We kick off our first issue of 2009 with a look at a fascinating new historical book, Kyushu, Gateway to Japan. Too often our view of Japan is distorted by a Tokyo-centric bias which neglects other regions and downgrades their importance in the national narrative. Andrew Cobbing’s excellently researched new work is the perfect antidote to this tendency, reminding us of the significant role Japan’s mighty south island has played in the country’s history. As the title suggests Kyushu was the historical gateway to Japan as well as the cradle of its early civilization.

As usual, we also offer a selection of some of the best new Japanese film and DVD releases. Fumiko Halloran examines a gripping new Taiwanese-Japanese production which explores Japan’s colonial rule of Taiwan from a modern day setting. It’s a moving and uplifting tale, offering a different and more human perspective on Japan’s colonial past. Simon Cotterill looks at the new DVD release of Turtles are Surprisingly Fast Swimmers; a very funny and entertaining Japanese movie. Its somewhat unusual narrative style and clever humour make it compelling viewing. You will also find Manabu Matsunaka’s in-depth appraisal of a new Japanese language book on corporate law, William Farr’s thoughts on a popular Japanese martial arts book and Sir Hugh Cortazzi’s review of Peter Davies’ substantial new work on Frederick Cornes.

Sean Curtin

Kyushu, Gateway to Japan: A Concise History
by Andrew Cobbing

Review by Sir Hugh Cortazzi

Of the four main Japanese islands, Kyushu has a particularly interesting history. The myths about the origins of the Japanese islands and its imperial line began at Takachiho, in what is now Miyazaki prefecture. Here was “The Floating Bridge of Heaven.”

One of Andrew Cobbing’s aims in this book was to draw attention to the cultural diversity in Japan which is apparent to anyone who spends time in an outlying part of Japan such as Kyushu. This diversity is not always adequately brought out in much of the writing in English about Japan which has a tendency to focus on the view from Tokyo.

Cobbing begins his account of the history of Kyushu with reference to various myths, but moves in his second chapter to the discovery in 1985 of one of Japan’s earliest settlements at Yoshinogari in Saga prefecture which chimed with early Chinese descriptions of Japan or the land of Wa and of the early Japanese ruler Himiko or Queen of Wa. This leads on to a discussion of the location of the legendary Yamatai, of early settlements in Kyushu including the building of giant tombs and of contacts between Tsukushi, an early name for Kyushu, and ancient Korea.
The eventual triumph of the Yamato people in central Honshu did not mean that Kyushu lost its importance. As Cobbing points out, contacts with Korea and China, Japan’s nearest continental neighbours, were mainly concentrated in Kyushu. The administrative centre for Kyushu and for Japan’s foreign relations, such as they were over a thousand years ago, was established at Dazaifu, south of the modern city of Fukuoka. It was to Dazaifu that the renowned scholar Sugawara Michizane was sent as governor in 901. This was an important and prestigious appointment but was seen as exile from the centre of Japanese civilization at that time in the capital Kyoto or Heiankyo. Sugawara’s death in exile was thought to be the cause of various calamities and he was deified as Tenjin, the god of learning. His shrine at Dazaifu still attracts numerous pilgrims, especially at examination time by students seeking success in their exams.

As Kyushu became the gateway for trade with China and Korea, Hakata across the river from Fukuoka (the two cities are now joined) developed as a major mercantile centre, only to be overtaken in later centuries by Osaka and Edo. It came under the control of the Taira clan who were able to use the wealth of Hakata as a base for their growing power in the twelfth century. When the Minamoto defeated the Taira and the Kamakura Bakufu was established, Cobbing explains; “Hakata lost its status as the single designated gateway for vessels from overseas,” although it continued to flourish as one of the most important mercantile cities in Japan.

When the Mongols decided to try to add Japan to their conquests their first approach was to Kyushu. In 1268 a letter from Kublai Khan handed over in Hakata Bay was addressed to the “King of Japan.” This immediately raised a controversy. Was it the Mikado or the Shogun who should respond? As a result no reply was given. In 1274 a large Mongol force arrived in Hakata Bay and forced the Japanese defenders back. However a huge storm arose and the Mongol fleet suffered serious damage. In 1275 a further group of Mongol envoys reached Japan. They were sent to Kamakura where they were executed. In 1276 another invasion force was readied and attacks were launched in Hakata Bay, but they were beaten back. The Japanese authorities maintained for many years their vigilance against further Mongol attacks, although this never came.

Japanese contacts with China were interrupted after the failure of the Mongol attacks, but were not entirely broken off. In the fifteenth and sixteenth centuries Japanese ships and Japanese pirates from Kyushu sailed as far south as Annam [Central Vietnam].

Hideyoshi’s attack on Korea at the end of the sixteenth century was mounted from Kyushu and it was to Kyushu that Korean potters were brought. Kilns were founded by these Korean migrants at various places on the island and distinctive wares such as those of Satsuma and Karatsu were developed by Korean potters. Kyushu indeed became one of the most important areas for Japanese ceramics and in the seventeenth and eighteenth centuries ceramics from Arita such as Kakiemon were exported in large quantities by Dutch merchants and widely imitated in Europe.

The first westerners to reach Japan in the middle of the sixteenth century landed first on the island of Tanegashima, to the south of Kyushu. The Portuguese Jesuits began to seek converts in the island and Kyushu became their main base. The merchants who followed the missionaries naturally began to trade from Kyushu and it was to Kyushu that the English and the Dutch first came at the beginning of the seventeenth century. After the expulsion of the Portuguese and Spanish Catholics and the almost total suppression of Christianity in Japan following the Shimabara rebellion of 1637/8 the Dutch merchants were confined to the artificial island of Dejima in Nagasaki bay. Kyushu thus remained (throughout the Edo [Tokugawa] period) as Japan’s window to the world.

Kyushu played a significant role in the overthrow of the Bakufu and the Meiji Restoration of 1868. The Satsuma fief, with that of Choshu in western Honshu, played a dominant role in the revolution and samurai from Satsuma had leading roles in government and the armed forces, especially the navy in the new Japan. But the speed of change left many samurai poverty stricken and discontented. Kyushu became the focal point of disaffection. The Saga Rebellion of 1874 was easily suppressed, but the Satsuma rebellion of 1877, although it was eventually crushed, posed more of a threat to the new central government.

In the modernisation and industrialization of Japan in the late nineteenth century, Kyushu with its indigenous supply of coal and its ports, especially Nagasaki, attracted steel making and shipbuilding. Inevitably in the Second World War Kyushu was in the front line, especially as American forces approached Japan. TheYawata steel works, the first target of the Americans’ second atomic bomb, was obscured by cloud and Nagasaki, because of its shipbuilding works, was hit instead.

In the post-war era Kyushu has attracted a good deal of new investment especially in light manufacturing and tourism. It is the closest part of Japan to the Asian continent and as Cobbing rightly calls the island, Kyushu is the Gateway to Japan.
Cobbing has produced a well researched and readable study which is a valuable and necessary supplement to general histories of Japan. The 60 colour illustrations add significantly to the book’s appeal to the general reader as well as the academic student. Anyone planning a study tour of Japan should ensure that at least a few days are devoted to Kyushu where there is so much to see not only of scenic beauty but also of historic interest. This book is not a normal guide but it should be essential reading for foreign visitors to Kyushu.

Turtles are Surprisingly Fast Swimmers (亀は意外と速く泳ぐ),
Directed by Satoshi Miki
2005, 90 minutes, DVD
Review by Simon Cotterill

Turtles are Surprisingly Fast Swimmers is an off-beat, urbane comic gem, about loneliness, normality, friendship, and spies, with a magnificent, low-key performance by Juri Ueno, which makes that all somehow work wonderfully.

Suzume Katakura (Juri Ueno), a twenty-something housewife, is bore. In her eyes, she’s the definition of ordinariness - ordinary looks, an ordinary husband and an ordinary apartment, where she cooks, cleans and does laundry in an ordinary way. Even her favourite food is ordinary; a ramen that both her best friend and the ramen shop owner think “lacks character.” Suzume feels that she is destined to go completely unnoticed: strangers often treat her as invisible and her husband, who’s always away on business, only calls to check on their pet turtle (who, it ought to be said, we don’t actually see doing much swimming, surprisingly fast or otherwise).

Since they were at school together, Suzume, whose name means ‘sparrow’ has constantly been overshadowed by her best friend Kujaku, whose name means ‘peacock.’ Back then Kujaku’s book file was covered in cool Bjork and Oasis stickers, while Suzume’s file carried stickers with dorky, childish pictures. Looking back, she reflects, “poor taste in stickers, poor taste in life.”

One day, however, the monotony of her existence is finally broken. While walking up the same 100-step seaside stairway that she’s been walking up ever since childhood, Suzume finds herself having to duck quickly to avoid an avalanche of apples! Lying against the floor, Suzume sees an incredibly small advertisement stuck to a lamppost – “Spies Wanted! Call for details.”

Turtles are Surprisingly Fast Swimmers is the second film by writer/director Satoshi Miki, a comedy filmmaker who has now shot to prominence with the recent success of Adrift in Tokyo (転々). Miki always spreads the humour very evenly throughout his films and barely a scene goes by without something clever to laugh at. His style has perhaps been influenced by the Japanese TV variety programmes on which he honed his writing talents, but the comedy of Miki’s films is far more subtle and irreverent than that of these shows. Some of the biggest laughs in the movie come when Suzume is discussing squids getting trapped in sinks with a plumber, and when she’s sumo wrestling with her dad. (Ah, ok – the latter of these may not be out of place on a variety show. But generally, the humour is very subtle).

Turtles is impossible to divide up into a beginning, middle and end. It’s the characters’ bizarre tangents and nonsensical exchanges which gently drive the evolution of the unusual narrative and themes. Despite being about spies, there is no attempt at suspense - instead Miki cleverly weaves the film’s comic episodes in and out of each other in a way that leaves the viewer constantly questioning the film’s false realities. The film is also visually very striking. Suzume might be bored with her life, but her ‘ordinary’ apartment is full of such bold and beautiful colours that it’s impossible for the viewer to feel the same way.

In the end, a film with such an off-beat narrative, interesting contrasts and clever wit could only work with great acting and thankfully this production delivers this throughout. Eri Fuse and Ryou Iwamatsu provide great performances as Etsuko and Shizuo, the spies Suzume meets when she responds to the tiny advertisement. They’re a married couple who, despite a doing a bit of karate sparring, don’t appear anything like real spies. But then again if they did, they probably wouldn’t be
very successful, as Suzume figures. Etsuko and Shizuo place their trust in Suzume, purely because she is so ordinary and not only do they give her “spy training” but also 500,000 yen for “operational expenses.”

In the role of Suzume, Juri Ueno excels. Her comic timing is acute, and she shows a willingness to be silly, in a way many actors never do. Since this movie, she’s become very popular domestically in Nodame Kantabire (のだめカンタービレ), a manga-adaptation TV show, and it seems likely Ueno’s popularity will only grow internationally. Her most endearing moments in Turtles come when, after becoming a spy, Suzume returns to her ‘ordinary’ life. However, from Suzume’s new perspective she is no longer ordinary, she is now being deliberately inconspicuous.

Cast: Juri Ueno, Yuu Aoi, Ryo Iwamatsu, and Eri Fuse.

Cape No. 7 (海角七号), directed by Wei Te-Sheng
(魏德聖), 2008, 133 minutes

Review by Fumiko Halloran

The movie Cape No. 7 was released in Taiwan in August 2008 and earned a top revenue of NT$200 million in just a couple of months. It first arrived in the U.S. via the Honolulu International Film Festival held in mid-October 2008. This is where I saw it and was struck by the constant presence of Japan in the daily life of Taiwan even today.

The story features Taiwan under Japanese colonial rule, Japan’s surrender in World War II in 1945, a Japanese school teacher’s love for a Taiwanese girl, and his departure from Taiwan. He left her, even though she was willing to elope, because he had no idea what awaited him in a Japan that had been heavily bombed and faced starvation.

Fast forward to contemporary Taiwan: a young rock band singer and guitarist, Aga, who didn’t make it in Taipei, comes to Hangchun in southern Taiwan. He works as a temporary mailman. Among the mail to be delivered, he finds a package of letters written by the school teacher sixty years ago but never sent to his girlfriend. It turns out that after the teacher passed away in Japan, his daughter had discovered the letters and sent them to the old address in Hangchun. But that address does not exist today as the area has become a harbor.

Aga opens the package, reads the letters, and tries to deliver them. Meanwhile a Japanese model and music promoter, Tomoko, the same name as the Taiwanese girl (who was required to have a Japanese name during Japanese rule), meets Aga. She is trying to organize a local band for an opening performance at a beach concert by a Japanese pop singer, Kosuke Atari. Aga and Tomoko hate each other at the beginning, but gradually their relationship develops into a romance. Tomoko discovers that her hotel maid is a granddaughter of the original Tomoko, who is alive in her 80s, and tells Aga. After finally delivering the letters to the now old woman, Aga returns to play powerful music to the delight of the audience, proclaiming his love for Tomoko.

Throughout the movie, the languages are Mandarin, Taiwanese and Japanese, with English superimposed. The narration of the seven love letters is in Japanese, with Chinese and English superimposed. Chie Tanaka, the Japanese actress in the role of the young Tomoko, speaks Mandarin most of the time. In the beach concert, when Aga begins to sing “Wild Roses” (Nobara) in Japanese, Atari, the Japanese singer, joins Aga singing the lyrics in Mandarin. “Nobara” for many years was included in Japanese elementary school music education from pre-war to post-war years. The original lyrics in German (Heideroslein) are by Goethe and the music by Schubert.

In the pop music world, it is becoming increasingly common for Japanese singers to sing not only in Japanese but in Korean and Mandarin, while other Asian singers sing in Japanese. Just as Japanese fans rush to the airport to see their favourite Korean singers arriving at Narita, enthusiastic fans in Taiwan snatch up tickets for concerts by Japanese pop singers and bands such as Ai Otsuka and Arashi.

At the film’s Honolulu showing, the director, Wei Te-sheng, a quiet 40 year old man, answered questions from the audience. He spoke in Mandarin, which was translated into English. He said he wanted to make a movie about music and was searching for a theme when he read in a newspaper about the old mail that had not been delivered sixty years after the end of the war.

He started to think what if those lost letters were love letters, thus a story was born. In addition to directing, Wei wrote the script.
The musicians in the movie were real but 90 percent of the cast had never acted before. He said everybody gets angry sometime as things don’t work out the way they wanted, and frustration drives us into some negative feelings. But you can work out things with other human beings and when they connect, something beautiful can happen. He said Taiwan is an ethnically and culturally diverse society and he wanted to depict that aspect, too.

I found it interesting that the treatment of Japanese colonial rule was free of political angles, concentrating on the complicated and sensitive emotions of individuals whose lives were affected by the tidal wave of history beyond their control. Director Wei said that by telling such stories, we come to understand the world better.

Angry White Pyjamas: An Oxford Poet Trains with the Tokyo Riot Police, by Robert Twigger
Phoenix Publications, 1999, 320 pages
Hardback £7.99
ISBN: 9780753808580,
Review by William Farr

This is a fascinating account of a year on the Aikido Yoshinkan Senshusei course, mostly populated by Kidotai – riot police. Each member of the riot police must be a minimum black belt in another martial art before embarking on the year of training that will take them from white belt to black belt and beyond in Aikido.

For those who have ever made a living as an English language teacher in Japan, the early chapters in this book ring true. The packed out apartment full of people sharing, the general lack of fitness, and a growing ability to be able to converse in Japanese are some of the problems faced by the group that populate the cramped city apartment.

The whole story begins with Twigger watching as a truck driver with a punch perm makes another driver perform a full Emperor bow after a near collision on the road. This provokes Twigger to wonder what he would do if ever faced with a situation where he could potentially be hurt or have to fight. Various conversations ensue about how to tackle this issue, and eventually the housemates – all three of them, decide to sign on to do Yoshinkan Aikido. After regular training Twigger decides that immersion is the only way to truly tackle the martial art, and so signs on to do the Senshusei course. Two of his friends decide to take the regular route black belt with two sessions a day. The course means about four or five classes a day every day. This is “ganbatte” in the extreme. A year of daily throwing, callous growing, and all round pain plays out. Hajime classes require the continuous repetition of a particular move, for up to an hour, often resulting in people either passing out in the hot summer, or throwing up.

At one point it looks as though an injury could get Twigger thrown off the course, but the death of the head of the Aikido school means a week with no training. An extremely interesting funeral follows where different factions of the school jostle for position as to who will be the head of the school in the future.

At the end of the story, Twigger takes the black belt test, passes, and then also goes on to take the teacher’s test – enabling him to tutor other individuals. The new head of the order comments on the fact that his body shape and size is good for Aikido – short legs with a long body.

The whole book is extremely well written and for anyone who has ever thought of doing or does a martial art, this is a must-read which gives good insight into the world of the martial arts, and the ultra-conservative traditionalist streak present in Japan. This is a humorous and well-observed commentary.
Peter Hewitt who was in charge of Cornes and Company in Japan from the 1950s to his death in 1982.

Aspinall Cornes, as Cornes and company was called until 1873, was established in Yokohama in 1861. In the early years after Japan was opened to trade, the firm was primarily engaged in the export of tea and silk, but it soon developed interests in real estate, shipping and insurance. It was from the beginning one of the leading British trading companies in Japan.

The Cornes archive, which is reproduced in this book, is unique as the records of most firms established in the early days of the foreign settlements have disappeared or were destroyed in the Yokohama earthquake of 1923 or in wartime air raids.

Peter Davies has provided a valuable introduction to the archive. He sets out the background to trading with Japan in the latter part of the nineteenth century. He then describes the life and career of Frederick Cornes, the success of the Cornes enterprise and his legacy. He also provides a guide to the personalities, topics and problems covered in the letters. The contents of 118 copy books of Frederick Cornes' correspondence and of two volumes of private letters, which are reproduced in the CD enclosed in the book, are briefly outlined. The private letters from 1864 to 1868 help the reader to get a feel for the life of traders in Yokohama in the final years of the bakufu and early Meiji.

Frederick Cornes was an astute and able businessman with a keen eye for ways in which business could be expanded. He became a friend of Ernest Satow who often stayed with Cornes at his London home. His daughter Amy, born to his Japanese ‘common law’ wife, Yamada Otama, was for a time looked after by Satow and his ‘wife’ Takeda Kane. Amy, or Yamada Chiyo as she preferred to be called, became a teacher and lived in Yokohama until her death in 1960.

The production of this book was made possible by a grant from the present owners of Cornes and Company, whose President and CEO is Mr Shinichiro Watari, and from the Great Britain Sasakawa Foundation, whose President, Professor Peter Mathias has provided a preface.

As Professor Mathias points out there “is relatively little accessible contemporary and primary material about the commercial evolution of the modern Japanese economy and its international connections.” This book will be of particular interest to students of economic history and of the trading relationship between Britain and Japan especially in the years up to the Second World War.

The corporate group law debate has been one of the central, but as yet unsolved, issues in Japanese corporate law. Professor Takahashi has been researching the theme for over 10 years and in this new book he presents concrete and comprehensive proposals for improving Japanese corporate group law. This Japanese language work examines German law on corporate groups including how the German laws have developed, the problem encountered with these types of law and Berlin’s efforts to solve those problems. Based on his examination and the analysis of German law, the author proposes introducing new institutions and rules into Japanese corporate law. In reviewing this timely study, I will first summarize the main part of professor Takahashi’s arguments, namely his reform proposals for Japanese corporate group law (or indeed the framework for establishing them), then discuss the significance of this book and finally highlight some outstanding problems that remain to be solved. In doing so, I will chiefly discuss the topics of public corporations.

The main thrust of his proposals is that although we most certainly need compensation rules for the harm caused by a controlling corporation on a controlled corporation as well as improved means of information dissemination, just solving these issues would currently not be sufficient due to the additional problem of enforcement which is presently far too weak and ineffectual. Therefore, in addition to his envisaged reforms, the author proposes the introduction of regulations on the governance structure of controlled corporations.

One of the proposed reforms on the governance structure of controlled corporations is that at least one of the directors should be on the auditing committee of the controlled corporation and that he/she should never have been an officer, a managing director or an employee of the controlling corporation. Another recommendation is mandating that at least one auditor (kansayaku) should be elected by purely minority shareholders of some type from the controlled corporation.
Although this mandatory minority representation on the auditing board is not required for all types of controlled corporation, the author proposes giving incentives to elect an auditor from minority shareholders by providing that if the minority-representing auditor approves, transactions conducted between the controlled corporation and the controlling corporation will be presumed to be conducted on fair terms and therefore shareholders who challenge the transaction must bear the burden of proof.

Another strand of the author’s proposal is to guarantee the minority shareholders of controlled corporations a so called “exit right”. When a controlling corporation has extreme influence on the management and governance of the controlled corporation or the controlling corporation continuously harms the interests of the controlled corporation so that the systems for protecting minority shareholders cannot function, minority shareholders will have the right to demand that the controlling corporation buy their shares in the controlled corporation.

This type of protection for minority shareholders in controlled corporations would be important especially in those closed corporations where presently minority shareholders cannot exit by selling their shares. Currently, controlling shareholders of a closed corporation can derive profits by excluding the minority shareholders using means other than dividends such as compensation for directors. Of course, it can be significant for listed corporations because minority discounts may impede them from selling their shares.

The book explains that recently designing corporate group law has been perceived not only as important but also as an increasingly urgent issue for Japanese corporate law. The Diet has also recognized the necessity of legislating for a comprehensive corporate group law. Therefore, the concrete proposals in this volume are especially timely and have both a practical as well as theoretical importance.

As previously mentioned, the book’s arguments are built on a detailed study of German law and its application. The author derives implications from these but he does not forget to point out the various problems German law has encountered and is currently confronting. Thus, the author does not simply call for the wholesale importing of German law but recognizes its limitations and inherent shortcomings.

From this perspective, it is worth mentioning that the author pays particular attention to the problem of enforcement of the regulation examining such issues as who will blow the whistle on the parent corporation’s actions and how? Another challenge is providing the liabilities of controlling corporations to controlled corporations (or its minority shareholders) that will confront the rational apathy when the necessary actions are left to the dispersed minority shareholders of controlled corporations. The author’s solution to this is to introduce regulations on governance structures, which are outlined above. In doing so, he connects the regulations on the governance structures (i.e. auditor(s) that is (are) elected by minority shareholders) with the liabilities of a controlling corporation by using the shift in the burden of proof.

This idea is also interesting from a different perspective because it aims for the voluntary introduction of minority representations and it does not necessarily rely upon mandating the election of minority representation. Since there is a no one-size fits all governance structure, mandatory minority representation may place extreme costs on some types of corporations even though there is little danger for exploiting minority shareholders. Japanese corporate law has not adopted mandating one particular governance structure to any type of corporations, but rather, in the 2005 revision it made it more flexible: i.e. the Company Law only provides minimum restrictions on governance structures of large and/or public corporations. So, the author’s argument runs in the same direction, namely that we should be cautious when restricting the options that are available to corporations.

On the other hand, there are some problems to be solved and further questions to be answered. Firstly, apart from the cost of mandating the minority representation, how does the auditor function? The minority elected auditor(s) will arguably suffer information disadvantages. If the law gave strong powers to investigate or collect information to the auditor, wouldn’t it lead to a misuse of information? Imposing a duty of loyalty on minority auditors may be a solution to this problem, but it can also make it easier for controlling shareholders to attack minority auditors.

Furthermore, why haven’t we drafted a comprehensive law regulating the extraction of private benefits by controlling shareholders if the exploitation issue is really a serious problem? Reputation may or may not be sufficient as mentioned it this book, but aren’t there any other mechanisms that can suppress or mitigate the extraction of private benefit? One of the possible answers is that minority shareholders of controlled corporations hold the shares of controlling corporations at the same time and hence the loss in the value of shares in the former may be offset.

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by the gain in the latter. If this could be attained through managing one’s portfolio, then would we need regulations on the actions of controlling shareholders? Of course, we may need one if we think of shareholders who do not or cannot manage their portfolio in this manner or when the cost of doing so is so high as to justify the regulation. And it should be noted that this offset position or mitigation of loss may not justifiy the lack of regulations on controlling shareholders, certainly not if we consider the fact that many developed countries have some kind or variant of this law. In any case, we must take the type(s) of shareholders into consideration when we discuss this theme.

The types of shareholders are also in some respects linked with the extent of enforcement. Naturally, the incentive offered to lawyers is one of the main factors here. However, the type of shareholder may be another crucial factor in the equation. Compare an individual shareholder who only possesses a very small fraction of the shares of a controlled corporation with that of an institutional shareholder like a fund which may hold several percent or more of the shares. The individual shareholder arguably has no incentive to take action against the controlling corporation. But the institutional investor may have that incentive because it may not be realistic to exit from the corporation without taking considerable time or suffering great loss. If institutional holders increase, the problem of the enforcement of duty for controlling shareholder(s) can be mitigated and therefore placing duties (and liabilities if they breach their duties) on controlling shareholders may become effective.

One final point should be noted. The author examines both German corporate group laws for stock corporations (AG) and limited liability corporations (GmbH). The former is provided in the Aktiengesetz (stock corporation law), which is the statute for the AG (stock corporation) law, while the latter is formed by case law. This fact clearly illustrates that the way of establishing corporate group law is not singular. It also raises the vitally important issue of who writes the rules? The differing routes are not the same in substance or content, further complicating matters. From the perspective of public choice, legislators and courts will have different incentives and approaches in setting the rules. Also, members of the Diet and bureaucrats have different authority and incentives. This brings us back to the tricky question of who should draft the rules? If the legislators (including both bureaucrats and the Diet) do not draft the rules, then naturally the courts would be the default option. However, should we just leave it up to the courts to furnish us with these rules and regulations? This may well be the dilemma we will find ourselves facing next.

Manabu Matsunaka is an Assistant Professor of Law at Osaka University Graduate School of Law & Politics. This review was produced in collaboration with the Journal of Interdisciplinary Economics.