

ed with the mainland. Sakurajima regularly spouts forth clouds of black smoke and ash. Tourist buses circle the volcano in less than two hours, traveling on roads built across the lava fields. Many travelers stay overnight at Furusato Hot Spring, on the southern coast of Sakurajima Island. There is frequent ferry service between downtown Kagoshima and Sakurajima Port; the ride takes 15 minutes.

Sights to see

Kagoshima has one of the best prefectural cultural museums in Japan. Called the Reimei-kan, it was opened in 1983 on the site of a former castle. The handsome building houses a broad spectrum of exhibits covering every aspect of local life and culture since prehistoric times. Among the items sure to catch your eye are the superb Satsuma ceramics. The Reimei-kan is open daily except Mondays, and has a restaurant on the premises.

The city also opened a new art museum in 1985, not far from the Reimei-kan. The striking granite building combines traditional and contemporary motifs, and contains a collection that is especially strong in paintings and ceramics. Among the works featured are those of Kuroda Seiki, who studied in France in the 1880s and introduced the Impressionist style into Japan. The museum (Shiritsu-bijutsu-kan in Japanese) is closed Mondays.

The tree-covered hill that rises in the background beyond these two museums is Shiroyama Park, which offers not only a bird's-eye view of Kagoshima, but also the city's finest hotel, the Shiroyama Kanko Hotel. Shiroyama is associated with Kagoshima's most famous native son, Saigo Takamori, one of the three great leaders of the Meiji Restoration. After helping to overthrow the Tokugawa shogunate and serving with distinction in the new imperial government, Saigo later resigned over a disagreement concerning policy toward Korea. He returned to Kagoshima, where discontented samurai persuaded him to lead an insurrection against the government he had helped create. The insurrection was crushed, and Saigo and some of his followers committed suicide on Shiroyama Mountain. A bronze statue of Saigo stands in the shadow of the mountain, and Saigo and his followers are buried at Nanshu Shrine, not far away.

Kagoshima's other famous native son is admiral Togo Heihachiro, who defeated the Russian fleet in 1904, thus helping Japan to gain international stature.

Shopping and dining

For relaxation, dining and shopping in Kagoshima, visit the downtown area called Tenmonkan. Here you will find the city's major department stores and a large array of shops, boutiques, restaurants, cinemas, bars, clubs and discos. Tenmonkan is a stop on one of Kagoshima's few remaining streetcar lines. This is a delightfully nostalgic way to get around town. An equally nostalgic way, if you

don't mind paying a bit more, is to hire Kagoshima's one authentic London taxi.

If you want to sample local cooking, the Satsuma-ji restaurant in Tenmonkan offers a special course: the *Toku Satsuma Teishoku*. Local delicacies include *sake-zushi*, which is sushi flavored with sake instead of vinegar; *tonkotsu* (not *tonkatsu*), which is pork ribs boiled gently for almost 24 hours and served with a special sauce; and *satsuma-age* (locally called *tsuke-age*), deep-fried cakes of minced fish mixed with tofu. All of this should be washed down with Kagoshima's most famous drink: *shochu* or distilled white liquor. Satsuma is noted for its sweet potatoes, from which *shochu* is made. A bottle of this is always a much-appreciated gift in Japan, if you're looking for an *omiyage* (gift) to carry home.

The other item that is frequently carried home from Kagoshima is Satsuma pottery. There are two kinds: the elegantly painted white (*shiro*) Satsuma and the rustic black (*kuro*) Satsuma. Shiro-Satsuma is known worldwide, and most people have seen some of it long before coming to Japan. But in Kagoshima, you will see varieties of Shiro-Satsuma that you never knew existed. The shops and department stores at Tenmonkan have a good selection, and there are several kilns in the city. Four major kilns are Urashima Toge, Chotaro-yaki, Kinko Toge and Tanoura-gama. Chotaro and Kinko are located near the Oshima Silk Factory, where you can watch luxurious silk pongee being made.

A bit outside of the city, but well worth the travel for lovers of fine ceramics, are Ryumonjigama at Kajiki-cho and the Naeshirogawa pottery at Higashi-Ichiki-cho, both known for their handsome black Satsumaware. Just down the road from Naeshirogawa is the Ju Kan To-en, where white Satsumaware is made by a 14th-generation potter of the Chin family. This family is generally credited with having introduced this style of pottery into Japan from Korea. The first Mr. Chin was one of the potters brought to Japan after Hideyoshi's attempted invasion of Korea.

The main building at the Ju Kan To-en contains a small museum upstairs showing pieces made by different generations of Chins. Among the items on display are a vase made for the bride of a Tokugawa shogun and several pieces that were exhibited overseas. There is a certificate from the 1904 St. Louis Exposition, where the 12th-generation Chin won a silver medal, and another certificate from the 1902 Hanoi Exposition. Downstairs is a shop selling ware currently produced at this kiln.

Kagoshima's largest festival, the Ohara Matsuri, takes place every year on November 2nd and 3rd. The big day is the third, when groups of *yukata*-clad dancers parade through the streets dancing to local folk songs. The city's other major festivals are in the summer. In late July an unusual festival takes place at night on the banks of the Kotsuki River. Called the Umbrella-burning Festi-

val, young men clad in loincloths parade around a huge pile of burning paper umbrellas to commemorate the courage of the Soga brothers in the late 12th century in avenging their father's death. A lantern festival is held at several shrines and temples on most nights during July.

The Kagoshima Airport is one of Japan's few international airports. Japan Air Lines offers service from Kagoshima to Hong Kong and then on to Bangkok or Singapore, and also to Hong Kong and Bangkok by way of Okinawa depending on the day of the week. There are also flights to Okinawa on All Nippon Airways, with connections to Taipei on Japan Asia Airways or China Airlines. Air Nauru flies from Kagoshima to Nauru by way of Guam. Thus, people who don't have the time or money to travel all the way down to Kagoshima and then back to wherever in Japan they live can combine a stop in Kagoshima with one of their overseas trips. Keep Kagoshima in mind the next time you are heading for Southeast Asia; you'll be glad you did.

Anne Pepper

A freelance journalist based in Tokyo who writes frequently about off-the-beaten-track destinations in Japan

Bookshelf

Industrial Groupings in Japan Seventh Edition (1986/87)

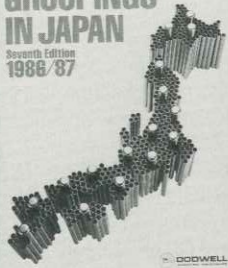
Edited and published by
Dodwell Marketing Consultants
1986, Tokyo
533 pages; ¥70,000 or \$450

Foreign observers have long been interested in Japanese corporate management and industrial structures. While some of this interest stems from an academic thirst for knowledge about the secrets of Japan's rapid economic growth and corporate success, much of it is grounded in the desire to learn more about Japanese business as partners and competitors. Despite its late start in modern industrialization, the Japanese economy has succeeded so well that people around the world are looking to its industrial structure and corporate organization for hints and weaknesses alike.

In Japan, just as in any other industrial country, the company is basically an organization to provide goods and services in the capitalist economy—an actor on the market stage. However, the historical process of modernization has meant that each country has evolved distinctive forms differing to some degree from

INDUSTRIAL GROUPINGS IN JAPAN

Seventh Edition
1986/87



those that exist in the other industrial countries or in the developing countries. Japan is no exception to this rule, and Japanese companies exhibit a greater degree of intracorporate uniformity and corporate identity than do companies elsewhere.

Much of the company's corporate identity is defined by the structure of corporate relations, as the main companies in modern Japan are members of corporate groups and self-identify as group members. The companies in the old *zaibatsu* groups (i.e., Mitsui, Mitsubishi and Sumitomo), for example, hold leading positions in both the traditional industries and in the new high-technology industries, and they are fierce and major competitors in every field.

It must, of course, be noted that the *zaibatsu* are not, as is sometimes suggested in the popular press, the Japanese equivalent of conglomerates. They are not even clearly definable entities. Before and during World War II, the *zaibatsu* core companies were incorporated as special holding corporations that controlled the mining and heavy industrial companies under the *zaibatsu* umbrella. In that sense and in that era, they were somewhat akin to conglomerates. Yet the postwar breakup of the old *zaibatsu* freed their constituent members to make business decisions on their own in their own economic interests, and these companies have guarded that freedom well. Even though many of the old prewar *zaibatsu* companies have coalesced again and some people have speculated that this means the reemergence of the *zaibatsu*, these companies are acting independently and are in no way subservient to the group.

Nevertheless, there is frequent misunderstanding of the nature of corporate relations in Japan. For example, some observers have suggested that NEC is able to borrow money on more advantageous terms from the Sumitomo Bank simply because it is a member of the Sumitomo group. It is not. The financial dealings between NEC and the Sumitomo Bank are conducted as a normal business transaction in accordance with all the usual economic principles.

Yet if this is so, why do these industrial groups continue to exist in Japan? What pur-

pose do they serve? In answering these questions, it is imperative that we have a clear and accurate grasp of the realities of industrial groupings in Japan.

Relations between companies may be generally divided into those between core companies and peripheral companies and those between independent core companies. While the relations between core companies and peripheral companies, parent company and subsidiaries or affiliates, for example, are typically marked by a strong degree of vertical integration, those between independent core companies are largely horizontal relations and do not entail one company's being superior or inferior to another. Either pattern of relations can easily develop into the formation of group bonds, yet because the two patterns are intrinsically different, it is very important to distinguish between the two types of corporate relations. The relations between NEC and Sumitomo Bank, for example, are horizontal relations of equality across the broad spectrum of their shared interests.

This basic distinction is observed in *Industrial Groupings in Japan*, which divides the relations among companies into horizontal relations covering the broad range of industrial fields—these being the old Mitsui, Mitsubishi and Sumitomo *zaibatsu* groups as well as the Fuyo, DKB, Sanwa, Tokai and IBJ bank-centered groups—and those centering on the leading companies in specific industries—including Nippon Steel, Hitachi, Nissan, Toyota, Matsushita and others. Building within this basic framework, this important work then brings together all of the available data to provide a comprehensive analysis of modern Japanese industrial groupings.

The concept of industrial groups is not unique to Japan, for such groups also exist in the other industrial countries, albeit in somewhat different form. Yet group members in these other countries do not necessarily identify so strongly as members of the group. In Japan, group members, especially members of the old *zaibatsu* groups, appear to have a strong sense of belonging to a single organization, and the core groups create a great many opportunities for exchanges of information and ideas to foster this group identification. Yet even in Japan, membership in a group does not mean that the company has relinquished its economic independence, and it is unfortunate that these efforts to foster group spirit give people the mistaken impression that the groups are themselves powerful forces in the Japanese economy.

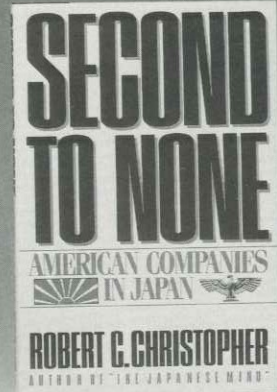
Avoiding these pitfalls of misunderstanding, this voluminous work provides a clear picture of modern industrial groupings and the relations among Japanese companies. It is an invaluable source of information, an important starting point for anyone who wants to understand and do business with Japanese companies today.

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professor, Tokyo College of Economics

Second to None: American Companies in Japan

By Robert Christopher
Published by Crown Publishers, Inc.
1986, New York
224 pages; \$16.95



Robert Christopher has done a very thorough survey of the broad range of successful American corporations in Japan, and his results amply rebut the widespread contention that the Japanese market is practically closed to foreign participation.

The author notes in his preface that he was compelled to write this book in an effort to counteract what he sees as a dangerous surge of Japan-bashing in the United States over the past few years as the American people have become increasingly frustrated by their trade deficit with Japan. Christopher believes strongly that the Japan-U.S. relationship is too important to allow this deterioration.

Prompted by American industry complaints that they are denied free access to the Japanese market, Christopher undertook to look at some of the American companies that have become established presences in Japan and to find out how they had managed this seemingly impossible feat. This is a very important question, for while the trade balance reflects the simple exchange of goods, foreign companies operating in Japan imply a major exchange of not only capital and goods but also of people and technology. In that American companies have traditionally emphasized investment more than trade, this is also a significant measure of market openness.

The success of American companies in Japan that Christopher documents clearly demonstrates that the Japanese market is much more open than many would have us believe. This should be particularly good news for those American companies that have been wanting to make the leap but have been deterred by rumors and horror stories.

Christopher's book is marked by several outstanding characteristics. First is that it is probably the best-documented and most complete study made of this subject to date. Facts and figures abound, and there are numerous interviews in which Japanese and

Americans alike express their candid views of the situation in Japan. Christopher's diligence and thoroughness are impressive. At a time when debate on the Japanese market's openness is highly emotional and grounded more in first impressions and hearsay than in fact, it is indeed refreshing to come across such a calm, factual, level-headed book as this.

Second, while describing each situation and fact in clear detail, Christopher is also careful to give the reader a lucid overview. He has the rare ability to step back and see the whole forest even as he takes in each individual tree, weaving his many and varied case studies together into a coherent picture.

In explaining why assumptions about the nature of the Japanese market are dangerous foundations on which to build market strategies, Christopher cites Ajinomoto General Foods, Tupperware and McDonald's. In the AGF example, market researchers had assumed that powdered fruit beverage would sell well because it does not take up much space and is thus suited to the crowded Japanese kitchen. The product bombed. In Tupperware's case, the assumption was that they would have trouble because Japanese housewives were not used to holding home parties. Today, Tupperware is a household word. Then there is McDonald's, doing a booming business in Japan despite the conventional wisdom that the Japanese consumer would never take to the fast-food genre. Obviously, any business hoping to succeed in Japan must start with a thorough study of Japanese consumer needs, carefully avoiding long-held assumptions and preconceptions unsubstantiated by facts, but there is no substitute for hands-on experience. This same detail and perspective is found in his explication of the other key ingredients for success: long-term commitment, product quality and a management policy adapted to the Japanese way of doing things.

A final and third feature of this book is its easy-to-read format that allows the reader to skip around and read the chapters he is most interested in first.

Christopher concludes that the Japanese market is open. In addition, his book serves to

remind us of the implications of the strong economic interdependence between Japan and the United States—an interdependence transcending national borders. The Nissan Sunnys exported to the United States from Japan are Japanese products, but the Sunnys produced at Nissan's Tennessee plant are Japanese-American joint products. The IBM computers exported to Japan from the United States are American, but the IBM computers manufactured in Japan are American-Japanese joint products. These are products produced by transnational corporations—transnational products "Made in the World."

As more and more corporations spread beyond national boundaries, their products will be world products instead of the products of this country or that. And this shift from "us vs. them" to "us together" should help to ease the trade friction among us.

Yoriko Kawaguchi

director of Statistics Analysis Division

Minister's Secretariat

Ministry of International Trade and Industry

Taste of Tokyo

Ginza Lohmeyer's Restaurant

I once saw a TV program that showed a German farm family butcher and process an entire pig for the family's own use. The whole family, assisted by neighbors, took part in the work. The meat was cut up deftly and efficiently according to part and hardness, and various spices used to season the hams and sausages. Not a drop of blood was wasted.

I was particularly impressed by the fact that every part of the pig was used for food. This is a wisdom born of centuries of using livestock for food. Such thoroughness is unthinkable in Japan where the history of eating meat is still very short.

The first time that German-style ham and sausage were sold in Japan was in 1921. The shop owner's name was August Lohmeyer. Lohmeyer was among the German prisoners-of-war taken by the Japanese in November 1914 at Qingdao, China, after Japan had entered World War I on the side of the Allies. After the war, Lohmeyer, who was a qualified *meister* of meat processing, chose to remain in Japan. He taught the Japanese how to make real German sausage, and many who were trained in his factory later became successful managers in the meat-processing industry.

In those days, ordinary Japanese housewives did not know how to make pork dishes. The only pork for sale was shoulder and rib meat, which was bought by Chinese restau-

rants. There were no buyers for roast meat. Lohmeyer used these cuts to create what he called "roast ham" (roast meat boiled after smoking that can be sliced and is ready to eat). This product was a big hit, becoming the most popular kind of ham among the Japanese.

The Ginza Lohmeyer's Restaurant, under the direct management of the Lohmeyer Company, offers various traditional German dishes based on the company's own ham and sausages. The chef-recommended offerings start with pea soup or bean soup (both ¥700) and include *Eisbein* (grilled or boiled pork knuckles with sauerkraut and potato, ¥2,500), *Rindsrouladen* (stuffed rolled beef, ¥2,500) and *Ochseneintopf* (German beef stew, ¥2,200). There are two set courses of ¥3,500 and ¥5,500.

It's nice to enjoy your German meal with directly imported German draft beer or a bottle of medium-dry Erbacher Hohenrain wine (¥4,500) while watching the crowds walking along the Ginza. A ¥1,200 set menu is available at lunchtime, along with the chef's special set courses and à la carte offerings. Due to its convenient central location, Lohmeyer's is a popular place for business lunches.

Address: 3-14, Ginza 5-chome, Chuo-ku

Telephone: (03) 571-1142

Business hours:

Weekdays 11:30 a.m.–10:30 p.m.

Sundays, holidays 11:30 a.m.–9:30 p.m.

Lunchtime: 11:30 a.m.–2:00 p.m.

Closed the third Monday of every month

(Yoshimichi Hori, editor-in-chief)

