

## Investment:

### Japanese Stimulus: Enough White Elephants Yet?

When it comes to the most pigheadedly wasteful spending to supposedly jump-start an economy, portly and wasteful Americans only have one serious rival: the Japanese. The Japanese government has embarked on massive (“shovel-ready”?) construction projects time and again in the hopes that they will provide the foundations for Japan’s recovery. With the Liberal Democratic Party back in power, doling out projects to favoured contractors is once again on the agenda, with more train routes, bridges, and highways to nowhere on the drawing board. Throw in various ports and stations used once in a blue moon and you have white elephant projects all over.



Government spending is a classic remedy for weak growth. But it is one Japan has tried over and over - pouring roughly \$2 trillion into concrete and steel since 1990 in a vain effort to resuscitate the economy, now in its fourth recession since 2000. But it’s not as if Japan needs yet more infrastructure when there is already much more than necessary to get around?

The world’s 61st largest country, Japan has 1.2 million km (745,000 miles) of roads, the world’s fifth-largest network. It has 680,000 bridges, almost 10,000 tunnels, 250 bullet trains and 98 airports. Government critics have long derided many as white elephants - unnecessary, costly and environmentally harmful.



The airport in Ibaraki, 85 km (53 miles) north of Tokyo, for example, opened in 2010 at a cost of about \$225 million as a hub for low-cost carriers. Today, it handles just six flights a day. Construction of the nearly \$5 billion Yanba Dam in northwest Japan began in 1967 to help power the needs of a growing population. With Japan’s population now shrinking, it remains unfinished 45 years later. And there may be hundreds of billions more in spending in store.

Last, there will be no one to use all this new infrastructure as a shrinking population implies a shrinking workforce. Perhaps there won’t even be enough people to build all these white elephants:

It is not even clear who would use all of the new infrastructure, or even who would build it. Thanks to Japan's low birthrate, the population is declining by more than quarter of a million a year, government statistics show, with its working-age population shrinking at double that pace.

See if all these public works projects make a difference; I honestly cannot see why they will now when they did not before.

Source:

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<http://ipezone.blogspot.co.uk/2013/02/japanese-stimulus-enough-white.html>