatisation process, therefore, it had been argued that the regulatory framework should be reviewed so that universal services will be firmly safeguarded (BIS, 2011b). Thus it is reasonable to say that the liberalisation-oriented British policy-making style has complicated the debate of privatisation to some extent.

Consequently, due to such concerns, one amendment to the Bill approved was that the parliamentary approval should be required to mutualise POL (BIS, 2011b). This seems to imply that mutualisation was the solution viewed as best compatible with the British policy-making style on the one hand, but additional government involvement was considered to be desirable on the other, as the characteristics of postal services require remedies slightly deviated from or bypassed the way that can be construed as the usual British policy-making style. Furthermore, emphasising safeguarding public services provision more, a new requirement on the regulator was added; that is to meet RM's need to earn a reasonable commercial rate of return on the provision of the service (ibid). In



this regard, it is plausible to argue that public function of the company, and the historical institutional background as well as the structural decline of the industry complicated the privatisation process as they are the elements that do not immediately allow Britain to follow its traditional policy orientation. For this reason, it took time for the three streams necessary for policy change, namely, political circumstances, the policy toward privatisation, and the recognition of the problem, to be eventually coupled together.

In Japan's case, the outcome of the privatisation seems to be still on the track of the traditional Japanese policy-making style to a considerable extent in the field of letters and parcels businesses; the extent to which publicly-owned mail business is to be privatised as well as the rationale behind it seem far less market-oriented in Japan than in Britain. On the other hand, the part of privatisation in postal banking and insurance services, the reformers' intention as well as the policy outcome is not in line with its traditional policy-making style. This can be also inferred from the fact that, after the Koizumi Cabinet, the new coalition cabinet introduced the Postal Reform Bill in 2010 in order to reform Japan Post Group again by arguing that the capital ties between the holding company and the two financial subsidiaries should be legally ensured (Postal Services Reform Bill, 2010). With reference to the traditional policy-making standards, Koizumi's reform seems to have appeared 'excessive' (FSA, 2010). Indeed, even though the capital ties are not legally imposed upon Japan Post Bank and Japan Post Insurance, the legislators who advocated privatisation in the Koizumi Cabinet believed that the group-based coordination would continue (Hashimoto, 2009). In this sense, implicitly, the universal provision of *the three primary postal services* has been intended to be maintained. However, the backlash against Koizumi's reform demonstrates that the direction of postal services privatisation under the Koizumi Cabinet essentially went beyond the Japanese traditional policy-making style in that it favoured competition in banking and insurance services and the full liberalisation of the financial subsidiaries.

This gap between the traditional policy-making style and the Koizumi Cabinet's orientation also provides some understanding as to why politics played a more significant role in the Japanese case than the British case. That is, politics often plays a determinant role at the branching point of the historical trajectory (Sabel and Zeitlin, 1985). Although the British government found postal services privatisation as challenging and time-consuming as its Japanese counterpart, the overall direction of the policy orientation of the British postal services privatisation is still in line with its traditional policy-making style for a large part. In contrast, this was not the case in Japan, and thus in order to undertake the reform, the strong political back-up and leadership was crucial. Therefore, without Koizumi acting as a 'policy entrepreneur', the Japanese reform would not have been realised as it did, because all three streams, namely, political momentum, the wide recognition of the problem, and privatisation as a solution, were generated and coupled together by him.

In conclusion, interestingly, the Japanese postal system was originally modelled on the British system in the late nineteenth century (e.g. Yamawaki, 2005: 6-7). At almost the same time after a hundred years, both the systems have experienced a similar transformation from a publicly owned entity to a privatised one, in the face of similar problems, but in a different context. The similarities of postal services privatisation lie in the similar social value of post offices in rural areas, represented by the concept of universal service provision. Another similarity is that the industry itself is facing the challenging reality due to the accelerating digitisation and declining mail volume, although the extent to which is recognised as a threat differs. Nonetheless, due to the different policy-making style inherent in each country, despite the similarities, both the motives

behind privatisation and the difficulties each country has experienced in the process were considerably different. The mechanism behind the two cases can thus be understood coherently in each context with reference to each policy-making style. This suggests that the analysis with reference to policy-making style identifies which types of explanations regarding privatisation apply to each case. At the same time, the initial assumption on policy-making style induced from the VoC framework has implications on how the state role can be understood in the VoC framework, which may merit further investigating.

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## APPENDIX A

### Abbreviations and Acronyms

CMEs	Coordinate market economies
CWU	Communications Workers Union (UK)
LDP	Liberal Democratic Party (Japan)
LMEs	Liberal market economies
MIC	Ministry of Internal Affairs and Communications (Japan)
MPT	Ministry of Post and Telecommunications (predecessor of MIC) (Japan)
NFSP	National Federation of Sub Postmasters (UK)
POL	Post Office Limited (UK)
Postcomm	Postal Services Commission (UK)
RM	Royal Mail Group Limited (UK)
VoC	Varieties of Capitalism
Zentoku	National Association of Commissioned Postmasters (Japan)



## APPENDIX B

(British case)

- **Interview1:**

The author joined the Japanese Delegation for Postal Reform Research on their visit of London on 10 and 11 March, 2011. During their visit, the Delegation conducted a series of interviews with the following informants:

- 1) Post Office Ltd, 10 March 2011,
- 2) Postcomm, 10 March 2011,
- 3) Royal Mail, 10 March 2011,
- 4) Department of Business, Innovation and Skills, 11 March 2011,
- 5) Communications Workers Union, 11 March 2011.

The research results of the interviews are, however, agreed to be kept confidential and only to be used internally within the Japanese Government. Therefore, the research results have not been directly used in the dissertation. However, they have served the author's understanding of the issue.

- **Interview2: Sir John Bourn, Senior Advisor at Foundation for Governance Research and Education, Former Comptroller and Auditor General**

Interview on postal services privatisation in Britain, 1 April 2011, 15:00-16:30, London

- **Interview3: Martin Stanley, Former Chief Executive of the Postcomm (2000-2004)**

Interview on postal services liberalisation and privatisation in Britain, 3 August 2011, 10:00-11:30, London

- **Interview4: Richard Moriarty, Former Director of Competition and Regulation , Former Deputy Chief Executive of the Postcomm**

Interview on postal services liberalisation and privatisation in Britain, 25 August 2011, 11:00-12:00, London

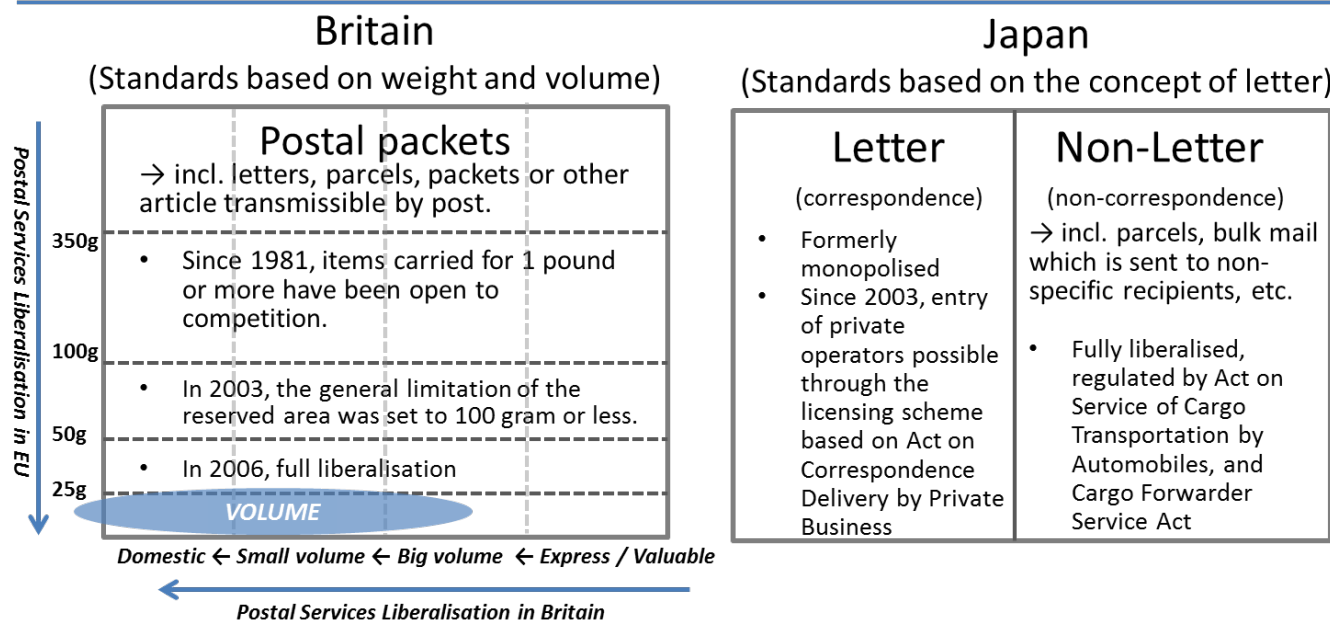
(Japanese case)

- **Interview5: Tetsuya Shibasaki, Director of London Office, Foundation for MultiMedia Communicadtions, Former Deputy Director of International Affairs Office, Postal Services Policy Planning Bureau**

Interview and discussion on the comparison between postal services privatisation in Britain and Japan, 1 August 2011, 10:30-14:00, London

## APPENDIX C

### Private Entry Standards –comparison between Britain and Japan–



(from Section 25, Postal Services Act 2000)

- “**postal services**” means the service of conveying postal packets from one place to another by post, the incidental services of receiving, collecting, sorting and delivering such packets and any other service which relates to any of those services and is provided in conjunction with any of them.

(Postal Act)

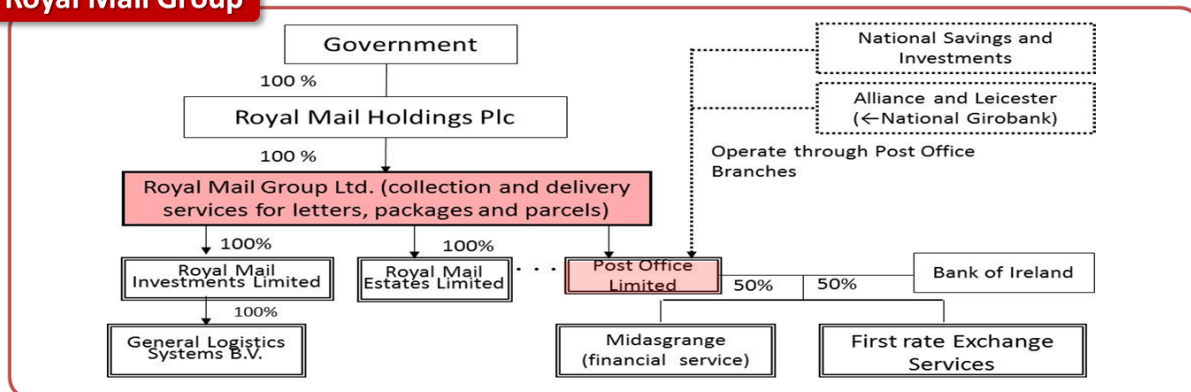
- “**postal services**” denote specifically the service of conveying letters and non-letter packets formerly by the Government, and now by Japa Post Services.

**Source:** Albon (1998); Parker (1994); Thatcher (2007b); De Bas and van der Lijin (2008); MIC (n.d.), Interview3

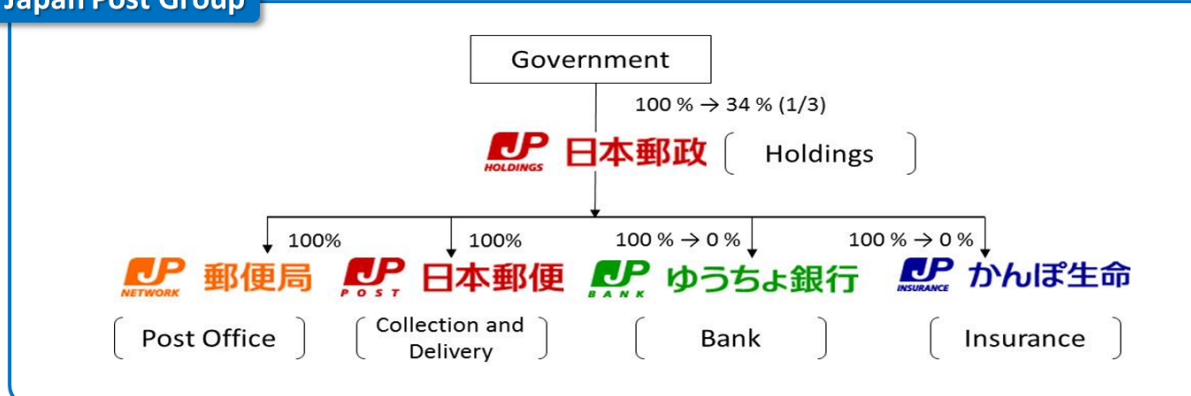
## APPENDIX D

### The Company Structure of Royal Mail Group and Japan Post Group

#### Royal Mail Group



#### Japan Post Group



Source: Royal Mail Holdings plc (2010); Japan Post Group website; MIC website