



PRINCES OF THE YEN
*Japan's Central Bankers and the
 Transformation of the Economy*

Richard A. Werner, Sophia University and
 Profit Research Center, Ltd.

This eye-opening book offers a disturbing new look at Japan's post-war economy and the key factors that shaped it. The author reveals the unexplored role of the central bank and its informal credit controls in the creation of the great asset bubble and the subsequent long recession for the 1990s. He also discusses in detail the role of Toshihiko Fukui, the new governor of the Bank of Japan.

According to the author, the most recent upheaval in the Japanese economy is the result of the policies of a central bank less concerned with stimulating the economy than with its own turf battles and its ideological agenda to change Japan's economic structure. The book combines new historical research with an in-depth behind-the-scenes account of the bureaucratic competition between Japan's most important institutions: the Ministry of Finance and the Bank of Japan. Drawing on new economic data and first-hand eyewitness accounts, it reveals little known monetary policy tools at the core of Japan's business cycle, identifies the key figures behind Japan's economy, and discusses their agenda. The book also highlights the implications for the rest of the world, and raises important questions about the concentration of power in the hands of central bankers.

Selected Contents:

1. Japanese Lesson
 2. The Total War Economy
 3. Winning the Peace: An Economy at War
 4. The Alchemy of Banking
 5. Credit: The Economic High Command
 6. The First Bid for Central Bank Independence
 7. Japan's First Bubble Economy
 8. Mysterious Money: The Ebb and Flow of the Yen
 9. The Great Yen Illusion: Credit Bubble and Bust
 10. How to Prolong a Recession
 11. The Battle of the Yen
 12. At the Trigger of the Gun
 13. The Princes of the Yen
 14. The Goal of Monetary Policy Making
 15. Back to the Future: The Return of US-style Capitalism
 16. Reflection: Another Miracle in the Making
 17. The Asian Crisis and the Central Bankers
 18. More Power for the Princes
 19. The Revival of the Reichsbank
- Appendix: Econometric Analysis of Japanese Monetary and Fiscal Policy in the 1980s and 1990s

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Praise for *Princes of the Yen*:

"This book will keep any interested scholar, student, financial practitioner or 'veteran' of the Asian crisis glued to the pages late into the night, if not awake all night."

**Dr Paul McNelis, Professor of Economics,
 Georgetown University, Washington DC**

"A powerful work." **Eisuke 'Mr Yen' Sakakibara,
 ex-Vice Minister of Finance**

"There is a need for a fresh appraisal of Japan's economy. This is the best I have seen. It is also the most readable. *Princes of the Yen* will quickly become a seminal book in the area."

**Dr. Declan Hayes, Professor of Finance,
 Sophia University, Tokyo**

"Highly informative. Immensely readable."
Prof. Robert Z. Aliber, University of Chicago

"Legitimate criticism of the Bank of Japan."
Prof. Kazuo Ijiri, Voice, Tokyo

For more reviews, please turn over

Praise for *Princes of the Yen*, the No. 1 Bestseller from Japan:

“A path-breaking piece of research. Werner’s style is gripping and lucid. His book at times reads like a suspense novel. Every chapter is a further piece in the puzzle, and the conclusions are surprising and original. Few books I have read manage to get their point across to a non-specialist audience as well as this one. Though likely to spark controversy, it is well-backed by original research. As long-term resident in Japan Werner has had unique access to key decision-makers. His analysis of the Japanese economic model provides fascinating new insights, uncovering important episodes of recent Japanese economic history. The implications go beyond Japan: a thoughtful analysis of the power of central banks.”

Dr. Tobias Hoschka, Head of Asian Research, McKinsey & Company

“Superb. A gripping page-turner - not expected of a book analyzing the reasons why Japan’s 1990s had become a "lost" decade. The author is extremely well-versed in Japanese institutions, including their seen and unseen interdependence. This is a timely book, rich in historical insights and in enlivening characterizations of personae dramatis and the policy-making process of today. An analysis that must be read.” ***Dr. Kozo Yamamura, Professor of Japanese Studies and Economics, University of Washington***

“*Princes of the Yen* addresses two profoundly important and disturbing issues for global financial markets: the dangerous concentration of power within central banks and the deceitful characteristics of credit bubbles. Acknowledging the risks associated with the Bank of Japan’s breathtaking act of brinkmanship, the author argues persuasively that the outlook for the Japanese economy is much brighter than it appears.”

Dr. Peter Warburton, Economic Adviser, Fleming Chase, London

“I highly recommend this important book. I became captivated by the story. The insight Mr. Werner brings to this important corner of global finance is intriguing and the implications are far-reaching and of relevance to all of us in business, finance and academia. Mr Werner is highly qualified to write this book. Written in a very readable and easily accessible style, it is logically compelling.”

Dr. Hank Pruden, Professor of Finance, Golden Gate University, San Francisco

On the Japanese edition:

“This is no ordinary economics book. Readers will find the curtains pulled away from their eyes. Given the time scale covered – the whole of the 20th century – and its broad scope – looking at central bankers’ actions worldwide – this superb book will make you marvel at how fascinating economics really is. Richard Werner could see through the Bank of Japan’s smokescreens. The process of disclosing all these facts step by step is as gripping as a thriller. His analysis has been highly appraised internationally, being prominently covered in the “*Economist*” and read by Federal Reserve chairman Alan Greenspan.”

Takashi Tachibana, Bestselling Author, Shukan Bunshun, Tokyo

“This thought-provoking book sheds light on the masterminds of Japan’s economic policies. The author gives stunning accounts of how a handful of the BoJ’s elite distorted the nation’s financial policies with a view to reforming the country’s economic structure.”

The Asahi Shimbun, Tokyo

“The book deals not just with economic problems, but also unmasks the true causes and power brokers behind those very problems... It depicts the BoJ princes’ clandestine battle to revive the “American-style liberalised economy”, as it existed in the Japan of the 1920s, and to dismantle the controlled war economy, which enabled the post-war high growth.”

The Mainichi Newspaper, Tokyo

“This book makes for a fascinating read. Werner says the claims by the BoJ that they are doing all they can to stimulate a recovery by lowering interest rates, are “just not true”. He goes as far as including a mafia-like list of names and provides evidence about how Sasaki, Maekawa, Mieno and soon-to-be installed Toshihiko Fukui have in an unbroken line been trying to control Japan. I first met the author of this thought-provoking book 11 years ago. He already was a famously accurate strategist, using his analysis to forecast stock market movements with a high degree of precision.”

Kiyoshi Imai, Professor of Economics, Tokyo

“We are all baffled at why on earth Japan’s recession has continued for over 10 years. Countless scholars have come and gone explaining the causes and remedies for the recession. We should seriously heed this author’s warnings...”

Dr. Yoichi Masuzoe, Member of the House of Councilors, Professor of International Politics, Denki Shinbun, Tokyo