

3 Japan has faced significant periods of deflation in recent decades. Despite efforts to stimulate the economy through fiscal policy measures and monetary policy measures, economic growth remains low. Some economists have also argued that the monetary policy used by the central bank is one of the causes of low productivity in Japan.

(a) Identify **two** fiscal policy measures. [2]

(b) Explain **two** influences on productivity. [4]

(c) Analyse reasons why central banks are important for an economy. [6]

(d) Discuss whether or not deflation is a problem for an economy. [8]