

**THE AUSTRALIAN NATIONAL UNIVERSITY**

Supplementary Examination 2005

**(ECHI2109/2119) ASIAN GIANTS: Japan, China and India: Alternative paths  
to prosperity  
(Pass and Honours)**

*Study period: 15 minutes duration*

*Writing period: 2 (TWO) hours duration*

**Permitted materials: Dictionaries for students with written departmental  
approval only**

**Answer THREE question, ONE from Part A, ONE from Part B and ONE from  
Part C**

**Part A**

Japan

1. Discuss the major factors that influenced the rate of growth of the Japanese economy between the 1960s through the present.

Discuss this statement.

2. ‘Capital-intensive industries, in which *appropriate* technology was applied *efficiently*, were established in Japan in the late nineteenth century. This was so even though, at the time in Japan, the price of labour was comparatively low compared to the price of capital.’ Carefully assess this statement.

3. ‘Recent empirical research by Acemoglu et al., and Rodrik et al. suggests that there are substantial economic gains to be made by a nation improving the quality of its institutions. Historical examples that demonstrate this point are Japan during the Tokugawa and into the Meiji Restoration, and China since the late 1970s up to the present.’

Discuss this statement.

## Part B

### China

4. The following table sets out the changes in the structure of the industrial sector in China between 1978 and 1997. Explain what factors have been at work causing this change in structure.

Year	SOEs %	TVEs %	Private enterprises %	Other %
1978	77	22.4	0	0
1990	54.6	35.6	5.4	4.4
1997	25.5	38.1	17.9	18.5

5. Assess poverty mitigation policy in China from 1978 up to about 2000.
6. ‘The presence of a political oligarchy in China blocked economic reform in that country in the mid- to late-nineteenth century and beyond.’

Discuss this assertion.

7. The Chinese government has recently introduced the Campaign to Open Up the West in an attempt to alleviate the disparities in economic development between East and West China. Discuss the factors that have contributed to these disparities, with particular reference to industrial development, and assess the government’s likelihood of succeeding in its current Campaign.

## Part C

### India

8. In what ways do you think the Indian economy in the British period was typical of less developed countries before the onset of modern economic growth? Were there any exceptional circumstances in India's case? Give reasons for your answer.
  9. India's insulation from world markets until the reforms of 1991 stemmed from a long-standing distrust of markets and international trade in general and the fear that greater involvement in foreign trade would inevitably retard India's industrialization'. Discuss the reasons for this distrust of markets and international trade in India during the planning period. What were some of the economic consequences of this distrust of markets and international trade?
  10. 'India's reform program began in the middle of a macroeconomic and microeconomic crisis that erupted in 1991.' Discuss the main causes, both long term and short term, of the 'crisis that erupted in 1991.' What have been the major elements of the 'reform program', and how successful do you think it has been?
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