Comments on “Investment and Corporate Governance:Evidence from Japan in the 1990s”

I enjoyed reading this interesting paper. This study complements earlier studies and has rich implications for contemporary corporate governance in the future. My comments and suggestions are as following. I believe that the authors have tried many specifications, including what I am suggesting.

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1. To prevent the management investing in unprofitable projects, debt structure may play more important, or at least not less important roles than leverage. Substantially different results may be achieved, using bank debt/asset ratio, or short-term bank debt/asset ratio, or short-term debt ratio as an alternative for leverage

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2. The effect of collateral, in particular, landholdings, on investment seems very important. And it may vary across time. Personally, I am very interested in this issue.

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3. Many variables may correlate each other. It is possible that econometrically GMM is more proper than OLS.