

THE AUSTRALIAN NATIONAL UNIVERSITY

Second Semester Examination - November 2000

JAPANESE ECONOMY AND ECONOMIC POLICY

PASS AND HONOURS

Study period : fifteen minutes

Time allowed : three hours

Permitted materials : English dictionary

*Answer **FOUR** questions only*

1. 'No aspect of modern Japan is more dramatic than the revolutionary growth in her foreign commerce after 1868. From a state of economic isolation hardly paralleled in the annals of civilised people, this isolated nation emerged in seventy-five years to become one of the great trading empires of the world. If Japan was more profoundly altered during the century after 1850 than the preceding millennium, the root cause was the opening of the country to Western influence, in which economic enterprise played such a conspicuous role' (Lockwood)

Do you agree? By what means and with what efforts did the opening of Japan to the West foster Japan's economic development?

2. Agricultural protectionism in Japan has its origins not in recent times but earlier this centurywhen policies effectively switched from taxing to assisting agriculture relative to other tradable goods in the course of economic development' (Anderson and Hayami)

How did changes in the structure of the Japanese economy, associated with economic development and growth, influence this change in policy approach?

3. Japan was not so adversely affected by the Great Depression of the 1930s as other industrial countries were. Demonstrate that this was so and explain why it was so.
4. What were the main sources of Japan's rapid economic growth between the 1950s and the 1970s and what factors account for the slowdown in Japan's rate of growth since then? Is a continuation of slow growth inevitable?

OR

Does the East Asian crisis spell the end of higher than average long term growth in the East Asian economies? Justify your answer carefully.

5. What are the distinctive features of corporate organisation in Japan and how are they shaped by the structure of the Japanese capital market? What factors are

affecting corporate organisation and corporate strategies in Japan at the beginning of the 21st century?

6. 'By focusing on the nature of skill, we can easily explain many features of industrial relations. The most famous are undoubtedly seniority wages and permanent employment. Seniority wages simply reflect the nature of skill; skill is developed in a career over a long period within a firm, and accordingly the age-wage profile is positively sloped' (Koike).

Explain and assess this explanation of the 'internalisation' of Japan's labour market.

7. Japan's industrial policies are said to have played a key role in promoting economic growth and industrial development in Japan. What are industrial policies? Do you agree that Japanese government intervention in this way promoted economic efficiency and growth?
8. In Japan in the 1960s there were no markets in which the Bank of Japan could implement open market operations and interest rates were inflexible, yet monetary policy is widely judged to have been effective.

Explain these two seemingly contradictory statements.

9. Assess the argument that the economic crisis of the 1990s was mainly caused by exogenous shocks to Japan's economy rather than being symptomatic of the failure of the Japanese 'model'.

OR

In what ways might the banking crisis in Japan in the late 1990s have affected the real economy?

10. The East Asian economies are 'catching-up' with industrial economies economically and technologically. How does their status as 'catching-up' economies affect their position in international markets and their approach to international trade policy?
11. What is 'open regionalism'? Why is 'open regionalism' a central feature of Asia Pacific Economic Cooperation (APEC)?

OR

What factors are promoting the development of East Asian economic arrangements such as ASEAN plus Three? Do you judge that they are likely to lead to the formation of an East Asian free trade area or common currency?

12. Explain the main factors that have influenced the development of trade between Australia and Japan in the postwar period. What has determined the relative importance of the trade and economic relationship for each country?

