

Privatization of Public Enterprises in Japan and Its Problems

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I The Background of Privatization

1 Organization of the Public Enterprise Sector in Postwar Japan

Immediately after World War II, there was extensive nationalization in Europe, for example in the U. K. under the Labor Party and in France under the leftist coalition, to expand the public enterprise sector in the economy. However, postwar Japan was occupied from August 1945 to April 1952 by the U. S. In America private

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enterprise is dominant and the feeling against public enterprise is strong, so there was no nationalization of industries and no expansion of the public enterprise sector in Japan at that time. As a result, public enterprise in the Japanese economy was only about half the size of that in the main European countries. During the 1970s, production in the public enterprise sector accounted for 8–12 percent of the GDP, laborers in the public enterprise sector accounted for 8–12 percent of the whole labor force, and investment in the public enterprise sector accounted for 20–35 percent of the gross domestic fixed capital formation in the U. K., France and Italy. But, in the same period, the public enterprise sector of Japan accounted for only about 5 percent of the GDP, about 5 percent of the whole labor force and about 10 percent of the gross domestic fixed capital formation.¹⁾

This small public enterprise sector of postwar Japan was referred to as the “Three Public Corporations and Five Government Departments System.” Public corporations were established when tobacco, railways, and telegraph and telephone services were transferred from government departments to public corporations under the command of the Supreme Commander for the Allied Powers on July 22, 1948. Thus, the Japan Tobacco & Salt Public Corporation (JTSPC) was established by the Act of 1948, the Japanese National Railways (JNR) by the Act of 1948 and the Nippon Telegraph and Telephone Public Corporation (NTTPC) by the Act of 1952. Five government departments remained the same in terms of business organization as in prewar times. They were the Post Office, Forestry Agency, Printing Bureau, Mint Bureau and Monopoly in Alcohol Bureau. Beside these, there are three public corporations for loans and finance, about ten special business entities in the form of joint-stock companies which are wholly or partially state-owned, and about one hundred semi-independent corporations.

Together these are referred to as the national public enterprise. There are also many municipal operations handled by more than three thousand local authorities, mainly in public utility industries. Recently these are increasing rapidly due to the expansion of sewerage. Especially after 1988, they increased by one hundred a year to a little more than ten thousand in 1995. They are local government enterprises for the public interests of regional residents.

To run more commercial businesses for public goods, there are also many mixed

1) Yoshihiro Tōyama, *Gendai Kokigyō Soron* (Contemporary Public Enterprise), Tokyo: Toyo Keizai Shinposha, 1987, pp. 111, 129 and 265.

enterprises, named the "third sector,"¹⁾ formed under a joint contribution by a local authority (or some local authorities) and some private investors. There were a little more than one thousand four hundred of these as of 1995.

2 Poor Performance of Public Enterprise

Public enterprise is expected to work for public interests as complementary element in capitalism, where the dominant private enterprises work only for private profit. In reality Japanese public enterprise has produced goods and services which the community demands but which are difficult to make a profit on. Accordingly, it could not work so commercially and efficiently and the difference between public and private enterprise is widest at this point. Public enterprise has not met consumers' needs well, and the record of public enterprise has become worse and worse.

There are five main reasons that the Japanese public enterprise has not operated efficiently and has suffered serious losses.

(1) Large Scale Legal Monopolies and Lack of Competition

Many public enterprises form legal monopolies on a national scale and private entry into their business is restricted legally. Undertakings too large for proper management have suffered from many inefficiency factors—delay in decision-making under a hierarchy system, tendency to impute responsibility to others on every level of management, inefficiency under a remote control, and low morale at work places. Monopolies have eliminated competition which is essential for promoting efficiency, and have not met consumers' needs.

For example, managers on every level of the JNR, which employed the most laborers of any single enterprise in Japan, lacked all sense of responsibility and could not control the workers, and there were often wildcat strikes.

(2) Political Interference in Management

The original impetus in the movement for public corporations came from a

1) This word has a totally different meaning in Japan from the American one. In Japan it means a joint stock company financed by a local authority and some private investors with the aim of local development or local promotion. *cf. Ibid.*, Chap. 10, especially pp. 236 - 39.

twofold desire to secure freedom from parliamentary supervision over management on the one hand and Treasury control over personnel and finance on the other.¹⁾ The essential characteristic of the public corporation is its freedom from ministerial control over the management of the concern as distinct from its policy.²⁾ However, in reality, there is still political interference in the management of public corporations and, as a result, they have often been prevented from rational economic decision-making, or have been forced to accept irrational decisions against their will, and thus could not conduct efficient business and so have incurred increased deficits.

For example, the JNR was forced to set up money-losing new local lines under the pressure of Diet members from certain local areas though it began to close such local lines in other areas.

(3) Legal Restrictions on Business Scope

Public enterprise could enjoy monopolistic operations only in exchange for giving up related side businesses. At first guaranteed monopoly benefited public enterprise more than diversification would have. As economic structures changed and profitable new businesses arose, however, the prohibition of diversification seemed to give public enterprise the worst of the bargain. Private industry could not enter the cage that protected nationalized concerns, but the public corporations were deprived of the greater scope outside.³⁾ This seriously demoralized both labor and management in public enterprise.

Japanese private railway companies covered the low-level earnings or losses in their railway sector by gains from related businesses, but the JNR could not do so and its deficit became the biggest among business entities in Japan.

(4) Financial Restrictions

Governmental control over the finance of public enterprises is very wide and rigid, and they have had to depend often on government expenditure for capital expenditures and for operating costs. The public corporations have not been able to freely decide on fares, on opening new businesses, on raising capital, or on improving

1) William A. Robson, *Nationalized Industry and Public Ownership*, London: George Allen and Unwin, 1960, 2nd ed., 1962, p. 59.

2) *Ibid.*, p. 64.

3) Leonard Tivey, *Nationalization in British Industry*, London: Jonathan Cape, 1966, 2nd ed. 1973, p. 194.

their services; they were restricted by bureaucratic management, unable to adopt new ideas like private enterprises.

The case of the JNR serves to show the common features of government control over the finance of public enterprise. There were controls over budget, over prices (passenger fares and freight charges), over audits, and other matters subject to ministerial control.

(5) 'The Treasury is Behind Us'

Without an enterprising spirit and business efforts, private enterprise must not only be defeated in competition but must go bankrupt. However, public enterprise has been unconcerned about bankruptcy in any situation and has maintained extremely poor performance. An easygoing way of thinking 'the Treasury is behind us' spread to all public enterprises in Japan, and both management and laborers lived in peace while neglecting consumers.

This appeared most typically in the case of the JNR. In utter disregard of passengers and freight shippers, laborers often went on strike and staged slowdowns with an irrational slogan of anti-rationalization, and managers assumed an indifferent attitude in the face of surprising accumulations of deficit.

II Establishment of the Provisional Commission for Administrative Reform and Privatization of the Three Public Corporations

1 Establishment of the Provisional Commission for Administrative Reform

Private enterprise contributed much to the economic growth and development of the Japanese economy in the postwar period, while, in contrast, public enterprise increased the government's fiscal burden and increased consumers' dissatisfaction. So the government decided to establish the Provisional Commission for Administrative Reform¹⁾ to achieve fiscal rehabilitation. In the 1980s the restoration of market principles and the reduction of government control over the economy were gaining worldwide approval, and so the government plan was supported by the public.

The Provisional Commission for Administrative Reform (PCAR) was established on March 16, 1981 as an advisory organ to the prime minister with the aim of investigating the reform problems related to the general administration. It consisted

1) Provisional for two years, beginning on March 16, 1981.

of nine members—Toshio Doko, President Emeritus of the Federation of Economic Organizations as Chairman, three from the business world, two from trade unions, and three others, from an international agency, mass communication and academic circles, though they were selected as individuals, not as representatives of any body. There were also twenty-one appointed as members of special committees.

The Commission investigated the actual conditions of Japanese administration in general during two years, from March 1981 to March 1983, and submitted five reports, the first one in July 1981 and the last one in March 1983. The third report of July 30, 1982 was especially important. It reviewed broadly the State systems and organizations in general, reported on what the administration should do from a medium and long term point of view, and proposed basic measures for administrative reform. In chapter five, 'Reform Policy Measures for the Three Kohshas¹⁾ and Other Public Corporations,' the report emphasized the urgent necessity of public enterprise reform, and proposed reform policy measures for the privatization and rationalization of the three large public corporations.

2 Privatization of the Three Public Corporations

After the government received the third report of the PCAR, it discussed privatization of the three public corporations, the central problem of administrative reform, for a year and a half. There were also strong arguments for and against privatization from inside and outside of the government and the three public corporations. The large mass of the Liberal Democrats approved of privatization except some who had special relations with the business operations of the three public corporations. Socialists and Communists opposed privatization strongly. The trade unions of the three public corporations showed strong opposition, too. Consumers in general supported the privatization plan. At last agreement was reached after many complications.

As the result of strong opposition inside and outside the government, the Privatization Acts involved many compromises compared to the drastic reforms recommended by the PCAR. In other words, the PCAR's proposals were mutilated. This is most conspicuous in the Privatization Acts of the Nippon Telegraph and Telephone Public Corporation and the Japan Tobacco and Salt Public Corporation. The Privatization Act of Japanese National Railways, however, was much the same

1) 'Kosha' is a Japanese word corresponding to 'public corporation' in English.

as the PCAR's proposal. In comparing the Acts with the PCAR's proposals, the following points are important.

(1) The NTTPC

The PCAR's proposal for the NTTPC was that for the present it should be changed to a special business entity with stocks held by the government and that the government should gradually offer the shares for public subscription and finally sell all of the shares. But by the Act of 1984, the offering of shares had to be done under a decision of the National Diet. And the Act prescribed it should be limited to two-thirds of all shares in the end, and less than one half within the five years after privatization. The PCAR recommended reorganizing the NTTPC, within five years, into a central business entity dealing with the trunk circuit and regional business entities dealing with local telephone services, and to make household facilities, data communication facility services, and, partly, maintenance services separate from NTT.

The Act had no provisions for division of organization or the separation of any sections.¹⁾

(2) The JTSPC

The PCAR proposed that for the present the JTSPC should be changed into a special business entity with stocks held by the government, and that the government should gradually offer the shares of a special business entity for public subscription. In the future, monopolistic production was to be abolished and eventually the whole entity made a private enterprise. It said imported tobaccos should be handled by ordinary private companies. The cultivation area, the quantity of production, pricing and retailers were to be by contract.

However, in the Act of 1984, the government took the greater part of the shares principally, more than two-thirds for the present. Monopolistic production continued. The production of leaf tobacco is by contract and the government is under an obligation to purchase all the crops. Cultivation area and pricing are under consideration by a new council. The license system for retailers and retail prices were maintained as before. The liberalization of imported tobacco is the only thing

1) After privatization on April 1, 1985, the data communications sector was separated on May 23, 1988 and the mobile communications sector on July 1, 1992.

proposed by the PCAR that was incorporated into the Act.

(3) The JNR

The PCAR's proposal said the JNR should be divided into about seven separate blocks and that this should be speedily implemented within five years. It said in the beginning the organizations resulting from the division should be special business entities to which the JNR would make investment in kind. In the future, shares were gradually to be offered for public subscription, eventually placing them under private management. With regard to the JNR's long-term liabilities, steps were to be taken to have each block succeed to some of such liabilities to the extent of their capability to refund the principal and pay the interest.

By the Act of 1986, the JNR Corporation was privatized virtually along the lines of the PCAR's proposal. It was divided into six passenger railway companies and one freight railway company. These special business entities are joint-stock corporations to which the JNR makes investment in kind, but the Act has no prescription for the government's holding of shares. (Ideally, all shares will be offered for public subscription.) The JNR's long-term liabilities fell to the three passenger railway companies on the main island, Honshu, and to the freight company, but not to the other passenger companies which are inevitably in the red because of their relatively few passengers. The new companies are to be regulated by the same law as for the private railway companies.

III Results of Privatization

1 Selling the Shares of the New Special Business Entities

On April 1, 1985, the Nippon Telegraph and Telephone Corporation (NTT) was created by the Act of 1984 as the only telecommunications company (at that time) in Japan and the second largest in the world next to AT&T. On April 1, 1985, the Japan Tobacco Incorporation (JT) was created by the Act of 1984 as a monopolistic enterprise with the sole right to produce tobacco in Japan even after it was privatized. On April 1, 1987, six railway companies mostly for passenger services (Hokkaido Railway Co., East Japan Railway Co., Tokai Railway Co., West Japan Railway Co., Shikoku Railway Co. and Kyushu Railway Co.) and Japan Freight Railway Co. for freight services were created out of the privatized and divided Japanese National Railways.

These privatized corporations started as special business entities, all shares of

which the government held. After that the government offered some shares of some corporations for public subscription and these corporations became mixed enterprises, but the selling of shares made very slow progress in spite of the government's strong efforts to raise fiscal revenue in this way. The offered volume is now insufficient and the offering prices are low because of an extreme slump in the stock market due to a serious recession after the breakdown of the bubble boom in 1990 and a steep rise in the value of the yen in the latter half of the 1980s. In many cases, the selling of shares has made no remarkable progress at all.

For example, the government sold shares of NTT at first in October 1986. After that there were second and third offerings, and the percentage of shares sold is now 34.47%, which is only half of the government's target of two-thirds. The rest are left unsold. Also, the government sold 61.5% of the shares of East Japan Railway immediately before public presentation of the stock in October 1993, but the rest are left unsold. It planned to sell shares of West Japan and Tokai Railways, but failed in the case of the former because of serious business damage after a very big earthquake on January 17, 1995, and in the case of the latter simply because it could not sell the shares. In April 1996 the government announced that West Japan Railway's stock is to be listed on October 8, 1996, and Japan Freight Railway's stock will be sold in the next fiscal year. The former is listed on the stock-market, but the latter must invite some investors related to freight transportation because it is in the red. The government sold 67.9% of the shares of West Japan Railway as of the end of 1997 and 60.5% of the shares of Tokai Railways on October 8, 1997. The government sold 19.71% of the shares of JT a little before its public presentation in October 1994, and 33.1% as of the end of 1997.

The only case in which all shares have been sold is Japan Airlines, a mixed enterprise 34.5% of the shares of which the government held, so the government sold only this 34.5%. There is no other case in which all shares (100%) that the government held have been sold, which is in direct contrast to the situation in the U. K., for example, with the privatization of British Petroleum, British Gas, and British Airways. The main reason may be the slump of the Japanese stock market under an extremely serious recession after 1990. But, in addition the government has had a poor sales policy.

(1) No Favorable Treatment to Buyers

In the U. K., the government gave favorable treatment to buyers of shares and assets which were state-owned. Consumers buying BT shares in 1984 were offered a

choice between vouchers to reduce their telephone bills or one bonus share for every ten still held by the end of November 1987, three years later.¹⁾ The Housing Act of 1980 in the U. K. gave people who live in state-owned houses the right to buy them at a radical discount. But in Japan there was no favorable treatment to buyers at all. The government thought it unfair to treat buyers of shares of privatized assets favorably because the assets were national property originally.

(2) No Favorable Treatment to Shareholders

In Japan privatized enterprises did not give any favorable treatment to their shareholders, while in the U. K., for example, BT shareholders were given bonus shares or reduced telephone charges, as mentioned above. NTT shareholders were given 0.02 bonus share for every one in November 1995, but this is far from favorable treatment because of the small quota and a severe slump in its stock price. There has been no reduction of telephone bills for shareholders, of course.

(3) No Employee Share Scheme

In the U. K., privatization led to a high degree of worker participation and workers have obtained shares at a discount or with the assistance of interest-free loans.²⁾ The same can be seen in the social denationalization in West Germany in 1959 – 65.³⁾ But in Japan the government did not take any such policy. In Japan employee loyalty is high, so there seemed no need to try to enhance it with employee share schemes.

2 Performance after Privatization

Privatized enterprises have made remarkable changes as private companies.

NTT lost its monopolistic position but in return got freedom to invest and to expand its business in related fields. So it established subsidiary or associated companies and developed new business actively. It had established thirty-six new companies by March 1986, one year after privatization, sixteen in the field of communications, software and VAN, nine in information networking, and the others

1) Madsen Pirie, *Privatization*, Hants, England : Wildwood House, 1988, p. 101.

2) For instance, see Cento Veljanovsky, *Selling the State*, London : Weidenfeld & Nicolson, 1987, pp. 102 ff.

3) J. K. Kaiser, "Public Enterprise in Germany," in W. Friedmann and J. F. Garner eds., *Government Enterprise*, London : Stevens & Sons, 1970, pp. 160 – 61.

in real estate or human resources. It established forty-nine new business entities the following year.

Privatization substantially raised the morale of NTT's staff. The bureaucratic attitude toward the customer in its period as a state-owned enterprise improved dramatically ; now NTT makes it a principle to satisfy its customers above all.

There is also severe competition between NTT and newcomers in the market since the liberalization of telecommunications, though they are still under some regulations for the public interests. But the difference in scale between NTT and its competitors is very large and NTT has a task to compete with them while at the same time helping them develop. NTT's current profit reached 500 billion yen in 1992, but, since then it has decreased by more than 50%.

NTT separated the sections of data communications in May 1988 and mobile communications in July 1992. But there are other problems with the division of NTT. Telecommunications Council's proposal for NTT separation/division and the granting of new company stocks to existing shareholders may be frozen by the ruling party.

JT has tried to reduce personnel and cut costs, but its new business development has not been as remarkable as that of NTT from the nature of its business.

JR group companies, too, have made a remarkable effort to be private companies in the true sense, for example with the renewal of rolling stock, improvement of facilities in stations for passenger convenience, and active development of related businesses. These improvements are remarkable especially in areas where JR lines compete with private railways. Special stress must be made on the remarkable change in the attitude of railroaders—from unionism above all else and taking no account of passengers in the past to customers above all after privatization.

Since privatization JR companies have gone into the black after being so deeply in the red under the JNR since 1964, though the three companies on Hokkaido, Shikoku and Kyushu are still under government subsidy for the structural reason of few passengers. Before privatization, the JNR raised fares several times to make up the deficit, but three companies on Honshu which went into the black after privatization (East Japan, Tokai and West Japan) did not raise fares for ten years after privatization, except on April 1, 1989, when new consumption tax went into effect, and on April 1, 1997, when the tax was increased. Besides these two times, three companies in the red (Hokkaido, Shikoku and Kyushu) raised their fares only once, on October 1, 1996.

The attitude of railroaders changed remarkably, from unionism above all else to

customers above all, as mentioned above, and the strikes that occurred frequently in the past decreased sharply after privatization. Also, though greater distance were covered, the number of railway accidents decreased by 30%. The former dependence on heavy subsidies changed dramatically, and as companies went into the black, the result was 200 billion yen a year in tax revenues for the coffers of government. These improvements were due largely to better cooperation between labor and management, an increase in morale among laborers, and the rationalizations brought about by new technology.

IV Problems in Privatization

Privatized companies have performed well in general, as discussed in the last section, but there are some problems in Japanese privatization. Privatization means denationalization in a narrow sense and deregulation in its wider sense including denationalization in some cases and not in others.

1 Problems in Denationalization

Privatization in Japan is imperfect in various ways.

Firstly, sales of shares of privatized corporations are only partial except in the case of Japan Airlines, a mixed enterprise originally. So they are all mixed enterprises and the percentage of shares sold to private investors is very low, much less than the government expected. In the case of NTT and JT, there is an upper limit in the number of shares offered to the public, but the shares actually sold are far below those upper limits. So all privatized corporations are under government control still as the largest stockholder, though not as much as before.

Secondly, there are some cases in which shares do not sell at all and the government holds all the shares of that privatized corporation. These corporations are called privatized enterprises but, in reality, they are still public enterprises in terms of ownership. However, they are regulated by commercial law like other private enterprises, not by public law like in the past.

By contrast, privatized enterprises in the U. K. have been sold to private investors either completely or by more than 50%. Madsen Pirie said, "The government clearly takes the view that while a public monopoly is a bad thing, the fact that it is public does more harm than the fact that it is a monopoly,"¹⁾ and "... even if only 10

1) Pirie, *op. cit.*, pp. 79 - 80.

percent is sold to the private market, the business becomes subject to many of the laws which protect the owners of private corporations.”¹⁾ From this point of view, even the imperfect Japanese denationalization may rate high to some extent, and privatized corporations have changed to some extent in reality into private enterprises. But this must not be overestimated, because there are some government controls over them, and the competition with private companies is not as perfect as that among private companies.

Thirdly, selling shares has been very unpopular. To overcome this, Japanese economic conditions and the stock market must become active again, but, at the same time or before this, the government must make a policy to treat buyers and holders of privatized corporate stocks favorably. Among Japanese people stock holding is not as popular as bank deposits and savings portfolios. If the government does not adopt any favorable policy in selling shares, stockholding will remain unpopular compared with bank deposits and savings, and privatized corporate stock will remain unpopular compared with private enterprise stocks in general.

2 Delay in Deregulation

Privatization in Japan has centered on denationalization, privatization in a narrow sense, like in the U. K. But, deregulation, privatization in a wider sense, has made very slow progress unlike in the U. S. This does not mean that deregulation is not necessary in Japan or that the regulated part of the economy is small in Japan. It is said that 40.9 percent of all industries in Japan were regulated by the government in 1993. In the U. S., sectors subject to regulation were reduced from 28.9 percent in 1980 to 23.3 percent in 1992 in terms of their contributions to total gross domestic product.²⁾

Why has deregulation in Japan been so much delayed in comparison to that in the U. S.?

Firstly government policies have always favored producers more than consumers for vote-maximization.³⁾ Secondly, there is strong opposition or resistance by some politicians and bureaucrats to deregulation. This opposition among politicians

1) *Ibid.*, p. 88.

2) Paul W. MacAvoy, "Twenty Years of Deregulation," in MacAvoy ed., *Deregulation and Privatization in the United States*, Edinburgh: Edinburgh University Press, 1995, p. 5.

3) This is made clear already in the 'Downs Model.' See Anthony Downs, *An Economic Theory of Democracy*, New York: Harper, 1957, Chaps. 15 - 16.

is due to vested interests related to votes. Bureaucratic resistance is very strong due to departmental interests. Thirdly, regulated industries have depended too much on government regulation and their resistance to deregulation is very strong, too.

However, deregulation, privatization in a wider sense, must be the most important task after denationalization, privatization in a narrow sense. Firstly, regulation contributes to the maintenance of vested rights among regulated industries and some bureaucrats related to those industries, and results, in spite of the upward valuation of the yen, in the highest prices in the world and infringement on consumers' interests. Secondly, high costs and import barriers under regulation weaken the international competitiveness of Japanese enterprises and obstruct new business. Thirdly, regulations are an obstacle to increases in employment and incomes.

So deregulation in Japan must be a matter of urgent necessity today.

V The Future of Privatization

The three public corporations, the main constituents of the public enterprise sector of Japan, were privatized, though not perfectly, and privatization has not made remarkable progress since. With this we may have completed the first stage of privatization.

Recently the names of some large-scale public enterprises are being mentioned as candidates for privatization—Postal Savings, Jutaku-Toshi Seibi Kodan (Housing and Urban Public Corporation), and Nippon Doro Kodan (Japanese Highway Public Corporation). But nothing has been done. The separation/division of NTT was also discussed, but it was frozen for a long time. At last its division into three companies was decided in June, 1997. At present only Teito Kosokudo Kotsu Eidan (Metropolitan Rapid Transit Authority) is scheduled to be privatized after about 5 years with public refinance in continuation.

In comparison to denationalization, points of deregulation are vague and various, but recently cries for deregulation have become more clamorous. There are no less than 10,760 items which need government permission, government approval or reports to the government as of the end of March 1995. The government decided to investigate this without delay on July 11, 1996.

To give impetus to deregulation, the following points are important. Firstly, conditions for the government to take leadership for deregulation must be arranged. For example, deregulation must be made an issue of policy during elections. Second-

ly, managers in regulated industries must change their dependence on government regulation, and be encouraged to do business on their own account. They must recognize that this is for their own interest in the long run, that there will be expansion of business under deregulation. Thirdly, there must be a “deregulation principle law” to give a legal basis to the idea or principle of deregulation and to prevent its mutilation in implementation. We need to learn from the lesson of the privatization of the three public corporations, which were not reformed according to the PCAR’s proposal. Fourthly, there must be some competent commission like the PCAR, though it was only an advisory one, to accelerate and exercise supervision over deregulation. At the same time, to ensure its independence is very important. Lastly, we, consumers must determine our attitude clearly as to the direction of deregulation—whether it be reduction of charges or equity and safety, painful reform with uneasy employment or maintaining status quo.

Privatization in Japan is imperfect in denationalization and delayed in deregulation. Perfect denationalization and active deregulation remain as two important tasks in the future of privatization in Japan for the “interests of consumers,” the last aim of privatization. Deregulation in the six fields of advanced information communications, land and housing, cargo transportation, employment, finance, and medical treatment and welfare is an important task if the government is to correct the high cost structure and to revitalize the economy as decided on July 12, 1996. Clearly the government needs to take decisive measures to break the barrier of departmental interests.

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