

Place your name on the back of this sheet of paper and nowhere else. 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. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

- 1) (20 points) Normally we say that a debt/GDP ratio over 60% is not good and over 100% is bad. Japan's ratio is 220.3% and I say it is not a big problem. What is the problem with a high ratio and why isn't Japan's large debt a problem?
- 2) (20 points) What is the *MITF*? Do you feel it is a net benefit or a net detriment to the Japanese economy? Explain your logic.
- 3) (25 points) Explain both an advantage and a disadvantage of Japan's having such massive companies (*keiretsu*). Overall, is it a help or a hindrance to their economy? Explain your logic.
- 4) (20 points) What caused their economic downturn which lasted most of the 1990s? Do you see a parallel to our current condition? Do you think we will recover quicker than they did? Why or why not?
- 5) (15 points) What aspect of the Japanese economy might it help the USA to adopt? Explain your logic.