

THE AUSTRALIAN NATIONAL UNIVERSITY
Second Semester Examinations 2001

JAPANESE ECONOMY AND ECONOMIC POLICY
ECON 2008

Study period: fifteen minutes

Time Allowed: three hours

Permitted materials: English dictionary

*Answer **FOUR** questions only*

1. Until the Meiji Restoration in 1868, Japan was virtually a closed economy. How did opening up the economy to international trade affect the structure and growth of Japanese income and why?
2. 'Japan was not so adversely affected by the Great Depression of the 1930s as other industrial countries were.' Outline the evidence there is to support this statement and explain Japan's economic experience during this period.
3. 'Capital accumulation was the motor force of Japan's early postwar growth.' Is this assessment correct and why? Can capital accumulation resurrect Japan from economic stagnation in the coming decades or are other factors critical to restoring Japanese economic growth?
4. Until the financial crisis of 1997 and 1998, East Asia enjoyed remarkably high rates of growth. What accounts for East Asian's strong growth performance in the last two and half decades of the 20th century and what are its prospects for the future?
5. Genda and Rebeck (Oxford Review of Economic Policy, 2000) claim "the most important factor affecting the labour market over the past decade has been the stagnation in growth of productivity and output." What other factors have affected the labour markets in Japan?
6. What are the supposed advantages of a "bank-centred" financial system such as Japan's? Does empirical evidence suggest these were significant in the high growth period? Can such an argument be reconciled with the performance of the banking sector in the 1990s?

OR

"Japanese-style corporate governance has often been described as an efficient and viable alternative to the corporate governance mechanisms available in the West..." (Yafeh, Oxford Review of Economic Policy, 2000). What was distinctive about the system and has it now been shown to have failed?

7. Does Japan's experience with industrial policy in the high growth period provide evidence for or against the need for structural reform and deregulation now?

8. Why was monetary policy the major stabilisation policy tool during the high growth era? What were its shortcomings and how did policy errors affect economic performance in the 1980s?
9. Is the current state of Japan's economy evidence that fiscal policy is ineffective there?
10. Japan's imports of manufactured goods have been a much smaller proportion of Japan's GDP than were America's and Europe's imports of manufactured goods of US and European GDP respectively and it has been suggested that this implies that the Japanese economy is more closed than the United States or European economies. Do you agree? Explain your answer carefully.
11. APEC is organised around the idea of 'open regionalism.' Why was this so and what are the problems with this strategy?

OR

ASEAN + 3 was founded in response to the East Asian financial crisis. What is the nature and purpose of ASEAN + 3? How significantly is it likely to affect the future direction of East Asian economic diplomacy?

12. What factors caused the rapid growth of Australia-Japan trade relations after the 1950s? What are the prospects for Australia-Japan economic relations in the future?

OR

Assess the benefits and costs of forming a Free Trade Area (FTA) between Australia and Japan. Are there alternative strategies for strengthening the two countries' economic relations?