

Take Home Exam – Part I
Due October 27 in class

Choose and answer **two** out of the following four questions if you are **undergraduate** a student, or **three** if you are a **graduate** student. In your answers, you must present your arguments by resorting to economic theory as much as you can, and be clear on the causality of the events you are referring to. While it is important to bring up historical events (or data) to back up your (theoretical) argument, *merely listing up historical events may not contribute to your grade. Merely reorganizing the lecture notes available on the course website will not contribute to your grade either. Again, construct your arguments.* Content errors and misconceptions may lead to reductions in the grade, but more weight will be placed on your argument flows. Having a good balance in presenting big-picture arguments and specific events/policies will always help. This exam is not testing the originality of your answers. *You should instead refer to the assigned readings* and other materials to back up your arguments. Please make sure you cite references in appropriate and *consistent* manners and present a bibliography at the end of the exam.

For each question, you must answer within three pages. Use a #12 font and type in double space. *If you go over the page limit or use a different font size, points will be reduced.* Do not skip extra lines between paragraphs. PLAGIARISM WILL LEAD TO A LOSS OF THE GRADE FOR THIS ASSIGNMENT (not just a question that contains plagiarism). No information from Wikipedia and any other online encyclopedia shall be used.

Exams must be typed and printed out (no email or fax unless you have an emergency). You must not consult with your fellow students, but may ask the instructor to clarify what the questions are asking.

Your exam will be collected in class on the due date.

QUESTIONS:

Question 1:

What is “liquidity trap”? What happened to Japan’s monetary policy during the “Lost Decades”? Was it effective? What is the point of implementing quantitative easing? What about the negative interest rate policy? Hint: Focus on the relationship between the nominal, real, and inflation rates.

Question 2:

Does Japan’s “bubble economy” have anything to do with the situation of the U.S. economy during the 1980s? Discuss how the economic situations and policies of the U.S. and Japan as well as their bilateral economic relationship during the 1980s can be viewed as closely related to the Japanese bubble economy.

Question 3:

What are the commonalities among East Asian economies that achieved rapid economic development? In class, we talked that there are differences even among East Asian economies between those which achieved high economic development in earlier years and those which are late comers. What are the differences? Among the factors that contributed to rapid economic development, are there any lessons that can be learned by other developing economies in the world? What kind of economic conditions can allow economies to achieve steady, high economic growth? Are there any Asian specific factors especially in terms of political-economic factors? What is the U.S. involvement?

Question 4:

Carefully discuss the differences and similarities between Korean and Taiwanese economic development. Also discuss if and how socio-political differences contributed to the differences in these two countries' economic development.