

Do not put your name anywhere on the assignment, other than on the back of this sheet of paper. Staple your answers on the front of this sheet of paper. Failure to follow these directions will cost you 1 point. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points.

- 1) (25 points) What is the *Keiretsu*? What is its greatest strength? Why is that an asset for the economy as a whole?
- 2) (25 points) How does the Japanese banking system differ from the banking system of the USA? What is the disadvantage of their banking system? Explain your logic.
- 3) (15 points) Normally, large government deficits are a major hindrance for the long-term growth. However, the Japanese government's deficit is probably not a problem. Explain both how a large deficit hurts growth and why Japan's government deficit is not likely to do that.
- 4) (15 points) What do you feel is the greatest strength of the Japanese economy? Explain your logic.
- 5) (20 points) If you were to advise the Japanese government to change fiscal policy, monetary policy, or an economic regulation, what would it be? Why would you choose that change and why would it help their economy?