

both security and economic affairs; (3) the bilateral alliance needs to be restructured in ways that effectively link economic capacities and security responsibilities, perhaps under a new definition of security that leads to burden sharing in international constabulary activities beyond containment; (4) the United States should initiate a priority review of Japanese-U.S. relations of the sort undertaken in the late 1940s vis-à-vis the Soviet Union, for Japan, much like the Soviet Union during the latter part of this century, will be critical to global stability and peace in the first part of the twenty-first century" (pp. 237-238). As Hellmann concludes, "It is in Washington, not in Tokyo, that a push for a new bilateral alliance is likely to occur" (p. 264).

Although there is much in it that will prove controversial in Japan, this book should be read and read carefully because it is a major contributor to the field and, despite the new situation generated by the Japan Socialist Party's sudden revival, I am afraid the authors are right in their basic assertion that the locus of policy initiative continues to rest with the United States.

Tomoharu Washio  
Senior Researcher  
International Institute for Global Peace  
Tokyo

## The Financial Behavior of Japanese Corporations

By Robert J. Ballon & Iwao Tomita  
Published by Kodansha International Ltd.  
1988; Tokyo/New York  
268 pages; ¥3,700/\$24.95

With the world anxiously watching to see how Japanese industry will use its gargantuan economic strength in the world's money markets, it is very useful to have this up-to-date and succinct guide to Japanese financing, financial reporting and taxation.

The founder of Sophia University's In-

ternational Management Development Seminars, Ballon has been a mentor for the internationalization of Japanese business for over a quarter of a century and has served as consultant and counselor to virtually all of the major foreign companies that are now active in Japan. His coauthor, Tomita, was one of the first internationally minded postwar certified public accountants in Japan and is currently a senior partner at Touche Ross International. He, too, has been a key adviser to the foreign community in Japan for many years.

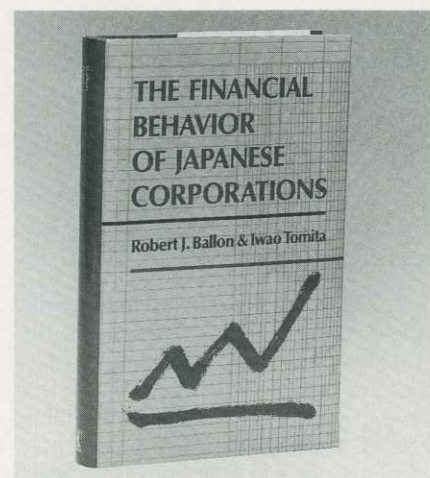
These two authorities had previously teamed up to write *Financial Reporting in Japan* (Kodansha International, 1976), but this latest book should by no means be considered a simple updating of their previous work.

Instead, this ambitious work, in the first place, provides a comprehensive review of the main points of Japanese financial operations and the financial system, illuminating areas that have previously been misrepresented, distorted, exaggerated and neglected by foreign authors with only a superficial smattering of experience.

The second feature to recommend this book is its value as a Japanese-English dictionary of economic, financial and accounting terms—not just in the extensive glossary but throughout the book. For example, anyone who does not know what *oyabike* means can follow the description from the glossary's definition of it as "withheld by parent (=selective allocation of new shares)" and will quickly learn in the section on "Equity Issuing at Market Price" exactly how the term (and practice) is used, in what situations and with what effect.

The book's third characteristic is that it provides a detailed, nontedious and clearly understandable explication of the structural, practical and ideological differences between the Japanese and American economic and financial systems. For example, the authors note that payment by promissory note (*yakusoku-tegata*) is an integral part of doing business in Japan and explain how these notes can be endorsed to provide debt financing.

The fourth point is that the authors do not discuss financing in a vacuum but



draw their examples from Japanese economic and business history to give the system's historical background and to imbue their explanations with an almost tangible immediacy. Far from an abstract discussion of Japanese management, this work explains Japanese business practices with specific examples of specific cases, thus shedding new light on Japanese management practices and helping the reader to achieve new insights.

Finally, the fifth recommendation for this book is that someone who reads it will come away with a good understanding of the laws and regulations governing Japanese corporate accounting and financial practices and some feel for where government policy is heading in these areas.

Yet valuable though this work is, I believe it could have benefited from a little more attention in two areas. The first is that, although the authors note that it is possible to amortize goodwill (= *noren*) in five years in Japan, they do not compare this with the significantly different practices in North America and Europe (e.g. the 15-year amortization common in West Germany). Likewise, while they discuss takeover bids, I wish they had dealt a little more extensively with the criticism that the Japanese legal system makes leveraged buyouts extremely difficult.

The second area where the book could have benefited from a more extensive treatment is in the glossary. For example,



it would have been most useful to have an indication in the glossary of where a particular term is discussed in the main text (especially since the index does not include the glossary entries).

Yet these are relatively minor points, and their omission does not negate the

worth of this valuable work by these two eminent experts. Rather, even as I hope the next edition will be better still, I would urge you to rush out and buy this book. It is the best introduction to the financial behavior of Japanese corporations that exists, and it should be required reading

for anyone hoping to do business in and with Japan.

'Maurie' Kaoru Kobayashi  
Professor of International Management  
Sanno Institute of Business  
Administration & Management

## Outside Tokyo

### Nozawa Onsen: Pleasant Retreat

If you're looking for a pleasant retreat this winter, try Nozawa Onsen in Nagano Prefecture. Snugly ensconced on a steep hillside, woven with narrow, winding streets and alleys, this friendly ski resort has become our home away from home. The skiing is superb (even my Austrian wife is satisfied), and the dark, warm doorways of the town never fail to open onto unexpected surprises.

There are three reasons we go to Nozawa, and it would be a mistake for anyone to leave without enjoying them all. As the name suggests, there are the hot springs. There are the mountains, with rewarding summer hiking and some of the best ski slopes you will find on these islands in the winter. It's the people, however, who keep us coming back.

#### Snowy streets

Our friends in this village are hard-headed, tempestuous and romantic. There is a word for it in Japanese, *ganko*. They love to drink and eat, to argue and ski. Debate with a Nozawan and then try to drink him under the table, and you've won his respect. Above all, however, whether gliding down the powdery slopes or simmering in a steaming *onsen*, there is peace here.

Take the train to Echigo-Yuzawa station, and a bus or taxi from there to Nozawa.

Visitors make their way through the frosty air, the snowy streets with their icicle-fringed shops and pensions, arms full of skis, bags, and in our case a baby daughter. We'll stay at the St. Anton, a cozy pension named after Nozawa's Tyrolean sister-city.

Owned and managed by charming Itchan Katagiri and her handsome husband Mikio (an ex-downhill ski champion and now the downhill coach of the Japanese national ski team), the St. Anton is popular among visiting Austrian skiers. Itchan and Mikio spent several years in Austria and both speak German, and the

intimate, neighborly ambiance here can't be beaten. It is here that the locals meet for coffee and friendly disputes.

Leaving our bags at the St. Anton, we'll head for the slopes. An injury sustained in the Austrian Alps will keep me off skis this winter. I'll make angels in the snow with my daughter or visit the ski museum with her while my wife tests her new bindings. She'll take the series of lifts all the way to the top of the mountain and spend a second or two marveling at the fantastic view before schussing all the way down into the valley.

That's something else you find in No-

