

FACULTY OF ARTS

FINAL EXAMINATION

ECONOMICS 154-335A

THE JAPANESE ECONOMY

Examiner: Prof. John Kurien

Date: December 09, 2005

Time: 2.00 – 5.00 P.M.

Associate Examiner: Prof. Christopher Green

**INSTRUCTIONS:** ANSWER ANY **FOUR** QUESTIONS. EACH IS WORTH 25% OF THE EXAMINATION. READ EACH QUESTION CAREFULLY MAKING SURE THAT EACH SUB QUESTION IS ANSWERED FULLY. TRANSLATION DICTIONARIES ARE PERMITTED. NO NOTES OR BOOKS PERMITTED. YOU MAY KEEP THE QUESTION PAPER. *CALCULATORS ARE ALLOWED.*

THIS QUESTION PAPER COMPRISES **TWO** PAGES INCLUDING THIS COVER PAGE

*EXAM IS PRINTED DOUBLE-SIDED*

1. What are the ways in which the Japanese labour market is different from the labour markets in the Western World? Are these differences related to the performance of the Japanese Economy in the Post-War period? In what ways is the labour market changing in recent years?
  
2. Describe the salient features of the tax structure in Japan. Explain the factors that led to the increasing public debt of Japan and the difficulties Japan faces in containing the debt in the years ahead.
  
3. Japan has continued to enjoy trade surpluses with the rest of the world since 1981 even though the value of Japanese currency has appreciated considerably since that time. Explain the factors contributing to these Japan's trade surpluses. What might be some reasons why the increase in currency value did not result in closing the current account gap?
  
4. Discuss the distinguishing characteristics of the Keiretsu structure and its impact on economic growth and consume welfare. Examine the major changes to the structure over time.
  
5. Explore the causes and consequences of the Japanese banking crisis. What measures have been taken to deal with the crisis? Evaluate how successful these measures have been.
  
6. In comparison to the Western economies, the Japanese economy recorded very high rates of savings in the 1953-1989 period. Critically examine the adequacy of theoretical explanations in accounting for this high savings rate. How and why has the savings rate changed since that period?