

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. biography	Bios of Prominent Korean Women [partial] (1 page)	7/2/93	b(6)
002. report	US Government Report (2 pages)	6/23/93	P1/b(1)

COLLECTION:

Clinton Presidential Records
First Lady's Office
Liz Bowyer
OA/Box Number: 3989

FOLDER TITLE:

[HRC Background File] First Lady's Trip to Tokyo, Japan and Seoul, Korea July 6 - 11,
1993 Briefing Book [2]

2014-0483-S

sb341

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

ARTICLES

- "An American In Tokyo," Steven Weisman, NYT Magazine, 7/26/92
- "Letter From Tokyo," James Fallows, Atlantic, 8/86
- "Japan Invents the Future," Daniel Pipes, Society, March/April 1992
- "Panel Says Japan Lags Behind On Equality of the Sexes," Japan Economic Newswire, 5/11/93
- "With Other Doors Closed, Japanese Women are Turning to Law," Asahi News Service, 5/19/93
- "Women Reach for Greater Involvement in Politics," Asahi News Service, 6/2/93



AN AMERICAN IN TOKYO

WHEN I FIRST ARRIVED IN JAPAN, I OFTEN FELT THE WAY A correspondent from a third-world country might have felt in the United States not so long ago. I was awed by Tokyo's gleaming corporate headquarters, their sleek board rooms outfitted with the latest in electronic gadgetry and the requisite Picassos or Renoirs. I was amazed at the high-speed trains, better than anything Americans have and yet mere forerunners of the trains already being planned for the future by Japanese engineers. Even in the best of times, the department stores in the United States seem empty compared with the huge crowds of customers in Japan, picking through sweaters, shirts and other goods priced well beyond my reach.

Last January, I joined a group of American journalists in a tour of a Toyota plant that produces the Lexus, the popular luxury sedan. The production plant was a sprawling complex of cavernous buildings where the only sound we heard was that of machines and robots turning out one gleaming car after another. Feeling like rubes, in from the sticks, we maintained a respectful silence that disguised how depressed we felt. The only workers we saw were the ones checking the machines and driving the cars off the assembly line at the end — into the waiting jaws of huge ships bound for the United States. Toyota officials explained, somewhat apologetically,

that while the company was eager to build cars in America, cars like the Lexus, which require a sophisticated and exacting work force, would continue to be built in Japan.

American visitors to Tokyo see the pervasiveness of American popular culture — from Sylvester Stallone movies to blue jeans to McDonald's — and often assume, mistakenly, that Japan is becoming more American. But any American who has lived for any length of time in Japan will soon sense rising emotions of alarm, distance, concern, impatience, distaste and even contempt for the United States.

The Japanese have noted, with increasing dismay, that the once mighty American colossus — transformed, over the last decade, from being the world's biggest creditor to the world's largest debtor — continues to be plagued by a foundering education system, crime, AIDS, homelessness and a tendency to blame others for its problems. They do sympathize; they just don't understand why the problems are allowed to fester.

The day after President Bush fell ill during his disastrous trade mission to Tokyo in January, I was in a car showroom — working on a story on the reasons the Japanese prefer not to buy American cars — when a schoolteacher said to me that she felt sorry for the President. "He has so many economic and social problems to deal with," she said with a pained smile. Then she added, helpfully: "You Americans do have to learn how to work hard and listen to other people if you want to improve."

For nearly 50 years, Japan has belonged to a world order in which the

A
correspondent bids
farewell to a country whose
problems seem particularly
apparent to outsiders.

BY
STEVEN R. WEISMAN

Steven R. Weisman, deputy foreign editor at The Times, recently completed three years as Tokyo bureau chief.

Is Japan, like the United States, headed for a decline? The answer is an emphatic no. To begin with, despite the recession, Japan is still grow-

Competitive information is based on 1992 data. All product specifications are subject to change without notice. See limited warranty copy for details. Restrictions apply. Manufacturer's Suggested Retail Price, excluding taxes, title, destination charges and options. ©1993 Ford Motor Company.



economically. Its trade surplus could soar this year to a record \$135 billion — and that is before Japan reaps the competitive benefits of trillions of dollars invested in the late 1980's in domestic plants and equipment, as well as research and development. Japan has been in worse economic patches: the oil crises of the 1970's and the collapse of the dollar in the 1980's — and it has come back stronger each time. Few doubt it will again.

What is surviving in even better shape, despite many predictions to the contrary, is the Japanese Government's ability to persuade its citizens to subordinate their individual claims to a higher collective purpose. Japan's economic success is rooted in a popular acceptance of their leaders' establishing goals and their harnessing everything — political system, factories, financial institutions, laboratories and schools — to achieve them. There may be signs of deep political dissatisfaction over governmental shortcomings. But, on the whole, Japan breathes almost as one.

Before my assignment in Japan, I had lived for three and a half years in India, and Calcutta often reminded me of New York City. But it wasn't Calcutta's homelessness and appalling decrepitude that served as reminders. Calcutta, for decades the creative and intellectual capital of India, shares with New York City a messy, noisy and contentious sense of freedom and collision of ideas that I rarely experienced in Japan. In both cities, disagreement can serve as the basis of friendship, whereas if you disagree with a friend in Japan, it often introduces an element of discord that makes him or her feel hurt or wounded.

There are, of course, Japanese who share an outsider's sardonic view of their homogeneity and singleness of purpose. These few dissenters question whether Japan is truly a democracy and wonder if it hasn't become a kind of Communist system that works.

"Superficially, there are struggles going on in Japan," says Shin-ichi Nakazawa, a popular social critic and iconoclast, "but they aren't very dynamic. It's as if Japan has a kind of Communist capitalism, or state socialism without the socialism."

It used to be said that the Soviet Union was a riddle



Despite the recent stock-market dip in Tokyo, Japan's economy is on firm ground.

wrapped in an enigma inside a mystery. But in the last few years, when the wrapping came off, there was no mystery inside. Like every other nation, the Soviet Union was full of contentiousness and demands for freedom.

By contrast, Japan's wrapping has been off since 1945, when defeat meant that it had to jettison its imperialistic and militaristic structure and, for the first time in its history, become a democracy with basic freedoms guaranteed. But resistant to all onslaughts are Japan's ingrained love of conformity, a devotion to a higher purpose and deference to authority. These traits may even have strengthened precisely because Japanese view them as the secret of their astonishing economic success.

In the United States, there is no consensus among scholars or students of Japan over how to think about that Asian economic giant. Americans are generally confused and ambivalent about the subject. Is Japan America's greatest friend in the world, or its greatest rival? Is it seeking to integrate itself into the world economic system, or engage it in economic warfare? Is the Japanese system compatible or a threat? Something to emulate or something to avoid?

Foreigners baffled by Japan are part of a long tradition. In the 16th century, Alessandro Valignano, a Jesuit missionary, said the Japa-

nese "have rites and ceremonies so different from those of all other nations that it seems that they deliberately try to be unlike any other people."

Take the famous Japanese politesse, which can be advanced to an absurd degree. My wife and I had neighbors who brought us a small gift when they knew that some construction work at their house might disturb us. But that was nothing compared with the experience of some friends of ours. Their neighbor's house caught fire during the night. The next morning, the neighbors came by to express regrets for the noise and disruption caused by the fire trucks — in effect, apologizing for the fact that their house had burned down.

But for an American, the Japanese deference to authority can seem no less puzzling. Japan is a society, after all, in which consumer groups focus on pollution and pesticides but have virtually nothing to say about the cartels and cozy business relationships that protect profits and high prices — and the stranglehold these arrangements have on the politicians. Indeed, leaders of consumer groups oppose imports of less expensive rice and other products for fear of hurting Japanese farmers. (Americans would say that consumer groups that consistently favor producers rather than consumers are not consumer groups at all.)

In recent years, moreover, Japanese labor leaders have made a fair amount of noise but have generally accepted the idea that wages do not have to keep pace with company profits and growth. Automobile-industry unions are company unions, whose officers are, first and foremost, company officers. Worker dissent is practically nonexistent. A few months ago, I spent a long cold winter evening outside the gates of a Nissan factory in Yokohama, unable to find workers willing to complain about ever fatter company profits that are not reflected on their paychecks or company practices — like crushing hours and production schedules — that would easily draw fire among workers in the United States. On the other hand, rather than squander their profits on fat salaries and perquisites for themselves, Japanese executives are careful to plow the money back into their companies to make them more competitive — and more secure for workers.

In the area of the administration of justice, the American tendency to contest everything in court is rightly criticized by the Japanese as a symptom of social breakdown. In Japan, the total number of lawyers is 15,000, and the country seems to be doing fine without any more. But the Japanese system is so clearly weighted in favor of the prosecution that suspects

can be kept up for weeks at a time without being charged, and 99 percent of criminal cases end up in convictions.

Yukio Yamanouchi, a lawyer for the Yamaguchi syndicate of organized crime, or yakuza, once told me he would never dream of trying to get one of his clients acquitted. "I always advise clients to bow before the judge, apologize and promise never to behave wrongly again," he said. "After all, there are very few innocent defendants in Japan."

JAPAN'S SUCCESSFUL perpetuation of the notion that everyone should work, harmoniously, for the greater good has been explained by many theories. From their first day in school, for example, children in Japan are taught that they are to serve the good of the larger group. Important tasks are assigned to the youngsters, so that they learn early that their colleagues are depending on them not to let them down. An American friend once asked his English class to list the goals of an ideal society. From the young students came such things as "personal responsibility," "sharing with others" and the like. Among American students, he pointed out, the virtues would all be individually oriented, like "freedom of speech" and "privacy."

Japanese schoolchildren hardly do anything that is not organized by adult supervisors. Even their play time is organized. Hence, at most tourist sites in Japan, students, as well as adults, are in groups, herded about by guides carrying colored flags.

The samurai of old wore the crest of his daimio, or liege lord, on his coat of arms. Japanese businessmen these days wear little pins identifying their corporations. And they seem to enjoy spending weekends or vacations with their work colleagues. Polls show that most Japanese feel it is natural to do group calisthenics before work or sing the company song on special occasions.

It is a common saying in Japan that "the nail that sticks up will be hammered down," but it is a mistake to think that Japanese only conform because they fear being cast out. Japanese have a different kind of freedom — a freedom rooted in security, a low crime rate, a

(Continued on page 38)

JAPAN

(Continued from page 27)

sense of belonging that seems to have vanished from many societies.

My wife and I once spent a weekend at a mountain resort, where we bathed under the moonlight in a hot spring bath next to a forested hillside. After easing away the tensions of the workweek, we bundled ourselves in cotton robes and padded to the dining room, where attendants prepared a pheasant stew over a fire at our table. The ambience was warm, intimate, self-indulgent.

Then we looked around and realized that all the other guests in the room were businessmen on a weekend trip with their male colleagues, laughing boisterously, enjoying one another's company. I have been to many such weekend spots in Japan, and they are dominated by such all-male groups. (Sometimes there's a sprinkling of women from the office or they are joined by hostesses from the hotel.) And I have been moved by the warmth shared by the

men even as that kind of group-think was totally alien to me.

Some sociologists say the genesis of the Japanese urge to belong lies in their physical location: people crammed on a small island of limited natural resources have to get along — and to fend off outside influences — to survive. Historians also point out that when the major modern corporations were founded in the 19th century, they drew their first work forces from samurai who had lost their jobs when their lords' fiefs were abolished. The displaced samurai simply transferred their fealty to the corporation, and that sense of lifelong loyalty to one company has endured to this day.

THE ONE AREA OF PUBLIC affairs where the tradition of consensus and acceptance of official decisions has broken down is the area tied to Japan's militaristic past. Last month, the Parliament approved legislation permitting Tokyo to have unarmed forces join United Nations peacekeeping efforts. After an agoniz-

ing and angry debate, the Government was forced by the opposition parties to back away from its proposal to allow such forces to participate in combat or quasi-combat operations, even under the aegis of the United Nations. The Japanese public, it seems, is still too distrustful of its leaders on matters of basic security to allow such a thing to happen.

This distrust is significant, and seems to be a product of the way Japanese learn their history. Schools teach the young that the disasters of World War II were brought on by a militarist elite that hijacked an unwilling nation and took it to war. Most Western historians regard this as oversimplified, but it is a lesson the Japanese have learned well.

During the gulf war early last year, I traveled through Aichi prefecture, about 200 miles west of Tokyo, and found not one person in favor of the Government's proposal to send Japanese troops to the Persian Gulf. Nobody thought it was a good idea for Japan to get involved militarily. They didn't see the war as Japan's fight, and they didn't

trust the motives of their leaders in favoring Japanese involvement.

Hiro Konda, a 52-year-old office worker, said while he and I sped along on a commuter train, "Given the characteristics of the Japanese people, I don't think civilian control of the military is effective."

What characteristics were these?

The Japanese tendency to accept authority without question, he said. Japan's great strength, he seemed to be saying, could also be its biggest and most dangerous weakness.

IN THE LAST DECADE, many foreign writers and critics have promulgated a school of thought that has had a significant impact on the way many outsiders think about Japan. Japanese society, they say, encompasses a system of rewards and punishments imposed by an arrogant elite. A few years ago, the word "revisionist" came into vogue to describe this thinking, but its basic point of view has been around since before World

War II. The so-called revisionist school actually echoes the thinking of the Japanese left, who have long argued that Japan is run by a rich and authoritarian corporate and bureaucratic oligarchy that uses businesses, schools and other institutions as instruments of control — a "friendly fascism," as some put it. (Left-leaning intellectuals have always been prominent in academic circles in Japan, although their influence on the public is slight.)

In his book published in 1989, "The Enigma of Japanese Power," Karel van Wolferen probed the country's supposedly independent institutions — the political parties, the press, the courts and advertising companies — more aggressively and systematically than any outside writer has attempted in modern times. He argued that they are all part of a system of social engineering "vastly superior to those other major products of social engineering" in the 20th century — Nazism and Leninism.

Van Wolferen's controversial thesis is obviously overstated. But his book accelerated a process that has forced

EQUINE PRODUCTS & SERVICES



The Arabian Horse.

BENEATH ITS STYLISH SURFACE IS A GIFTED ALL-AROUND ATHLETE.



1992 Issue



245 N. Main

FREE Colored Equine Gift Catalog!

Great equine gift ideas through the mail. Call or Write and we will send you our free catalog.

- Monogrammed jackets and clothing accessories for all your riding needs.
- Equine dinnerware including many decorative serving pieces.
- New and exciting team award items.

Ann Chapman

Dept. NY 502 Colong II 61036-2253

SPORTING COLLECTION

Our exclusive designs for Equestrian enthusiasts includes furniture, fireplace and decorative accessories artfully designed in Bronze, Iron, Aluminum, Lead and Wood. Please send \$2.00 for a color brochure.



Belleau Wood, Inc.
a division of Mare & Foal Unlimited

EXPERT INSTRUCTION
(BASIC DRESSAGE AND HUNT SEAT)

Specializing instruction for Adult Beginner Riders and Children

TRAINING • BOARDING
SA • CONSULTATION

-568-2054

many foreign journalists to challenge the official line in Japan at a time when American policy on trade and economic issues has itself become more confrontational.

In speeches and briefings, for example, Japanese leaders say that Japan seeks to integrate itself into the international system of open markets and open access. Foreign journalists today are more apt than ever to report and write stories challenging that line. Articles from Japan now pay particular attention to such unpleasant facts of life as bid-rigging and the exclusion of competitors in the Japanese construction industry, noting much more than their Japanese counterparts that the ruling party does not try to stop the practice because it depends on the construction industry for campaign funds.

I sometimes felt in Japan that the professed love of consensus and harmony was an ideology imposed from above, like the worker's state. In Japanese public discourse, social conflict is treated like a taboo, especially conflict that pits one

group against another. At a conference last December on the 50th anniversary of Pearl Harbor, I heard a highly respected professor of history advance the idea that until it was "infected" by the West, Japan did not have a history of internal warfare. As preposterous as it is, such an idea is widely accepted. A recent newspaper article quoting an American teacher in Japan complaining that his students never expressed their opinions openly in class brought an irate response from a group of sophomores at Kyoto University. They said that Japanese learn that the whole point of any discussion was to achieve harmony, known in Japan as *wa*.

My most frustrating moments as a journalist in Japan have been those occasions when I sought to report on internal conflicts that were either suppressed or overlooked by many Japanese. In 1990, for example, riots erupted in Osaka. In a neighborhood known for its many transient workers, winos and derelicts, buildings were burned and train

stations and cars smashed. Japanese news organizations reported on the riots, saying they had something to do with police corruption in the area, but there was very little information on what had set the riots off.

I traveled to Osaka to find out what had happened and quickly came upon the underside of the Japanese miracle. I found people who admitted that they had instigated the riots. They were a collection of scruffy Marxist die-hards with pictures of Mao and Fidel Castro in their decrepit offices, and they said that they were protesting police brutality, corruption and general mistreatment of the people in the neighborhood. They complained that they were watched 24 hours a day by television cameras placed by the police at strategic intersections, and they said the crowd that started the riots had actually gathered to hear someone give a speech criticizing the Emperor of Japan.

None of this was reported by the press in Japan. The self-proclaimed rioters said that reporters who covered the local police were too

afraid of losing their contacts with the police to write about the grievances of the rioters, and a few expressed the hope that exposure by the "international press" would bring about a redress of their grievances. That didn't happen. The riots exposed what Americans might consider to be flaws in Japanese society, but Japanese news organizations were not interested in exploring them.

IN THIS ELECTION YEAR, issues related to Japan are being raised again and again, with an understanding of that Asian country veering from animosity to complacency. Japan may not be directly attacked by the candidates, but the talk is of competitiveness, industrial policy, producing a better generation of Americans — these are issues rooted in the challenge posed by Japan. Some American analysts, on the other hand, argue that because the United States and Japan are economically interdependent, their overall relationship is sound.

Today, the fundamental difference between the two

countries is that for Americans, the priority is to arrest the decline in their economic competitiveness; for the Japanese, the challenge is to deal with an image of themselves as economic aggressor. A nation that has some of the highest prices in the world and scores ever-higher trade surpluses with almost every other country will inevitably be seen, fairly or not, as engaged in economic warfare with all other nations.

As I was preparing to leave Japan, I could only conclude that the United States and Japan have a profoundly unhealthy political and economic relationship. A deeper understanding of Japan seems to be leading not to greater friendship but to greater enmity — a dangerous state of affairs created not so much by a mutual misunderstanding of what the other is about but by blinkered political systems in both countries that do not permit an honest addressing of the problems confronting them. ■

LUXURY HOMES

~ SELECT PROPERTIES ~



CLASSIC MEDITERRANEAN WESTPORT

Fabulous Riverfront Estate on 2.75 manicured acres with waterfall, stone bridge, terraces. River House w/steam room; filtered swimming pond & indoor pool. Over 8000 sq ft. in Main House. Separate Guest House with workshop. \$2,900,000



BANKSIDE WESTPORT

Idyllic river setting with waterfall, lake, flowering trees, shrubs & a footbridge to far bank of river. Spacious 12 Rm home; 4 BRs, 5 full, 2 half baths. Fabulous MBR suite. Media rm. 8 car garage, circular drive, free-form pool. Privacy. \$1,795,000



ORCHARD HILL FAIRFIELD

Sophisticated Colonial on picturesque property with heated pool. Living Rm with fpl and antique carved mantel. formal Dining Rm/bay window, large country kitchen. MBR suite. 4 add'l BRs, staff quarters. exquisite moldings & appointments. 250,000

Nantucket Island

Here's the deal:



The island home of your dreams in a charming Nantucket village. Guaranteed rental income up to \$18,000 per year. 8% financing. Year-round caretaker for



REPORTS & COMMENT

EAST ASIA LETTER FROM TOKYO

THE COMPETITION between Japan and the United States has been obsessively on my mind since I got here a month ago, partly because it's such a central theme in Japanese political and cultural life. The Japanese are big on ranking things and deciding which is Number One—practically every day I hear that a certain department store or professor or manufacturing firm is Number One, while a competitor is Number Six or Number Two. Americans have the Fortune 500 and the college-football Top Ten, but the Japanese insistence on picking *one* leader in every field seems more sincere and intense. As I've often been told, this is a society accustomed to viewing others as superiors or inferiors but rarely as equals.

For a long time after the Second World War the United States was obviously Number One. The standard imagery was America as Big Brother, Japan as Little Brother, learning and scrambling to catch up. The people I have spoken with, mainly businessmen and bureaucrats (a term of great respect in Japan), disagree about whether Japan should actually be considered Number One in economic power yet. Smugly and with ill-concealed arrogance, some tell me that Japan has nothing to worry about, all its economic problems are solved, and America will keep sliding down the charts because of its moral breakdown, laziness, and inability to make things that work. Other Japanese seem more apprehensive about the various impediments still in their country's path—an

aging population, total reliance on imported resources, mounting irritation from the rest of the world, and so forth. One young banker told me poignantly that he thought the past five years had been the best Japan would enjoy in his lifetime, since it was about to face much greater resistance from America and cut-throat competition from Korea. I believe he was sincere, but perhaps he and the other cautious-sounding Japanese I have met are merely shrewder than the braggarts, in not revealing their confidence to an outsider. In any case, the question itself—Who is Number One?—is on more people's minds in Japan than in the United States.

I spend half my time in awe of Japan's production system, and despairing that Westerners can ever keep up, and the other half chuckling about the parochialism and self-induced limitations of the place. The fundamental problem we've had in competing against the Japanese is obvious after only a few days here: the

Japanese all work much harder than we do.

In saying that, I don't really mean attention to detail or pride in one's work—although those traits are very strong in Japan and probably account for much of its success. I also don't mean that Japanese workers are unusually efficient, in the common-sense meaning of the term. (I haven't yet toured any Japanese factories, where the true miracles of productivity have been achieved.) After seeing offices and department stores and other aspects of the service sector—which accounts for the majority of jobs, even in Japan—it's hard for me to believe that the Japanese do things better than anyone else. Large stores are super-stocked with attendants, usually young women in uniform, who stand in place for hours and sometimes do nothing more efficient than wave customers onto the escalators. (In general, the waste of women's skills may be the hidden weakness of the Japanese economy.) Railroad and



subway cars have conductors hanging out every door. Automation has barely made a dent in the office world—in part because the Japanese writing system, based on Chinese characters called *kanji*, has long encouraged people to write things out by hand, rather than struggling with Rube Goldberg-ish Japanese-language typewriters. (A *kanji*-based word processor has recently begun to have an impact.) Veterans of Japanese office politics say that corporate life features endless meetings, long, ponderous discussions, and redundant doses of the famous morale-building group activities. Obviously, this approach has worked for many Japanese firms, but it is hardly efficient in terms of output per man-hour.

Rather, what has impressed me most about Japan is that the entire culture seems to discourage consumption and leisure and to enforce a dour, self-sacrificing, *hard* life. This is the second biggest market economy in the world, as measured by GNP (Japan has half as many people as the United States does), and I'm sure Japan will sometime soon surpass us in per capita manufacturing output, if it has not already done so. But the conditions of daily life here often make it seem more like the twentieth-richest country.

THERE ARE TWO central, almost overwhelming (and of course connected) living problems: housing and crowding.

The small size and high price of housing exceeds even my apprehensive expectations. I'm not an expert on Manhattan, but judging by friends' apartments in New York, things are more expensive here—perhaps twice as much across the board—and the typical home is *much* smaller and more cramped. With enough money, some people can live in spacious surroundings even in Manhattan, but Tokyo is so crowded that no amount of money can buy you much elbow room. And there is no Long Island or Vermont or Chesapeake Bay nearby for weekend getaways. The only exceptions to the cramped-housing rule seem to be the staff quarters provided by a few embassies and foreign banks—and, of course, the Emperor's palace, which with its gardens takes up a part of downtown Tokyo roughly equivalent to Central Park's share of Manhattan. (By the way, it isn't 1986 in Japan, it's Showa 61, because it's the sixty-first year of the reign of the current Emperor, Hirohito.

Hirohito was enthroned on December 25, 1926, and the last week of that year became Showa 1. On January 1, 1927, Showa 2 began.)

My family considers itself lucky to have found a cheery new two-bedroom apartment for 400,000 yen a month, or about \$2,400 at current rates. One Japanese friend saw our apartment and said it was four or five times bigger than the one where he lives with his wife and infant son. I'm sure he was exaggerating, but not by much. The government, I've been told, has set 100 square meters of floor space—the size of our apartment—as its goal for housing a four-person family, like ours. Right now the average dwelling is only two thirds that size. (A recent TV special on housing pointed out that the French don't consider an area a "room" unless it is at least nine square meters; the Japanese start counting at three.) As best I've been able to judge by visiting friends and shopping for an apartment, the standard dwelling in Tokyo is smaller and darker than practically any housing I have seen in the United States, including some of the places where Haitian immigrants live when they first come to Miami.

We also count ourselves lucky because my commute to central Tokyo, from the suburb of Mejiro, is just under an hour each way. We looked at one place that was an hour and forty-five minutes out of town, still well within the metropolis. By the time the train reached that stop it was already full of commuters coming from points farther out along the line.

In addition to the sheer time such commuting demands, at rush hour it means a kind of crowding that is, well, bestial. Before coming to Japan, I'd heard of the "pushers" who pack people into subway cars at the more crowded stations. I've been subject to their ministrations a few times, and I now go far out of my way—taking alternate routes, or traveling very early or very late—to avoid repetitions. Only once or twice in my pre-Tokyo life had I felt the claustrophobic panic that comes from having strange bodies pressed tightly against yours on all sides and being moved along by crowd momentum rather than your own feet. At rush hour in the subways that degree of crowding is unavoidable, normal. On the subway line I usually take into town, a filled-to-capacity car means that most of the passengers can't hold onto a strap, because they can't even raise their arms. When the train

slows down suddenly or takes a curve hard, a mass of people jolts through the center aisle. The only reason they don't fall is that there are too many bodies in the way. (I had also thought that, at six-two, I'd be able to use size as a weapon in the subway. Against Japanese aged forty-five years or older I can, but the average Japanese height has increased sharply, stepwise by generation, and I am usually not the tallest person in the subway car.)

I don't mean to whine; my point is that the Japanese accept all this as normal life, even as they tirelessly turn out high-quality, cheap goods for consumers everywhere else in the world. Many Americans have sourly joked that the Japanese, without an army, have accomplished exactly what they set out to do during the Second World War—develop a Co-Prosperity Sphere. But there is another way of looking at it. By working so hard and enjoying the results so little, they have voluntarily done to themselves what colonial powers have long tried to force or trick other countries into doing. They work hard so that others may live well. Even considered strictly as consumers, the Japanese are not enjoying the full fruits of their labors. Radios, computers, VCRs, cameras, and other made-in-Japan products that I've priced all cost more in Tokyo than at discount outlets in New York. My Japanese friends assure me that this is the result of heavy excise taxes and perhaps exchange-rate fluctuations, not anything so vulgar as dumping.

Many Japanese think they've got nothing to complain about. Compared with wartime and the ten years that followed, when families didn't have enough food and children walked around wearing paper shoes, everything is luxurious now. "Twenty-five years ago our per capita income was one tenth of America's," I was told by one of Japan's economic-planning czars. "When you've got ten times as much money as you used to, you feel rich." And some of those who do feel they've accepted a hard bargain say that there is no choice. The country is so small and crowded that it's never going to feature ranch houses on two acres of land. Fitting 120 million people into an area the size of Montana would be difficult in any circumstances, but it is even worse because most big cities are crammed into the narrow coastal plain. In addition, a quirk of post-Occupation life makes the housing problem even more formidable

than it might otherwise be. Believing land ownership to be a bedrock of democracy, Douglas MacArthur enacted sweeping land-reform plans that accentuated the already chaotic pattern of landholding. (This one of the MacArthur innovations stuck, like the anti-war plank of the constitution. Several others did not, including his edicts that Tokyo's streets be given names and that Japan go on Daylight Saving Time. As a point of principle and national pride, Japan went back on year-round standard time. In Tokyo in the early summer the sun sets at about 7 P.M. and sunrise is at 4 A.M.) Now something like 53 percent of those in greater Tokyo own some parcel of land. Of course, the amount each of them owns is minuscule, and because land prices keep going up astronomically—they have doubled in downtown Tokyo in the past two years—the conventional wisdom is that you should never sell. In the priciest parts of Tokyo, a *tsubo* of land now goes for about \$1 million. A *tsubo* is the size of two straw tatami mats, for a total of 3.3 square meters. This spring the government released its annual list of people who paid the most in income taxes the previous year, a weird exception to the usual secretiveness of Japanese life. Number One was a man who had traded several lots in Tokyo, and most of the other leaders had also made their money in land.

Because the land itself is prohibitively expensive, Japanese residential construction is typically flimsy and cheap, like the made-in-Japan products of yesteryear. When dwellings get to be more than ten years old, they rapidly lose value, and the Japanese knock them down and build again. This practice, I am told, discourages serious investment in better housing. The city's land remains in literally millions of hands, and about one eighth of the land in this vast city is still farmed. Property taxes are generally quite low, and land used for crops is barely taxed at all. Therefore speculators prefer to sit on their land this way. I recently asked an American professor whether he'd found *anything* in Tokyo that cost less than its counterpart in the United States. He said that there was one thing—onions—and that the explanation was that quirks in the tax code encourage people not to develop their land (but instead, for example, to set up tax-avoidance farms) until the price of land increases dramatically. For all these reasons it's hard to put together big

blocks of land to build new housing. The only apparent solution is for people to live farther and farther out, and to spend more time on those trains—which are extremely clean, efficient, and fast, but inflict that brutal crowding at rush hour.

THE SHORTAGE OF land affects consumption in an indirect way, too. Food and rent are very expensive, but once you've taken care of them there's not much else to spend your money on.

A second house is out of the question unless you're really rich; the same holds for lawn care, extensive remodeling, lavish redecorating projects, and the other space-intensive activities that chew up much of the American household budget. The Japanese are crazy about golf, but there are very few real fairways, so they line up for practice time in large netted enclosures, where eighty to a hundred people can drive balls all at once. Their hobbies are necessarily small, self-contained, and—compared, say, with boating—cheap. Many Japanese households are fitted out with stereos, kitchen appliances, and other electric and electronic gear, but there simply isn't room for the large-scale leisure activities on which Americans spend so much time and money. Not far from our apartment is Gakushuin University, essentially Japan's version of Princeton (children from the imperial family go there), which sits on a compact but beautiful and wooded campus. One Saturday afternoon we walked there with our children and thought we had stumbled onto the opening ceremonies for the Olympic Games. Within a space equal perhaps to three football fields, fully uniformed and feverishly enthusiastic students were playing baseball, soccer, volleyball, American football, rugby, tennis, and *kendo* (dueling with wooden stakes), while orchestra practice, weight lifting, a judo meet, archery, and track and field were under way and the mountain-climbing team scaled a dormitory wall. On a hill overlooking a carp pond, in the most "secluded" part of the campus, a girl practiced arias in full voice.

The Japanese have also "accepted" a hard life because the employers and the government have maneuvered them into it. The employers' association, which serves as coach and policy coordinator for big firms during wage negotiations, has arranged for wages to go up much more slowly than corporate prof-

its. Contrary to the general American impression, the Japanese economy as a whole is not a powerhouse of productivity. Local rice growers cannot hope to compete with large operations in California, Arkansas, or Thailand. Tiny Japanese farms survive at all only because of heavy protective tariffs. The retail sector is antiquated and far less productive than America's. (After the first oil shock, in the early 1970s, the government essentially outlawed the construction of new shopping centers, as an indirect way to save gasoline. The measures have never been repealed, and they shelter millions of mom-and-pop stores.) Manufacturing productivity, of course, keeps booming ahead, but the overall productivity rate rises much more slowly, and so does the agreed-upon "target" for annual wage increases. Therefore, workers at Mitsubishi or Matsushita or Toyota, where sales and productivity have been soaring, receive only modest annual raises. This leaves the companies with more money to invest in the next round of R&D or automation, and the Japanese public with less money to spend.

Last April, a few weeks before the six other big industrial powers came to Tokyo for the economic summit, the Japanese government released the latest reports in a long series of them suggesting that the Japanese people change their ways. If the Japanese spent more on things for themselves—especially houses, but also roads, parks, sewers, and the other items that make up a "social infrastructure"—then their companies wouldn't depend so heavily on exports for survival, and the "trade frictions" that dominate the headlines here might go away.

Taken at face value, some of the new reports amounted to a call for another major social turnaround, like those the Japanese executed after the arrival of Commodore Matthew Perry, in 1853, and in rebuilding after the war. They accomplished those earlier reversals because they were so attentive to top-down orders (after the atomic bombs were dropped, the Emperor said that it was time to cooperate with the Americans, and so nearly all Japanese did), and some government bureaucrats have told me that the same thing will happen now: the great Japanese monolith, which can be quick to act once it reaches its cherished state of consensus, will begin moving toward shorter work weeks, longer vacations, and a generally easier

life. "This is Japan," a prominent banker told me. "Until the last moment we hold onto the old idea, and then all at once we change."

However, the politically convenient timing of the reports, plus the long record of similar recommendations that led nowhere, has made most foreigners skeptical. For instance, the Mackawa Commission, a group of advisers to Prime Minister Yasuhiro Nakasone, produced the most far-reaching of the reports, which called for radical social and economic changes leading toward less saving, more leisure, and a greater willingness to let the rest of the world do the work. (From the American point of view such recommendations sound bizarre—the government asking people to slack off? This is one small indication of the gulf between East and West.) At the press conference at which the recommendations were unveiled, foreign reporters pressed for specifics: which industries would Japan allow to die, so as to let more imports into its markets? The only examples that the commission's chairman, a former Bank of Japan director named Haruo Mackawa, would give were shipbuilding and coal-mining—both of which are near death already. Apart from Nakasone himself, who has to fend off unhappy foreign leaders, almost no one in the Liberal Democratic Party (the conservative-inclined permanent ruling force in Japan, like the Democratic Party in Lyndon Johnson's Texas or Richard Daley's Chicago) has any self-interested reason to open up the Japanese economy, since change of any sort would disrupt a market some Japanese firm now controls. To his credit, Mackawa has waged a personal publicity campaign in support of more imports and less self-sacrifice. The strongest argument for change is that all of Japan's "friends" around the world are getting tired of losing their jobs and markets to Japan. This may be a testament to its industrial diligence but not to its prudence and foresight. In a big trade war everyone would suffer, but Japan would suffer most (because it needs some export earnings to pay for imported food and fuel).

Thus economic logic, as well as Western concepts of self-interest, make it seem obvious that the Japanese should slow down. But it will be no easy trick, since the workhouse—I almost said sweatshop—atmosphere seems to reflect fundamental aspects of the culture. You can always start a fight among

Japanese by asking whether their work habits actually do arise from intrinsic cultural characteristics, and not from government policies, corporate coercion, or other traceable causes. One literary critic lectured me on the Japanese classics of the pre-Meiji era (early nineteenth century and before), which typically featured wastrels and pleasure-seeking gadabouts, he said—almost like Elizabethan comedies. With that background, how could Japan be culturally a nation of drones? According to this man, the dutiful Japanese workaholic was deliberately invented during the Meiji era, when Japan was desperate to catch up with the higher-tech West. Since then the country has never stopped. But other people have told me that the Japanese work ethic is more deeply rooted in the pre-Meiji past. They say that from its calligraphy to its love of tidy packaging, the culture has always taken pleasure in a job well done.

WHETHER THE work ethic is of a thousand years' standing or only a hundred, it seems obvious that the Japanese will have trouble changing, regardless of how many reports they read. With Moonie-like consistency of phrasing, nearly everyone I've met has reminded me, "We are a small island nation with no natural resources." The Japanese live in constant fear of being starved out or left to freeze—even as they believe that their economic successes confirm their basic superiority over the rest of the world. The "Nixon shocks," long forgotten in America, live on in the Japanese memory about as vividly as Pearl Harbor does on our side, as a reminder of how vulnerable they will always be. (When food prices were soaring wildly in the early 1970s, Richard Nixon suddenly embargoed all exports of soybeans, to take pressure off the domestic market. Soybeans are a staple food in Japan, and the psychological effect was nearly as dramatic as when OPEC jacked up the price of oil. A few days later Nixon relented, but the Japanese have never forgotten.)

From school age on, long hours and drudge work are drummed into everyone as the basic stuff of life. On Sundays, as my wife and I take our sons to see the sights, we run into throngs of Japanese schoolchildren, all in their black or dark blue uniforms, coming home from sessions at "cram schools" or other organized activities. Six days a week they go to regular school; on the

seventh (and many afternoons of the other days) they go to cram school, to prepare for the "exam hell" that is required to pass from each school level to the next. Such regimented schooling, I am told, is a post-Meiji innovation, which attained its full fury only in the past fifteen years; still, it's now accepted as a fact of life. About ten years ago a Common Market official infuriated the Japanese by writing, in a supposedly confidential report, that they were "economic animals," who were willing to "work like fiends and live in rabbit hutches." The Japanese are unbelievably sensitive about this reputation—about once a day I hear a bitter comment like "Well, it's time to go back to my hutch"—but also, I think, proud of it. Americans work to make money and to win respect, but to some extent our culture says that you work hard so eventually you won't have to work. You struggle for a degree so that you can get out of the factory, you scrimp and save so that you can retire early. I'm sure the Japanese don't love to sweat any more than the rest of us, but the basic calculation seems different here. They work because that is their duty to a tight-knit, homogeneous society. They work . . . so as to keep on working.

I don't want to get carried away. Nearly everything about the culture is intriguing. For example, why do grown men spend their hour on the subway each day reading porno comic books? Why is it considered vulgar and/or Western to eat in public—except at baseball games or on long-distance trains, where people gobble boxed lunches, called *bentos*, nonstop? Why is physical contact, such as shaking hands, thought so indelicate and unsanitary—except on subways, where someone else's hair may be stuffed in your mouth? What's more, much of the culture is unalloyedly charming. We've become addicted to the public baths, for instance, where you go at the end of the day, get parboiled in big deep tubs, and leave feeling marvelous. Many people have been kind and generous. There is a delicacy and precision evident in all the details of daily life. Things work, because people care about doing their jobs. The food is great. Still, there's no escaping the fact that the cultural premises here are not just "different" from ours, as they might be in Brazil or Finland, but, as I will argue in a future article, repellent to some of our most basic values.

—James Falloos

Japan Invents the Future

Daniel Pipes

Even as Japan becomes a world leader in modernity, two stereotypes continue to interfere with an understanding of that country. First, there is the old canard that the Japanese can only imitate, not originate. Already in 1871, one British observer accused them of a "lack of originality" and nine years later another wrote about Japan having "a civilization without any originality." In 1900, Algernon Bertram Mitford said that "Japan has never originated anything." A few years later, Henry Norman explained that, "in commercial matters the Japanese have exhibited their imitativeness in the most extraordinary degree. Almost everything they have once bought, from beer to bayonets and from straw hats to heavy ordinance, they have since learned to make for themselves." In 1915 Thorstein Veblen held Japanese assimilation of Western ways to be "most superficial" and "has not yet had its effect on the spiritual outlook and sentimental convictions of the people."

Similar charges have been repeated many times since, even by knowledgeable observers. In 1971, Donald Richie wrote that "in film, as in much else, Japan did not invent techniques or even styles; rather it brought those existing to a point of perfection."

The accusation is nonsense. Even the most superficial acquaintance with Japan after 1854 should be enough to recognize that this country has been enormously creative; and this is even truer today. The Japanese explore modernity directly on their own, while Africans and other Asians learn about it through translations. In the rest of the non-Western world, almost all that is new is derivative; in Japan it is mostly original.

Perceptive observers have noted Japanese creativity throughout the twentieth century. Henry Dyer wrote in 1904:

The charge of want of originality on the part of the Japanese is . . . superficial and unfair. . . . In the course of little more than a generation the Japanese have shown that they are not only able to adapt Western science to Japanese conditions, but to advance its borders by original investigation. . . . It is too late in the day to continue to repeat what was a very common saying thirty years ago; namely that the Japanese were very clever imitators but that they had neither originality nor perseverance to accomplish anything great.

A few years later, Ernest Fenollosa observed: "We have belittled the Japanese as a nation of copyists."

The second stereotype holds that, if the Japanese have any originality, it is limited to two areas: technical ingenuity and economic proficiency. Sure, the Japanese can improve what others invent; and, yes, they do work very hard, but foreigners and Japanese too tend to see the country's achievement as narrowly limited to making Sony and Toshiba into household names worldwide.

Such glib generalizations ignore the broad-based and profound cultural transformation that has taken place in Japan. Technical skills are just a small part and economic success is only one of many accomplishments. Dwelling on prowess in these areas alone diminishes the magnitude of the Japanese achievement.

Further, the assumption that fine engineering and a high GNP can exist in isolation is a very dubious one, at best.

The argument matters. If the conventional view is indeed wrong, it means that the Japanese pose a far greater challenge to the world than is widely understood. An imitative country that got lucky has little long-term significance; but a highly creative civilization at the forefront of change has importance for everyone.

Japanese Creativity

The Japanese turned the very act of borrowing into an act of creativity. Prototypes were learned, imitated exactly and with skill, then quickly developed in new and distinctive ways. In the end, the model turned into something new and invariably original. From the great to the humble, what started as Western rapidly took on a clear Japanese cast.

Hiden, the tradition of initiating students into a body of confidential knowledge, is still relied upon for the transmitting of knowledge. Inspired by this legacy, Japanese students devote themselves to serious, long-term study in a Zen way ("a student walks seven feet behind his teacher, lest he step on his master's shadow"). Take driver's education which requires intense efforts in Japan. During the first hour of the course, a student practices the precise way to open a car door (lift the handle gently, pull the door exactly four inches, stop, look in both directions, and open the door the rest of the way). A student can be inducted into these mysteries either by devoting the good part of one day a week for up to six months. Or he can attend one of the country's 150 residential driving schools, where he devotes seventeen to twenty days to intensive instruction on driving.

Baseball is played according to the same rules as in the United States but has evolved into a Japanese institution with a wholly different approach to learning skills. Sadaharu Oh, the slugger with a career total of 868 home runs recounts how he studied at the feet of his master, Tokyo Giants' batting coach Hiroshi Arakawa: "Arakawa-san taught me everything I know. All that I have ever accomplished I owe to him. What is best in me is only what I have been able to draw from his teaching." Appropriately, Oh's autobiography in English carries the subtitle "A Zen Way of Baseball."

Oh also notes that team cooperation has an importance unknown to American players. "In my country it is impossible to play just for oneself. Everyone wants to play that way—but you cannot show it. You play for the team, the country, for others." Loyalty is recip-

rocated by management; former Yomiuri Giants often work for the Yomiuri newspaper, while Nippon Ham Fighters end up selling ham. Appropriately too, Robert Whiting subtitles his study on baseball in Japan, "Baseball Samurai Style."

Exchanging business cards developed from a Western custom but quickly took on a distinct Japanese flavor. Cards are carried more widely (even by high-school students), used in more situations (bar girls give cute cards to their patrons), exchanged more often (one guess has 12 million of them handed out each day), made more elaborately (they can be made of metal or carry photographs, smell aromatically, play music, or be downloaded into a computer), and scrutinized with unique care.

Department stores began by emulating those in the United States but quickly took on distinctive Japanese elements of culture and entertainment. For example, the stores sponsored major art galleries and for many years had game rooms and hired bands. Vending machines in Japan purvey goods—such as beer and hard liquor—that are nowhere else sold by machine.

**"A student walks seven feet behind
his teacher, lest he step on his
master's shadow."**

The comic strip arrived from the United States in 1923 and quickly transcended its American origins to become a staple of Japanese entertainment and a major force in popular culture. Today, it constitutes over one-quarter of all printed matter in Japan, a statistic that appears less surprising when one sees the telephone-directory-sized volumes produced each week. *Shonen Jump* sells over 2.5 million issues a week and the largest circulation comic of them all, *Champion*, sells over 4 million. Even elite universities sponsor comic clubs where students publish their own comic magazines.

With regard to food, the Japanese package a lunch of sandwich, potato salad, and lemon pie in the Japanese bento style, in a lacquer box subdivided into parts and garnished with green. The Japanese cuisine pays little attention to food being hot or cold; neither does it serve meals in a strict order; as a result, even French food is served in Japan with a certain nonchalance.

Shoes became popular in the 1870s, before any other Western-style clothing. Right from the begin-

ning, the Japanese adapted the form to their own taste. "In early Meiji there was a vogue for squeaky shoes. To produce a happy effect, strips of 'singing leather' could be purchased and inserted into the shoes."

The Japanese made the Christian holidays of Christmas and New Year's their own, and in the process transformed them. For background, two facts must be remembered: less than 1 percent of the Japanese populace is Christian and the Japanese traditionally celebrated Lunar New Year (with the rest of the Chinese cultural world) in late February. Now all has changed. The holiday season begins with "Forget-the-Year" revelries and continues for nearly two weeks. During that time businesses shut down and alcoholic consumption soars. The symbols of Christmas, taken primarily from the United States, are everywhere. But they are not serious. As the *Economist* observes: "This Shinto-Buddhist land has imported piped jingle bells, sparkling trees and yo-ho-hos in the same spirit as it has adopted Mickey Mouse: as pure fun."

The number of Christmas cards received can affect social standing and credit rating.

New Year's is an even more extravagant occasion. Since 1873 it has taken place on 1 January (not late February) and it, not Christmas, is the main time for exchanging gifts and cards. The Japanese have the exchange of cards down to a science; in contrast to the rest of the world, where holiday cards dribble in over a period of weeks, the Japanese post office assures delivery on 1 January, so long as a card is mailed by 28 December. A typical household receives hundreds of cards on that date. Indeed, how many cards one receives and from whom has not just social implications but can affect one's credit rating.

A consumer-finance company, *Honobono Reiku*, says that it gives loans more readily to those who get many *nengajo* (New Year's cards), on the theory that these must be people of substance. After all, said a company official, Katsuhiko Hasegawa, "When your business goes bankrupt, you get fewer cards." *Honobono Reiku* even evaluates the type of card. Those who get handwritten greetings are deemed worthier than those who receive the pre-printed varieties. Senders are judged, too, on a point system of one to five. A card mailed by a former teacher or an expensive restaurant gets a five, but one from a politician is worth only a

one because office-seekers hand out *nengajo* as readily as promises.

The Japanese celebrate the Christmas and New Year's season by listening to Beethoven's Ninth Symphony. Gigantic choruses (numbering up to 10,000 participants) rehearse for months in advance and the country's leading orchestras play the symphony over and over again during December. This represents an original Japanese custom, not a Western one, that evolved out of two Western imports, the holidays and the music.

The use of English is startlingly original. Japanese company names, advertising, and decorative uses of the English language are to a native speaker often strange and sometimes incomprehensible. A shirt proclaims "Groovy Question" and a jacket states "Nice Box 317— Lover Come Back to the Mysterious Club." A bag is inscribed with "West Coast Sportsgoods Spirit," a loose-leaf folder has "American Way Pulse of Stationery." The thoughts on a sweatshirt range from the absolutely obscure ("Boom Strap—Articles of Knitting Grew") to the racy ("Mr. Zogs Original Sex Wax—Never Spoils, the Best for Your Stick").

Brand-name goods also carry odd tags. "Pocari Sweat" is a popular drink, "Creap" a coffee lightener, and "Potato" the name of a rock magazine. Despite its name, "Goo Soup" is said to be of delicate taste. Tags on watches sold by the YOU company include the inscription "Sentimental Grafitti Orient." A liquor slogan exhorts: "Be more Scotch and have more wine." Even foreign corporations get into the spirit. On vending machines, Coca-Cola products carry the slogan "I feel Coke," while cans proclaim "I feel Coke & Sound Special."

This inventive use of English—using words purely for effect, disregarding meaning—represents not errors but a wholly distinctive way of using language. English takes on an iconographic purpose, becomes something to be seen, not read, much less taken literally. The Japanese have chosen to play with the language in their own way. Some now call this Japlish or Janglish; less delicately, Basil Hall Chamberlain a century ago called it "English as she is Japped."

Government and Public Office

In government, already in the Meiji period, after a short period of unimaginative imitation, the Japanese evolved the administrative institutions they had copied. Parliamentary democracy received a new twist with a system of a strong bureaucracy and weak politicians, of party factions (*habatsu*), and of strong central and weak local governments.

The Japanese police introduced innovations in recruitment and deployment. Administrators were hired from among graduates of the country's leading universities. Already in 1893, long before Western police organizations attracted university graduates, graduates of the Imperial University joined the Tokyo police force. Formal police education began with the national Police Officers Academy, the first such institution in the world, founded in 1885.

Japanese police mixed benevolence and power in distinctly Confucian manner.

Training at the National Police Academy outmatched anything found in the West before the 1920s. Japanese police officers achieved a level of discipline and honesty not found elsewhere. University and specialized education soon led to professionalization, which became so integral to the police that, five years after government funding for the Academy ended in 1904, the police association itself paid for a new Academy—a perhaps unique event in the history of bureaucracy.

The Japanese police portrayed themselves from the start very differently from the Western models. An 1874 regulation for Tokyo officers mixed power and benevolence in a distinctly Confucian manner: "The officer is parent and older brother, the subordinate is child and younger brother." In line with this, police would intrude in matters of no concern to their Western counterparts. Not only would they haul men wearing the topknot off to the barber or would make sure pedestrians walked on the left, they would inspect houses in the fall and spring to insure that the bi-annual house cleaning was done properly.

The deployment of police officers too was based on novel principles. To consolidate the beat system, that was widely used in Europe, they developed small stations for urban and rural needs. In cities, the police worked out of three-man police boxes (*koban*); in rural areas, they were based in one-man residential posts. These small stations gave the police a consistency of dispersion and penetration unmatched in Europe. It took almost exactly a century for *koban* to reach the West, finally making it in 1987, when the first of these more efficient and less expensive versions of the foot patrol were adopted in San Francisco.

A fine example of the relationship between Japan and the West is the postal system, which emerged along similar lines. The Japanese borrowed mostly from the

British system, then the most advanced in the world, and immediately began experimenting. They used new forms of transport (including rickshaws), relied on private companies to deliver much of the mail, advertised for business, offered various services gratis, and established novel organizational forms. The results were impressive. By 1912 a retired British postal official deemed the Japanese system "splendidly organized." By 1976 (almost a century after the Japanese had first imitated the British system), the British government dispatched a committee to study the Japanese postal service, seeking to learn from their organization and use of technology.

The Japanese government also experimented with other important practices. In the field of energy, for example, its sale of coal mines in 1869 was not just "the most extensive non-coerced privatization in economic history," but also one of the earliest; and the decision to leave electrical supply entirely in private hands made Japan nearly unique among industrialized states.

Business and Industry

In business, many of the features characteristic of Japanese management had already emerged in the 1890s, including, as Eleanor Westney has stated, "the emphasis on generalists rather than specialists; a reliance on formal intra-organizational training to provide needed skills and inculcate loyalty toward the organization and a strong personal sense of duty; the standardized, rational structure of bureaus and sections."

Japanese corporations are uniquely involved in the lives of their employees.

From this, the Japanese created a unique business structure, what Murray Sayle has dubbed a system of tribal bureaucratic capitalism. It includes distinctive forms of corporations, such as commercial combines (*the zaibatsu*) and trading companies (*sogo shosha*). The Japanese found new ways of cooperation between corporations and government agencies, such as the Ministry for International Trade and Industry. Japanese corporations are uniquely involved in their employees' lives, sponsoring everything from calisthenics to marriage bureaus—seeing it as the duty of the company to help with this.

Within the factory, the Japanese took the American concept of quality control circles and refined it to the

point where factory inspection was rendered almost unnecessary. This in turn made possible the just-in-time (*kanban*) method of industrial production, with attendant savings in production costs. Innovations in management include *ringisei* (circular discussion system) and *nemawashi* (informal discussion and consultation). Japanese firms pioneered the practice of close relations between management and workers, and assuring lifetime employment in return for in-house labor unions becoming docile. Operating on the principle that "workers, not managers, build cars," workers received ever more responsibilities, while the ranks of managers were thinned out.

Japan's great industrial and commercial success in the 1970s made its business practices the subject of many studies seeking to evince their secret and make it available to the outside world. While the direct application of Japanese methods had only limited success (Sears World Trade, created on the model of a *sogo shosha*, quickly floundered), the example of Japanese firms, their efficiency, and their spirit profoundly reshaped the international face of business. Rivals who had never worked together combined resources to fend off the Japanese challenge.

Many characteristics of Japanese corporations are not tied to Japanese culture, and can be successfully exported. Such features include: variable compensation to employees, enterprise labor unions, greater job security, the *kanban* system of manufacturing, more willingness to search for innovative technology, eliminating dividends to stockholders, closer relations with banks, and greater emphasis on market position than profits. Eleanor Westney, a specialist on Japanese organizations, has predicted: "It seems likely that the growing internationalization of Japanese commerce and industry will eventually make Japan an important exporter of organizational patterns as well as of cars and consumer electronics."

Education

Studies show that Japanese high school graduates have had the equivalent of four more years of schooling than Americans. The great emphasis on high school performance, culminating with the college entrance examination, is then followed by relative relaxation during the university years. Foreigners have long been impressed with the Japanese school system. Henry Dyer, a British engineer, recognized the implications of this achievement in 1904:

Great Britain should not be above learning a few lessons from Japan. . . Other countries, notably

France, Germany, and the United States, and above all Japan, have developed their educational arrangements and applied the results to national affairs in such a way as to affect profoundly economic and social conditions at home and trade abroad.

Indeed, Dyer re-organized the Glasgow and West Scotland Technical College along the lines of the Imperial College of Engineering in Japan, making that college possibly the first Western institution to be influenced by the New Japan. Along similar lines, U.S. Secretary of Education William J. Bennett wrote in 1987 that Americans "should look for principles, emphases and relationships in Japanese education that are compatible with American values, indeed that tend to embody American values. . . to see how we might borrow and adapt them for ourselves."

Japanese educational methods have had other influences too. For example, the Suzuki Method of violin training, which applies traditional Japanese techniques of rote learning in new ways, found a substantial international following.

Science and Technology

Scientific training got off to a quick start in Meiji Japan as eminent European or American specialists traveled to Japan to instruct Japanese students in physics, chemistry, zoology, botany, geology. For other subjects, such as mathematics, the Japanese traveled to Europe.

Japanese achievements became quickly apparent. Shibasaburo Kitazato discovered the antitoxin against tetanus in 1890. The 1892 Diet bill, creating an earthquake investigation committee, made seismology a specialty of Japanese science, which quickly became a world leader in this field. Hantaro Nagaoka, who had the distinction of being the only non-Westerner present at the founding of the International Congress of Physics in Paris in 1900, soon after proposed the Saturnian model of the atom's structure (that is, a massive nucleus surrounded by orbiting electrons), antedating by a decade the work of Ernest Rutherford and Niels Bohr.

Kikunae Ikeda identified monosodium glutamate in 1908. Umetaro Suzuki discovered the first of the vitamins, B-1, in 1910. Kotaro Honda invented K.S. Magnetic Steel in 1916. Kyusaku Ogino demonstrated the connection between ovulation and menstruation in 1923. Hideki Yukawa hypothesized the existence of the meson in atomic nuclei in 1934. Shin-ichiro Tomonaga had a key role during the 1940s in formulating the theory of quantum electrodynamics. Five Japanese

scientists have received Nobel Prizes; the only other non-Western scientists to have won prizes are one Indian and one Pakistani.

Despite these impressive results, the feeling has long existed in Japan and in the West that the Japanese have not done their share of basic research, ignoring it in favor of research aimed at finding commercial applications. Even a Japanese prime minister, Yasuhiro Nakasone, publicly stated that Japan is indebted to the West and "we now need to repay the favor." Spurred on in good part by foreigners (shades of the unequal treaties in the 1880s!), Japanese firms began to establish capabilities in basic research.

According to one estimate, more than thirty major corporations established basic research laboratories between 1982 and 1987. Funds devoted to research increased by an average of 10 percent annually through the 1980s. Looking at 1985 figures, Americans spent \$109 billion on research and development, the Japanese \$34 billion, the Soviets \$3 billion, West Germany \$2 billion, and France and Great Britain each about \$1 billion. (Changed exchange rates would double the size of the Japanese investment within three years.) By 1985, the Japanese spent a larger percentage than Americans of their gross national product on research and development (2.8 percent versus 2.7 percent); because a substantial portion of American funds went for military research, Japan out-spent the United States in civilian research.

The Japanese took out more than half the patents in chemistry and produced most of the amino acids required for bio-technology. A massive particle accelerator, Tristan, costing \$700 million, placed Japan in the forefront of elementary particle research. A December 1988 report of the National Science Foundation in Washington concluded that the Japanese scientific endeavor had achieved "relative parity" with the American level.

American universities and businesses in turn responded to this effort with alacrity. Some 400 scientists began to study Japanese and the Massachusetts Institute of Technology offered courses in the language. Indices and summaries of Japanese articles were started, most notably the monthly magazine of the Japanese Technical Information Service, providing 5,000 abstracts in each issue. A congressional subcommittee published a report on the need to stay abreast of Japanese science, and the Commerce Department proposed a joint venture with industry to program computers to translate Japanese into English.

In technology, about 1869, the rickshaw (more properly, *jinrikisha*) was invented in Tokyo. It provided

such an efficient and low-cost way to transport goods and people, the vehicle soon became a major export to China, the Malay peninsula, and India.

The Japanese take ideas or inventions from the West and make better use of them. As a result, they are the single most dynamic force in the application of technological advances. A few of the most important examples must suffice, for the list is very long: nylon fueled the synthetic textile industry, transistors and semiconductors spawned the electronics industry, and robotics, which were invented in the United States, have been most heavily applied in Japan.

Although long dependent on technology from abroad, the Japanese now generate much on their own. According to a 1988 report issued by the Japanese Science and Technology Agency, the 490,000 engineers working in Japan outnumber the combined totals of Great Britain, France, West Germany, and Italy. Whereas Japanese inventors received 4 percent of U.S. patents in 1970, they won 19 percent in 1986. By 1985, Japan received, after the United States, the largest flow of income from technological advances used by foreigners.

Examples include: Junichi Nishizawa's many basic electronic devices, such as optical fibers and the PIN diode, a forerunner of the semiconductor. In June 1985, a missile tracking guidance system developed by Toshiba became the first Japanese military technology to be used by the U.S. government.

According to a study that traced citations to prior inventions (as a way of tracing influence), starting already in 1976, scientific innovation in Japan outpaced that in the United States. The report held that Japanese patents were "at the leading edge of modern developments in technology." The American Electronics Association opened an office in Tokyo in 1984. The impression of Japanese imitateness remains, however, and in good part because of this, foreign firms have adopted little Japanese technology.

The Arts

In the arts, Japanese literature touched almost every important nineteenth-century French writer. Almost to an individual, they showed interest in Japan or China and appreciated the arts of East Asia. More broadly yet, according to Kenneth Rexroth, "the forms of Japanese poetry, of the *Noh* drama, and even of the Japanese language itself, happen to parallel the development of poetry in the West from Baudelaire to Rimbaud, to Mallarmé, to Apollinaire, to the Surrealists."

But of all the writers swayed by Japan, two stand out by virtue of their stature and the depth of Japanese influence on them: Ezra Pound (1885-1972) and Wil-

liam Butler Yeats (1865-1939). At the most elevated level, *Noh* theater profoundly influenced Pound's *Cantos* and Yeats' *Plays for Dancers*. What Pound called the "super-position," or the addition of a reference to nature—"The apparition of these faces in a crowd, / Petals on a wet, black bough"—came to pervade his own writing and had a wide influence on subsequent English and American poetry. Pound introduced Yeats to Japanese writing in 1911, inducing Yeats henceforth to rely on the super-position as well as techniques derived from *noh*.

European theater in the nineteenth century turned to Japanese forms for new elements.

Other English-speaking writers looked to Japan for inspiration, among them Conrad Aiken, Richard Aldington, T. S. Eliot, John Gould Fletcher, Robert Frost, Amy Lowell, Archibald MacLeish, I. A. Richards, Wallace Stevens, and William Carlos Williams. American poets of the beat generation very clearly showed the impress of Japanese verse. Paul Goodman wrote five plays modeled on the *noh* form of drama. The American poet Kenneth Rexroth holds that "classic Japanese and Chinese poetry are today [1973] as influential on American poetry as English or French of any period, and close to determinative for those born since 1940." Earl Miner concludes that "over the long period of four centuries Japan and its culture have become increasingly important to our writers and have assumed the role, to use the phrase of Ezra Pound, of 'a live tradition' which has modified, refreshed, and helped shape much of the finest modern English and American literature."

Other Japanese forms also affected Western poetry. The *haiku* verse form (of seventeen-syllable poems) provided the central inspiration for the imagist school in France and England, and through it affected much of modern European poetry, especially that written by such Frenchmen as José-María de Heredia and Paul Louis Couchoud. Woodblock prints inspired Oscar Wilde to adapt coloristic images to his verse "studies" and "impressions."

The European theater of the nineteenth century turned to Japanese forms for elements of abstraction, stylization, and self-consciousness. *Noh*, with its bare stage, abstract symbolism, and austere music had perhaps the most profound impact on Western theater.

Under its impact, highly elaborate scenes gave way to simple and nominal gestures. The revolving stage, patterned after kabuki theater, was introduced in Germany in 1896. *Kabuki* affected Bertold Brecht and continues to exert an influence on Western writers.

The *shimpa* (or *shimpageki*, "new school") theater which came into being under the impact of the West broke down the many restrictions of *noh* and *kabuki*. Eventually, Japanese directors brought their methods directly to Western audiences. Thus, the avant-garde director, Tadashi Suzuki staged *The Tale of Lear*, his adaption of Shakespeare's *King Lear* in several American playhouses during a 1988 tour. Relying entirely on American actors, Suzuki gave the whole production a Japanese quality. Characters on the stage hardly moved; instead, they relied on gestures and voices. Men played female roles. According to one reviewer, Joe Brown of *The Washington Post*, the result was a powerful new interpretation:

Their glittering, piercing glares reveal more about character than dozens of "natural" gestures and mannerisms, and their hybrid of English words and Japanese vocalization techniques results in a Shakespeare the likes of which you've never heard, filled with harsh, guttural barks, rapidly whispered outbursts and slowly broken sentences.

Sergei M. Eisenstein, the Russian director and film theorist, held *kabuki* in the highest regard and argued that the sound film "can and must learn its fundamentals from the Japanese." Eisenstein brought Japanese theatrical methods to bear on films, to wide and lasting effect.

Kabuki enjoyed a second wave of influence in cinema in the 1950s through the film *Rashomon* by Akira Kurosawa. Like many Japanese directors, Kurosawa relied on stylized forms of acting, staging, and display, then blended these with psychological complexity and intellectual seriousness to achieve an ambiguous and exotic spectacle. *Rashomon* and other Japanese historical costume pictures strongly affected European and American art films.

Other Japanese filmmakers gained international influence. Nagisa Oshima, a member of the New Wave of the 1960s, mixed wry irony with powerful sexuality and radical politics. Among his best known films are *Boy* and *In the Realm of the Senses*. The films of Kenji Mizoguchi are known for their sheer beauty and their physical and psychological portrayals. His main theme was the social condition of women; major films in-

clude *Ugetsu*, *The Life of Oharu*, and *Sansho the Bailiff*. Yasujiro Ozu crafted quiet, slow-moving stories about family drama. Ishiro Honda's science-fiction films, including *Godzilla*, gained a cult following in the West.

In painting, the story of the arrival of the first *ukiyo-e* (color woodblock prints) in Paris in 1856 is shrouded in legend, but their discovery by the painter Félix Bracquemond led to *japonisme*, a vogue for Japanese art that lasted from 1865 to 1895. Vincent van Gogh owned two hundred Japanese prints and briefly dealt in them commercially. He would have visited Japan had his money held out. A store devoted to Japanese art first opened in Paris in 1875; that same year, the East India House (precursor of the present Liberty's) opened in London and specialized in Japanese artifacts.

Japonisme might have had a limited effect had it not attracted the attention of outstanding artists and critics, including Théophile and Judith Gautier, Edmonde and Jules de Goncourt, José Maria de Heredia, and Henri de Regnier. Through them, *ukiyo-e* altered European conventions of color, perspective, empty space, symmetry, form, composition, and subject matter. In particular, these artists came to understand the appeal of irregularity and to appreciate the Japanese sensibility for the evanescence of nature. Japanese art greatly inspired the Impressionist movement in France, which caused perhaps the most profound change in the aesthetic of modern Europe.

Artists directly affected by the wood blocks included Mary Cassatt, Edgar Degas, Théodore Duret, Paul Gauguin, van Gogh, Edouard Manet, Claude Monet, Edvard Munch, Pierre Renoir, and, above all, Henri de Toulouse-Lautrec. Toulouse-Lautrec derived his subject matter directly from Japanese models; his posters of the Parisian demi-monde, for example, resembled Kitagawa Utamaro's courtesans of Tokyo's pleasure quarters. Further, he imitated the Japanese in the heavy use of shadowless pure colors, and other elements of design, and in his printmaking technique. James Abbott McNeill Whistler popularized Japanese styles in the United States. Impressionists did not shy from crediting Japan. Duret called the Japanese "the first and finest impressionists," while van Gogh dubbed Japanese art "true religion."

Later, the extreme abstraction of Vasili Kandinski clearly showed the inspiration of traditional Japanese aesthetics. More recent painters such as Jasper Johns, Willem de Kooning, and Robert Rauschenberg also show the clear impress of Japanese art. Japanese calligraphy and the "modulated line" had great impact on artists such as Hans Hartung and Pierre Soulages, both

of whom gave a central place to ideograph-style elements. Japanese artists have had some success and influence in Western-style painting. The leading figure here was Tsuguji Fujita (1886-1968), who gained a considerable reputation in France. He assimilated so thoroughly to French ways that he was late in life baptized a Catholic; he died shortly after decorating the Chapel of Our Lady of Peace in Reims. If not entirely successful in their accomplishments, Japanese artists were unique in their unremitting effort to assimilate the techniques of Western painting.

In design, the Japanese example encouraged Westerners to apply aesthetic considerations to the small things in life. The sensibility of the tea ceremony or wrapping a package in a store represents an integration of design and attention to detail traditionally unfamiliar in the West. Japanese handicrafts offered Westerners a new simplicity and aesthetic. This approach came to fruition early in this century in the work of Walter Gropius and the Bauhaus school of design in Germany. It has since been widely imitated and almost universally accepted.

Japonisme attracted the most outstanding French artists and critics.

Japanese stylists influenced the West at two different times. First, the Arts and Crafts Movement in England, which celebrated individual work and authentic materials, drew in a general way on Japanese artisanship and style. The movement flourished in the 1880s and 1890s, then spread to Europe and North America. At the start of the twentieth century, *Art Nouveau* (*Jugendstil*) incorporated significant stylistic elements deriving from Japanese paintings and ornaments. *Art Nouveau* abandoned the European practice of using only gems and precious metals in fine jewelry, and took up some of the materials associated with Japanese crafts; it also incorporated nature themes that owed much to Japanese art.

The "Japanese design revolution," a movement with many practitioners but with little in common, had wide international influence, especially in architecture, fashion, and graphics. The stylists shared an emphasis on making the most of materials, be it wood or plastic, silk or concrete; and on emphasizing extreme cleanness of design and great attention to detail.

In architecture, the restrained, monochromatic aesthetic known as *shibui* deeply influenced twentieth-

century architecture and interior design. Elements deriving from Japan included: simplicity of form, exposed materials, wide use of wood, the post and lintel construction (closely tying interior spaces to exterior appearance), the fluid use of inside and outside spaces, rooms with multiple uses (such as one-room combinations of living-rooms and dining-rooms), floor-to-ceiling windows, varied textures and fabrics, and light furnishings. Japanese ideas had a particularly strong impact on American architecture starting in about 1905 and culminating in the post-Second World War period. Frank Lloyd Wright, in particular, transmitted many Japanese effects to American architects.

If the early Japanese influence on Western building was stylistic, a second, more directly architectural influence began in the 1970s. Until the Meiji period, Japan had no architects, only master carpenters. Until the mid-1960s, architects usually worked for construction companies. After a century of copying from the West, Japanese builders found their own style, which turned out quite differently from what the student of *shibui* might have expected.

Confucian culture offered an attractive alternative to Western rationalism.

The 1964 Olympiad and the expositions of 1967 and 1970 served as show pieces for independent Japanese architects. Kenzo Tange was the pioneer who built the 1964 Olympic stadiums and the Tokyo Metropolitan Government Office. Taniguchi Yoshihiro, also a modernist, is best known for the National Museum of Modern Art. Arata Isozaki, the "father of the Japanese New Wave," emerged as the most prominent of its proponents. Important buildings of his in the West include museums in Nice, Cairo, Los Angeles, and Brooklyn (New York), the American Pavillion at the Venice Biennale, a stadium in Barcelona, and the Palladium discothèque in New York. Charles Jencks, an American critic noted: "Isozaki has taken the style of the West one step further." By carrying Western concepts to their logical conclusion, Japanese architects introduced new elements. Reyner Banham explains that "it is the marginal minor differences in the thinkable and the customary that ultimately make Japanese architecture a provokingly alien enclave within the body of the world's architecture."

The Japanese participated in the definition of Post-Modernism. Reyner Banham argues that it could not

be otherwise. Who but the Japanese could so playfully adopt bits of the Western architectural tradition to create a wholly new style? "Insofar as Post-Modernism involved the breach of modernism's ingrained and unthinking taboos on historical references, it could hardly be under any influence but Japanese."

In fashion, what is sometimes called the "New Japan Style" became a major new force in fashion in 1981. It relied on experimentation with materials, wrapped and draped forms, stark black-and-white designs, and large masses of cloth. It represented a move toward unconventional designs, an absence of color, and novel shapes loosely based on traditional Japanese clothing. Hanae Mori was best known for her evening wear, Issey Miyake for his oversized adaptations of traditional Japanese worker's clothes. Yohji Yamamoto elaborated on Western clothing with bold lines, striking colors, and loose, flowing garments; the whimsical results produced a distinctive hybrid effect.

Rei Kawakubo of *Comme des Garçons* was the most unconventional of the major designers, the one most dedicated to experimenting at the outer limits of the possible. Kawakubo turned clothing inside out, exposing seams; added holes for third arms and second necks; used only four monochromatic colors (black, navy, charcoal, and white); avoided decoration; and moulded the clothes to the body in a highly characteristic manner. Her sparse stores emulated modern art museums. As one admirer, Leonard Koren, noted, "If self-enlightenment were possible in the context of a clothes boutique, surely it would happen in this one."

In the Meiji period, Japanese and Western clothing—*wafuku* and *yofuku*—had been utterly distinct. Women wore either kimonos or dresses. Men wore kimonos, or they wore suits, ties, hats, and shoes. But then two things happened: Western clothing evolved in new ways, and Japanese designers participated in that evolution. The old lines of distinction became blurred beyond recognition. Fashion offers an example of an area in which the tension between Japanese and Western ways has been nearly resolved and has created a new synthesis.

Philosophy and Religion.

The most profound Western interest in Japan was in philosophy. European rationalists of the eighteenth century, looking outside Europe for confirmation of their belief that civilization did not require religious foundations, found in China and Japan what they were looking for. Confucian cultures offered an alternative to Westerners discontent with their society. Geographic remoteness and cultural dissimilarity also en-

hanced the usefulness of the Confucian countries as proof in many arguments. The specific East Asian virtue has changed many times—secularism, aesthetics, lotus-land, purity of revolutionary spirit, or management style—but the underlying quest remained the same.

Zen Buddhism enjoyed several vogues in the West, particularly as interpreted by Daisetsu T. Suzuki and Alan Watts. What was dubbed “Zen for Westerners” had a major influence on American college students and existentialist thinkers. Zen crystalized an interest in alternatives to Western religion in the 1960s, especially in the United States.

Gastronomy

In addition to the standard fare of Japanese cuisine—sushi, sashimi, miso, soy sauce, teriyaki, tofu—much of which found a favorable reception in the West, the mix of styles has had a broad influence. The lightness and delicacy of *nouvelle cuisine*, along with its emphasis on fresh ingredients and spare, stylized presentation, showed an unmistakably Japanese touch. Faddish restaurants in the United States prepare pizza with *wasabi* (a horseradish normally eaten with sushi), health food stores sell sea weed, and dried noodle soups (*ramen*) could be found on market shelves in many countries. Tofu found a niche, and even became the basis of an ice cream-like desert. Coriander and shiitake mushrooms found followers among the gastronomically ambitious. It is probably only a matter of time before bento boxes (portable lunches packed in small wooden cases) turn up outside Japan, and other new influences will quickly follow.

The Japanese modified Western foods in a way that found favor back in the places of origin. Japanese hardly ate beef before the Meiji period, but when they adopted it and applied their techniques of food preparation, they produced several new dishes (including *sukiyaki* and *teriyaki*) which then spread internationally. More recently, Asahi Breweries developed a new yeast to produce a “dry” beer, with 10 percent more alcohol and less sugar. It quickly took on in the United States, where major producers turned out their own versions of dry beer.

Athletics

Mutual influences between Japan and the West in athletics are unique. While many non-Western countries took up soccer, the Japanese learned a great number of sports, including baseball, golf, tennis, volleyball, and skiing. As with more serious pursuits, so too with sports; when the Japanese adopt an activity,

they do so with determined thoroughness. In 1896, after years of Japanese opportuning, Americans living in Yokohama agreed to a Japanese-American baseball game. Although expecting to overwhelm the Japanese high school students, the American businessmen and sailors lost by a score of 29-4. They then dropped the subsequent two games by equally lopsided scores (32-9, 22-6). Coming at a moment of acute self-doubt among Japanese, the effect of these victories was electric. As the students' president said, “This great victory is more than a victory for our school; it is a victory for the Japanese people.”

Confucian cultures provided an alternative for Westerners who were discontent with their society.

Equally noteworthy, the Japanese (and, to a lesser extent, the Chinese and Koreans) alone spread their athletics to the West. Judo, jujitsu, karate, and other martial arts became widely practiced. FBI and Secret Service agents in the United States studied aikido, a technique for evading and disarming attackers. Judo became an Olympic sport in 1964, the only event of non-Western provenience. (Interestingly, Soviets, not Japanese, won the greatest number of medals in judo.) A relay running race called *ekiden* was invented in Japan in 1917 and first performed outside the country in 1988, when a major contest was staged in New York City.

A Japanese team first went to the Olympic games in 1912. Japan's athletes have won a total of 237 medals, far more than any other non-Western state.

Popular Culture

Some Japanese products have become widespread, including paper lanterns, bonsai (dwarf) plants (and more rarely, bonkai, or tray scenes, which replicate whole landscapes in miniature), hot tubs, kite-flying, the game of go, and futons. Practices, including communal bathing, origami, and the tea ceremony (*cha no yu*), have found devotees in the West. Careful arrangement and appreciation of natural forms exemplified by flower arrangement (*ikebana*) and rock gardens offer an alternative to traditional Western perceptions of nature.

Japanese popular culture is also beginning to spread abroad. Getting lost and finding one's way out of large, wood-panelled mazes can be pursued in several coun-

tries. Transformers (the children's toy) and Nintendo video games are extremely popular; can Japanese-style comic books be far behind?

Loan words in English from Japanese stand out for their references to significant, even admirable cultural features. They include: banzai, bonsai, futon, geisha, go, haiku, hibachi, judo, jujitsu, hara-kiri, kabuki, kamikaze, kimono, mikado, noh, origami, ramen, rickshaw, sake, samurai, soy, sukiyaki, sumo, sushi, tatami, tempura, teriyaki, tofu, tsunami, tycoon, zen. Just as "China" came to mean porcelain, so "Japan" after 1688 referred to lacquerware, porcelain, and silk. The slang expression "just a skosh" comes from the Japanese word *sukoshi* (a little).

The Japanese have even created words in English that have gained currency, such as the just-in-time factory system and OA (office automation).

Outlook for the Future

Already by the 1920s, the Japanese had caught up with the West in some areas, including scientific research and artistic experimentation, and were exerting their influence abroad. Today, the Japanese are ahead in a wide variety of institutional, scholarly, and artistic fields. This is probably just a foretaste of what is to come. In good part, the size, affluence, and modernity of Japan propels Japanese culture outward; but so too does Japanese deep appreciation of things Western.

Two points are worth noting. First, the teacher was learning from the pupil within less than a century. Second, although the West could have profited from the Japanese experience already in the late nineteenth century, hardly anyone thought of doing so then. Instead, Japanese and Westerners alike saw Japanese innovations as mere compensation for Japan's backward condition.

Some observers feel that Japanese culture holds the key to the future. One contrast that keeps coming to mind is with France. The French architect Richard Bliath, who lives in Tokyo, observed that Tokyo "is the only city with an architecture of the here-and-now. The past does not exist, much less the future. Paris is still imbued with the spirit of 1789, whereas here there is constant construction and demolition." According to Jay Specter, a New York interior designer: "The future belongs to the Japanese. When I am in France, I am fascinated by the culture, by the decoration, the furniture, the art. But I can't help feel that a great deal of it belongs to yesterday. Japan, to me, looks like tomorrow." For him, "a simple approach to elegance, a beautifully edited point of view . . . in many ways looks

like a view into the twenty-first century." Bernard Portelli, a French coiffeur who redid his Washington salon along Japanese lines agrees: "French style—it's over. There's nothing new, nothing in food, nothing in clothes. They're following the Japanese; that's all they can do." This sentiment is not new: decades ago, Frank Lloyd Wright is said to have told an aspiring architect he met on a ship going to Rome, "Sir, you're headed in the wrong direction."

In all areas of culture—not just business, science, and technology—the Japanese have an eclectic, unfettered approach which, combined with the prosperity of the country and the cosmopolitanism of the populace, permits explorations that others admire and imitate. As Herbert Passin put it, "Japanese no longer simply copy the modes of the outside world; they now participate actively in the development of international styles." Japanese scientists are fettered by a rigid system, but artists are free to follow their interests, unrestricted by conventions. Having mastered Western forms no less well than their own, the Japanese are now free to experiment. The tension between Japanese and Western models has already proven to be a fertile one; it also promises to be deeply influential in the future.

READINGS SUGGESTED BY THE AUTHOR:

- Koren, Leonard. *New Fashion Japan*. Tokyo: Kodansha International, 1984.
- Miner, Earl. *The Japanese Tradition in British and American Literature*. Princeton, N.J.: Princeton University Press, 1958.
- Miyanaga, Kuniko. *The Creative Edge: Emerging Individualism in Japan*. New Brunswick, N.J.: Transaction Publishers, 1991.
- Suzuki, Hiroyuk, Reyner Banham, and Katsuhiko Kobayashi. *Contemporary Architecture of Japan 1958-1984*. New York: Rizzoli, 1985.
- Westney, D. Eleanor. *Imitation and Innovation: The Transfer of Western Organizational Patterns to Meiji Japan*. Cambridge, Mass.: Harvard University Press, 1987.

Daniel Pipes is director of the Foreign Policy Research Institute in Philadelphia. Among his recent books are Damascus Courts the West: Syrian Politics, 1989-1991; Friendly Tyrants: An American Dilemma (co-edited with Adam Garfinkle). Research for this article was made possible by fellowships from the Japan Society, New York, and the National Institute for Research Advancement, Tokyo. A grant from the Olin Foundation supported the writing.

Copyright 1993 Kyodo News Service
Japan Economic Newswire

MAY 11, 1993, TUESDAY

LENGTH: 390 words

HEADLINE: Panel says Japan lags behind on equality of sexes

DATELINE: TOKYO, May 11 Kyodo

BODY:

Saying that Japan needs to catch up with other advanced nations in terms of women's equality, an advisory panel urged the government Tuesday to assign one official in each ministry to monitor policies from a female perspective.

The panel, assigned to evaluate the government's administration of women's issues, also suggested that failure to end discrimination against women is harmful to the economy.

'If women are not allowed to put to use their abilities in the workplace and elsewhere, it will make it difficult to respond to the future labor shortage,' said the report by the 13-member panel of academics and members of the private sector.

The report said that as society ages, women who live long will pose a high cost to society if they are not given opportunities to achieve economic independence.

The government should formulate an overall vision for the roles of women and men in society in the 21st century, the panel said in a report presented by Chairwoman Ryoko Akamatsu to Prime Minister Kiichi Miyazawa, who serves as president of the Headquarters for the Planning and Promoting of Policies Relating to Women.

The perspective of women should be included in all decision-making processes, the report said.

'Up to now, the needs and interests of women were difficult to take into sufficient consideration in policymaking. It is necessary to incorporate women's opinions in all aspects of policymaking ... and to create an environment where women can realize their potential and contribute to society,' the report said.

Listing important issues that Japanese society faces, the report pinpointed reform of traditional attitudes still embraced by many men on gender roles,

reduction of overall working hours, and promotion of shared responsibility by married couples for household duties and childrearing as important issues facing Japanese society.

Regarding violence against women, the report said government organs need to identify sections in charge of issues such as sexual harassment and domestic violence.

The report, drawn up based on 17 meetings conducted over a two-year period, also advocated that Japan should monitor the status of women and increase its cooperation with women's groups.

The government is expected to draw up a response to the panel's 27-page document by summer.

MAY 19, 1993, WEDNESDAY

LENGTH: 511 words

WITH OTHER DOORS CLOSED, JAPANESE WOMEN TURNING TO LAW

More Japanese women are qualifying as lawyers, and a legal scholar says one reason may be their perception that they are being shut out of other professional opportunities.

The percentage of women who passed the national bar examination topped 10 percent for the first time in 1980. Last year the number reached 125, a record 19.8 percent of those who qualified to be lawyers.

One out of four students attending introductory courses at Tokyo Legal Mind (LEC), a preparatory school for students sitting for bar examinations, is a woman.

The number, which had been gradually increasing for several years, rose steeply the last three years, according to Makoto Ito, a lecturer at the school.

"I think the growth coincides with waning (opportunities for) career-track positions offered (to women) by companies," Ito said.

Many women had hoped they would be able to compete with their male counterparts on an equal footing after Japan enacted the Equal Employment Opportunity Law in 1986.

Some of them, disillusioned with how little things have changed in the male-dominated business world, have turned their attention to the bar.

A 28-year-old woman, who passed the bar examination last year, said she studied law in college but had no intention of becoming a lawyer because "it seemed difficult and people who were trying out for the bar seemed special."

After graduation she joined a major trading company but quit after three years because the work was monotonous.

She began attending LEC with the goal of passing the bar exam before she reached 30. She succeeded after two years.

"Women are serious and diligent students and do what they are told without objecting. They are apt to pass the examination in a short time" Ito said, adding that he expected an increase in the number of women passing the exam.

A television series that featured a law office in which the seven lawyers were women aired for three years.

"The story may have been unrealistic, but not all that farfetched," said TV Asahi producer Yuji Tojo.

The first round of the series, aired in 1991, proved so popular that the network created follow-ups in 1992 and 1993.

"I think it was well received by women," Tojo said.

The lawyers in the drama had diversified lifestyles. Some were single, while others were married or divorced with children.

"Single women can work energetically as lawyers but it's also true that the job offers something interesting to those with families to mind," said Misa Miyajima, who works for a law firm in the Tokyo suburb of Machida.

Miyajima, who had a daughter in June, resumed work in January.

"I hope to tackle major issues when my child reaches school age," she said.

Lawyer Chizuko Kaji, a pioneer in the field who started her practice in 1951, welcomes the trend.

"Generally speaking, women pay attention to detail and are meticulous in what they do," she said. "They can sympathize easily with suffering people."

Distributed by New York Times Special Features/Syndication Sales

Copyright 1993 Asahi News Service
Asahi News Service

JUNE 2, 1993, WEDNESDAY

LENGTH: 1230 words

HEADLINE: WOMEN REACH FOR GREATER INVOLVEMENT IN POLITICS

DATELINE: TOKYO

KEYWORD: WOMEN

BODY:

Women's groups in Japan are stepping up their call to political parties to increase the number of women candidates on their tickets for general elections expected this year.

One of them, the Alliance of Feminist Representatives, is asking for a 30 percent quota for women in the parties' lists of candidates for the Lower House elections and the June Tokyo metropolitan assembly elections.

Another group, the Fusae Ichikawa Memorial Association, offers crash training courses on "clean" election campaign skills in addition to its regular classes on politics to help women candidates win in elections.

And reflecting the growing interest of women in politics, nearly 100 people, most of them women, presented application essays for the 50 spots available in a one-year political "school" for women that the Japan New Party opened in February.

These and other moves are part of efforts to boost women's representation in politics, which has grown slowly in the past few decades. The presence of women is a mere 2.3 percent in the Lower House, 14.7 percent in the Upper House and 3.2 percent in local assemblies.

"Japan, the economic power, is often called a minor political power; this is in part because women participate so little in politics," said Mitsuko Yamaguchi, executive director of the Fusae Ichikawa Memorial Association.

The association was founded by and named after the late Fusae Ichikawa, a former Upper House member who devoted her life to women's suffrage and to cleaning up Japan's politics.

When representatives of groups working for the political role of women in the

United States, South Korea, Britain and Japan met for an association-sponsored international symposium on women and politics in Tokyo last month, they shared Yamaguchi's regrets.

"The level of political participation by women, especially in formal politics, remains deplorably low," said Kim Hyun Ja, vice president of the Korea Women's Political Caucus. Only four out of 299 members of South Korea's national assembly are women.

According to Barbara Nelson, a professor of public policy at the University of Minnesota who co-edited the recent study *Women and Politics Worldwide*, only 11 percent of national legislature seats were held by women worldwide in 1990.

The rate is likely to decline in the short run as state socialist governments, which had quotas for women legislators, fell from power in the former Soviet Union and Central Europe.

The panelists agreed, however, they should strive further to send more of their representatives to legislatures by networking women's groups to share ideas, training candidates and campaign managers, educating young people to be interested in politics and supporting candidates financially and as volunteers.

More women are needed in parliaments because elected women will place higher priority and spend more time on equity issues, especially on "women's rights, children's rights and elders' rights," said Judith Hirshberg, vice president of the National Women's Political Caucus (NWPC) of the United States.

Nicola Kutapan, who chairs the 300 Group of Britain, said besides their professional expertise, women can bring to politics viewpoints based on their family life.

"One of the problems we have in all of our parliaments is we don't have enough women there who have got that kind of experience," Kutapan said.

The 300 Group is working to increase the number of women members of the House of Commons to 300, about half of its seats. Women members increased sharply in 1992, but still account for only 9.2 percent of the seats.

Among the group's important activities, according to Kutapan, is training prospective women candidates in policy and skills. It recently gave workshops to discuss economic issues and the European Community and is planning others on public speaking, media skills and ways to chair meetings.

"I think what training gives women is the confidence to go ahead and pursue a political career," she said.

The 300 Group also sends speakers to schools in hopes of encouraging girls to think about politics as a career.

The NWPC of the United States also offers extensive campaign training to teach candidates and campaign workers how to target voters, raise money, motivate volunteers, address the news media and other basics, said Hirshberg. The 35,000-member caucus endorses women candidates after screening them and may fund their campaign, she said.

In 1992, the NWPC donated \$500,000 to women candidates. Overall, women's political action committees in the United States donated \$11.6 million to women, Hirshberg said.

Women's representation in U.S. politics rose sharply in the past two decades, said Hirshberg. In 1992 more than 10 percent of the members of Congress were women, up from 2.8 percent in 1971. In state legislatures, 20.4 percent of elected members are women, up from less than 5 percent in 1973.

The panelists also agreed that a single-seat electoral district system, which Japan's ruling Liberal Democratic Party has proposed for the Lower House, is unfavorable to women and minority groups.

In South Korea, five women who ran from electoral districts all lost in the last elections while garnering the second-largest number of votes in each district, according to Kim. All the four women now in the assembly were elected by proportional representation.

Women's groups are requesting a quota or some other kind of affirmative action for women "at least on a temporary basis" and proposing that the election system be changed to multiple-member districts, she said.

Minnesota University's Nelson also reported on the basis of comparison between single-seat and multiple-seat districts at state legislatures that "women do much better in multi-member constituencies."

Noting a higher proportion of women representatives in Scandinavian countries, which have a proportional representation system, Kutapan said, "I think it is self-evident that a proportional system, moving away from a strict single-member constituency system we have in the United Kingdom, will favor women."

In Japan, many women's groups are opposed to the introduction of a single-seat electoral system.

A survey of 46 female Diet members conducted by a network of 52 women's groups in 1992 found that 85 percent of the 40 members who responded said the

proposed system would make it more difficult for women to be elected to the Diet.

Many of them said their parties would choose a man rather than a woman if they were to endorse only one candidate.

Distributed by New York Times Special Features/Syndication Sales

**MEETING WITH
MRS. KIM YOUNG SAM
JULY 10
SEOUL**

CONTEXT OF MEETING

You will meet separately with Mrs. Kim during the President's Blue House meeting with President Kim. The meeting will last approximately 30 minutes. The media will be pre-positioned in the room and will remain for the first five minutes. Mrs. Kim will be accompanied by Mrs. Han, wife of Foreign Minister Han Sung Joo, and Mrs. Han, wife of Korea's Ambassador to the United States Han Seung-Soo.

President Kim Young Sam took office in February as the first civilian president of Korea in nearly thirty years. His approval ratings are now above 90 percent. Like President Clinton, he is trying to revitalize the Korean economy. The centerpiece of his economic program is an ambitious plan to deregulate the Korean economy. This deregulation plan is critical to expanding opportunities for U.S. businesses in Korea. The Presidents will launch a bilateral "Dialogue for Economic Cooperation" during this visit.

Mrs. Kim graduated from Ehwa Women's University, Korea's most prestigious women's institution of higher learning, majoring in pharmacology. With her educational background, Mrs. Kim has a natural interest in health affairs but is concerned primarily with social issues. As First Lady, she tends to work quietly behind the President, but she has a deep interest in the following issues: child care services, facilities for the handicapped, care for the elderly, youth and the younger generations transition away from traditional Korean social norms, and gender inequality, particularly in terms of access to occupations and treatment in the workplace. Mrs. Kim is a devout Christian.

YOUR OBJECTIVES

- o Emphasize U.S. support for President Kim's economic reform efforts through the "Dialogue on Economic Cooperation."
- o Reiterate the U.S. remains absolutely committed to the security of Korea, underscoring our close consultations about U.S.-DPRK talks and decisions on troop levels.
- o Express U.S. support for Korean efforts to implement political reforms, including the promotion of human rights and greater democratic participation.

SUGGESTED TALKING POINTS

- o The United States applauds efforts to deregulate and open Korea's economy. The economic reform program is essential to the United States' and Korea's economic partnership and future prosperity.

- The "Dialogue on Economic Cooperation" will enable both countries to work cooperatively to realize the full benefits of President Kim's economic reform efforts.
- The United States is firmly committed to the security of Korea and to peace on the peninsula. U.S. troops will not leave Korea until we both agree that they are no longer necessary. The United States will remain engaged not just here in Korea but throughout the entire Pacific.
- The United States will continue to work closely with Korea on the North Korea nuclear issue. We also support full implementation of the North-South non-nuclear declaration and view the North-South dialogue as crucial to long-term prospects for peace, stability and reunification.
- Our two countries have a unique opportunity to broaden our alliance into a new partnership based on a shared commitment to democracy and freedom.
- I understand you are interested in social issues including child care, the handicapped, care for the elderly, problems of youth and equal opportunity for women. I share your interest and would welcome the chance to discuss these issues with you.
- In particular, I would be interested to hear how your country is working to expand health care coverage for all its citizens. I believe this issue will determine the future vitality of each of our domestic economies.

**MEETING WITH
MRS. HAN YUN-BOK
JULY 10
SEOUL**

CONTEXT OF MEETING

While the President meets with the Speaker of the National Assembly, Lee Man Sup, you will meet with Speaker Lee's wife, Mrs. Han (Korean women keep their maiden names) and the four female members of the 299-seat National Assembly. Mrs. Han speaks no English. She worked as a reporter before her marriage and advises her husband politically on public opinion trends and the media.

The four Assembly women have varied interests. Representative Joo Yang Ja is a doctor with vast experience in health care and medical insurance. She is a member of President Kim's party and is a past Chairwoman of the Korea Medical Insurance Corporation. Representative Lee Oo Chung is an academic and member of the political opposition Democratic Party. Representatives Kang Boo Ja and Kang Sun Young were appointed to the Assembly and come to politics from the arts. The former is an actress; the latter, a professional ballerina.

There are very few women in important political positions in Korea. However, President Kim has named three women to his cabinet, giving them environment, health and social services, and state portfolios. The previous government had just one woman cabinet member, who was in charge of women's affairs. Like President Clinton, President Kim is also committed to greater diversity in his government and is reaching out to include more women. Women's rights in Korea have gradually improved with the enactment of an equal opportunity law.

On a personal note, Mrs. Han's oldest daughter resides in Chicago.

YOUR OBJECTIVES

- o Highlight U.S. support for political reforms and for efforts to encourage greater democratic participation.
- o Underscore the U.S. commitment to the security of Korea and our continued engagement throughout Asia.
- o Explain the President's commitment to domestic economic renewal and seek out their views on President Kim's economic proposals.
- o Outline your efforts on the President's health care reform package and solicit views on Korea's medical insurance program and health care system.

SUGGESTED TALKING POINTS

- The United States strongly supports efforts to broaden democratic participation in all countries and views the progress in Korea as an example for all countries of the world to follow.
- Political participation should include everyone and I am encouraged to see that President Kim would also like to involve all the people of Korea in his government.
- Democracy and human rights are an essential component of a broader conception of security. We respect the religious, social, political, and cultural characteristics that make each of our countries unique, but these differences should not be used to justify denying the universality of human rights. Those of us who live in diverse societies have a special responsibility to foster tolerance, respect for the rights of minorities, and reliance on the rule of law.
- The United States is committed to the security of your country. We will work closely with your government to deal with the problems on this peninsula and to promote peace, stability and reunification.
- Our two countries have much to gain when we work cooperatively on economic issues. We support your President's efforts to deregulate and open Korea's economy so that both countries can prosper from increased trade and opportunity.
- We need to show other trading partners that Korea and the United States can work together to support an open and transparent trading system. No nation has gained more from the liberal international trading regime than Korea.
- I would be interested in hearing how your country is working to expand its health care system to all its citizens. I believe this issue will determine the future vitality of each of our domestic economies.

SCENESETTERS

Seoul City Brief
Blue House
Korean National Assembly
Toksue Palace
Kyongbok Palace
Yongsan Army Base
Demilitarized Zone (DMZ) -- Camp Casey

SCENESETTER

SEOUL CITY BRIEF

Seoul, the capital of the Republic of Korea, contains one-fourth of the nation's population, 11 million people. Seoul is the heart of the entire nation -- it contains virtually all the major corporations, banks, government offices, leading schools and universities, theaters and entertainment facilities. The city was the site of the 1988 Olympics.

Traces of the Chosun Dynasty (1392-1910) still can be seen in the city today. In addition to four major palaces and a garden with royal ancestral shrines, two of the city's original four main gates and parts of the ancient city wall have been restored. Seoul thus maintains the architectural symbols and treasures of its past amidst a modern, cosmopolitan city.

It was at the start of the Chosun Dynasty that Seoul became Korea's official capital. The founder of the dynasty, King Taejo, chose the location because the terrain met traditional geomantic beliefs, was suitable for defense and could sustain a large population. The capital was divided into a central zone inside the 17-kilometer wall encircling it and four surrounding zones. The population of the city in 1426 was 110,000 people, most of whom lived inside the city wall.

Japan took over the administration of the city, which it renamed "Keijo," in 1910 when it declared Korea a colony. After liberation from Japan in 1945, Seoul, which literally means "capital" in ancient Korean, became the city's official name. During the first year of the Korean War, Seoul was twice captured and retaken, leaving it in ruins.

There is little trace left of the war's devastation. Korea's remarkable economic growth over the last three decades has transformed Seoul into a booming metropolis. The city has expanded far beyond the old city walls and across the Han River to the south, where rows of fashionable apartment complexes line the river. Authorities have promoted the building of satellite cities, with rows of apartment buildings, to cope with the housing shortage for people working in Seoul.

Traffic, air and noise pollution are serious problems. Seoul has an extensive network of roads, subways, bus lines and a nearby international airport (Kimpo). Authorities are adding new subway lines and are building additional roads to alleviate traffic congestion. There are plans for a new international airport near Inchon, west of Seoul.

SCENESETTER

BLUE HOUSE

The Blue House is the official residence of the President of the Republic of Korea. It is located immediately north of Kyongbok Palace in downtown Seoul and is close to both the U.S. Embassy and the Ambassador's residence. The term "Blue House" refers not only to the official residence, but also to the entire complex of office buildings around it including presidential staff offices, a press center and the state guest hall.

From 1910-1945, while Korea was a Japanese colony, the Japanese Governor-General used the Blue House as his residence. Before 1910, the area had been a royal garden associated with the Kyongbok Palace. In the early 1960s, the building was named Chongwadae ("the house with blue roof tiles"). President Kim Young Sam's predecessor had a new Korean-style residence built on the grounds and officially opened it in early 1992. President Kim presently resides there. The original Japanese-era residence is now used as a medical clinic, dining room for Blue House staff and motorpool.

In a famous incident in 1968 (the year North Korea seized the USS Pueblo), a North Korean commando team infiltrated across the DMZ in an attempt to attack the Blue House. They got within a mile of the presidential compound before they were stopped. After the incident, access to the Blue House was further restricted and the area around it closed. Taking photos of the Blue House was prohibited.

In a popular move, President Kim Young Sam opened the area around the presidential compound to the general public when he took office in February 1993. Although there are no guided tours, the area around the Blue House has become a popular tourist spot. Mount Inwang, located behind the Blue House and also opened to the public by President Kim, is now a favorite destination for Koreans, who love to hike and climb mountains.

SCENESETTER

KOREAN NATIONAL ASSEMBLY

The Republic of Korea has a unicameral legislature consisting of 299 seats. Currently, the ruling Democratic Liberal Party holds 169 seats, the main opposition Democratic Party 96 seats and the United People's Party 13 seats. There are 21 independents. Members of the current 14th National Assembly were elected in March 1992 for four-year terms.

The Democratic Liberal Party was formed in January 1990 when the then ruling party merged with two opposition parties, one of which was led by Kim Young Sam. Kim won the presidential election in December 1992 and took office in February 1993. The Democratic Party was led by Kim Dae Jung through the December 1992 presidential election. After his loss in the presidential election, Kim Dae Jung made a gracious withdrawal from politics. The Democratic Party is currently headed by Lee Ki Taek. The United People's Party was formed by Hyundai industrialist Chung Ju-Yung to support his run for the presidency. After the presidential election, Chung retired from politics.

The National Assembly building is located at the western end of Yoido Island, just south of the Han River. Construction of the Assembly building, Assembly Office building and National Assembly library was completed in 1975.

SCENESETTER

TOKSU PALACE

Toksu Palace is one of several residences used by Korean kings and queens during the Yi Dynasty (1392-1910) when Seoul first became the capital. While not as "typical" as other Korean palaces in the city, Toksu's centralized location and impressive backdrops make it a popular place for a wide range of outdoor activities, including school trips, picnics, dates, weddings and exercise.

Toksu Palace owes its reputation to the vagaries of Korean history. It was originally constructed in the fifteenth century for a grandson of King Sejo who had lost out in the competition to become his successor. It was the only palace to survive the devastating Japanese invasions at the end of the sixteenth century and was used for a time as the principal residence of the king while other palaces were being rebuilt. The palace was used as a residence by lesser members of the royal family until 1897, when King Kojong took refuge there in an attempt to escape the political instability that preceded Japan's annexation of Korea in 1910.

In 1904, a number of the original buildings were destroyed by a mysterious fire that raged through the palace grounds for eleven days. Subsequent attempts to restore the lost buildings were complicated by the fact that American, British, Japanese, Korean and Russian architects insisted on being involved. The resulting eclectic group of buildings is a sad commentary on the intense competition among the great powers for political influence in Korea.

The most important of these buildings (Sokjojon) has an interesting history of its own. After being used as an art exhibition hall during the Japanese Occupation, it became home to the short-lived American-Soviet Commission for the Unification of Korea. The building served as the country's National Museum from 1955 to 1972 and since that time has housed the Royal Museum, an impressive collection of Yi Dynasty artifacts.

The palace grounds are home to several other historically important relics, including a unique fourteenth century bell dedicated to the first queen of the dynasty.

SCENESETTER

KYONGBOK PALACE

Kyongbok Palace, originally completed in 1396, was the main palace of the Chosun Dynasty. In 1592, during the Japanese invasion, the palace buildings were destroyed by fire. In 1867, Kyongbok Palace was rebuilt by the regent Taewongun for his second son Kjong, the young 26th king of Korea. After the Japanese annexed Korea in 1910, all but ten of the five hundred buildings that once formed Kyongbok Palace were torn down. When the Republic of Korea was founded, restoration of the buildings was begun. The Korean War inflicted further damage, but after the armistice, renovations resumed. Today, Kyongbok Palace is a national property and the grounds contain several museums open to the public.

Kyongbok palace is situated just south of the Blue House. Korean ancestors preferred to build in a location that had a mountain to the rear and river in front, preferably surrounded by a mountain range on both sides like stretched arms. They believed in geomancy, which says that a topographical spirit makes a hero, and that if a nation built a new capital at a good place, the national fortunes would become strong and prosper forever.

To the rear (north) of the palace grounds is the Hyangwongji pond. In this area the king could take a walk, read, think and invite ministers to small banquets. On the palace grounds is a pond with an island that can be reached via a wooden bridge. A hexagonal two-story pavilion, Hyangwonjong, is located there.

Also located on the palace grounds are the National Museum and the National Folklore Museum. The National Museum boasts a large collection of Korean celadon (the national ceramic ware) as well as royal artifacts. The Folklore Museum houses a number of articles used in everyday life. These items can be seen in context at the Korean Folk Village in Suwon.

SCENESETTER

YONGSAN ARMY BASE

During the Japanese occupation of Korea (1910 to 1945), the Imperial Army made its headquarters at Yongsan Reservation, near the Han River in a southern suburb of Seoul. At the end of World War II, U.S. military units were sent to the Korean peninsula to accept the surrender of Japanese forces in the area south of the 38th parallel. One area the arriving American units occupied was Yongsan, which means "Dragon Hill."

In 1948, the Republic of Korea (ROK) was established following elections monitored by the United Nations. The ROK replaced the U.S. military government which had administered the southern zone of the country for three years. The Yongsan area continued to be used by U.S. forces, who now served in an advisory role.

During the Korean War, Yongsan Reservation, like other areas of Seoul, sustained substantial damage. The opposing forces each moved through Seoul twice before the United Nations Command (UNC) regained control of the city. With the war stalemated, UNC and U.S. Forces established headquarters at Yongsan in 1952. The post itself was run by an administrative headquarters known for almost two decades as the Seoul Area Command or SAC.

In July 1957 Headquarters U.S. Forces Korea (USFK) was established. At the same time, Headquarters United Nations Command, located in Tokyo, was moved to Yongsan. The ROK/US Combined Forces Command Headquarters was formally opened on Yongsan in November 1978.

The continued presence of U.S. forces has brought many changes to the installation -- first in the form of the half-moon, corrugated-tin Quonset huts that sprouted throughout Yongsan and then, as U.S. military families began to appear in Korea in the 1960's, more permanent structures.

Today Yongsan Garrison occupies 630 acres of land just south of Namsan mountain. The post provides all support facilities associated with a small city -- a hospital, fire station, police force, commissary and exchange facilities, schools, theaters, clubs and restaurants, a hotel, sports and recreational facilities, water and sewage treatment plants and emergency electrical power. USFK has approximately 2,500 military personnel stationed at Yongsan, augmented by about 1,000 U.S. civilian and 6,000 Korean civilian employees. More than 1,000 Korean soldiers work at Yongsan and several thousand military family members reside on South Post and Hannam Village, a contract housing area east of Yongsan.

SCENESETTER

DEMILITARIZED ZONE (DMZ) -- CAMP CASEY

The Demilitarized Zone (DMZ) was established by the Korean Armistice Agreement of July 27, 1953. The 2.5-mile-wide DMZ zigzags across the peninsula for approximately 155 miles. It is not an international boundary in the traditional sense, but a provisional military demarcation line.

Straddling the demarcation line is the Joint Security Area (JSA), better known as the truce village of Panmunjom. An area of less than one square kilometer, it is the only point of agreed-upon contact between United Nations and North Korean military representatives. The members of the Military Armistice Commission still meet there, in a complex of Quonset huts including the one in which the armistice was signed.

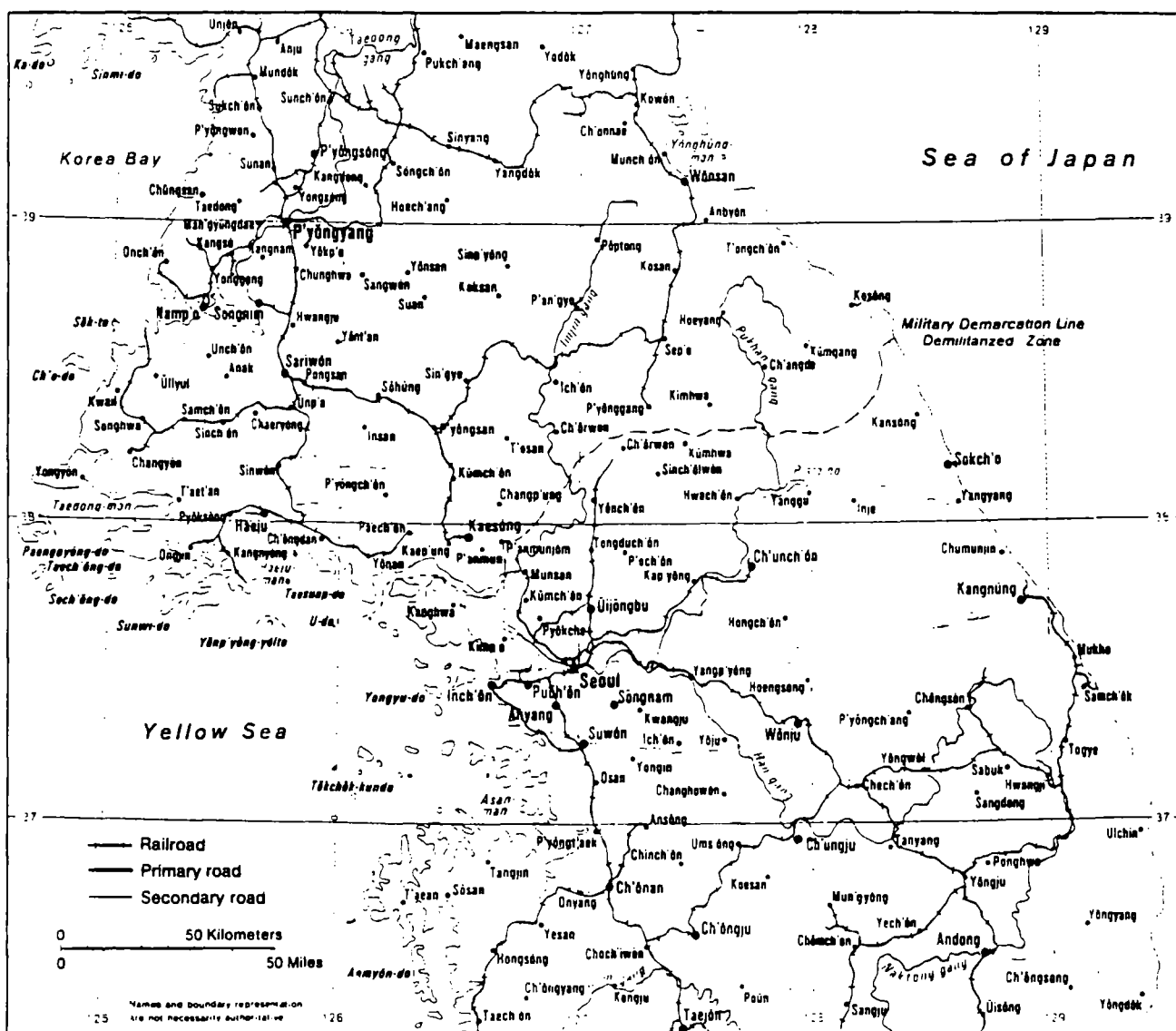
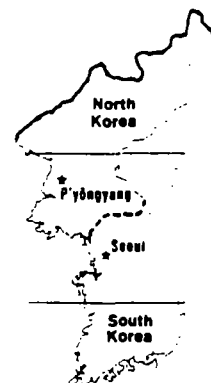
A no-man's land of brush, barbed wire, minefields and guard posts, the DMZ has become a refuge for birds and wild animals. The population of the DMZ was evacuated after the signing of the armistice; only two small villages, one in the northern half of the zone and one in the southern half, are still inhabited. In recent years, people living near the DMZ have been allowed to cultivate a limited amount of land in contiguous parts of the zone.

Tours are run into Panmunjom by both sides, though only for foreigners. The North recently built a highway to the border city of Kaesong, a few miles north of Panmunjom. Transport links across the DMZ were severed by the Korean War and movement of people is extremely limited.

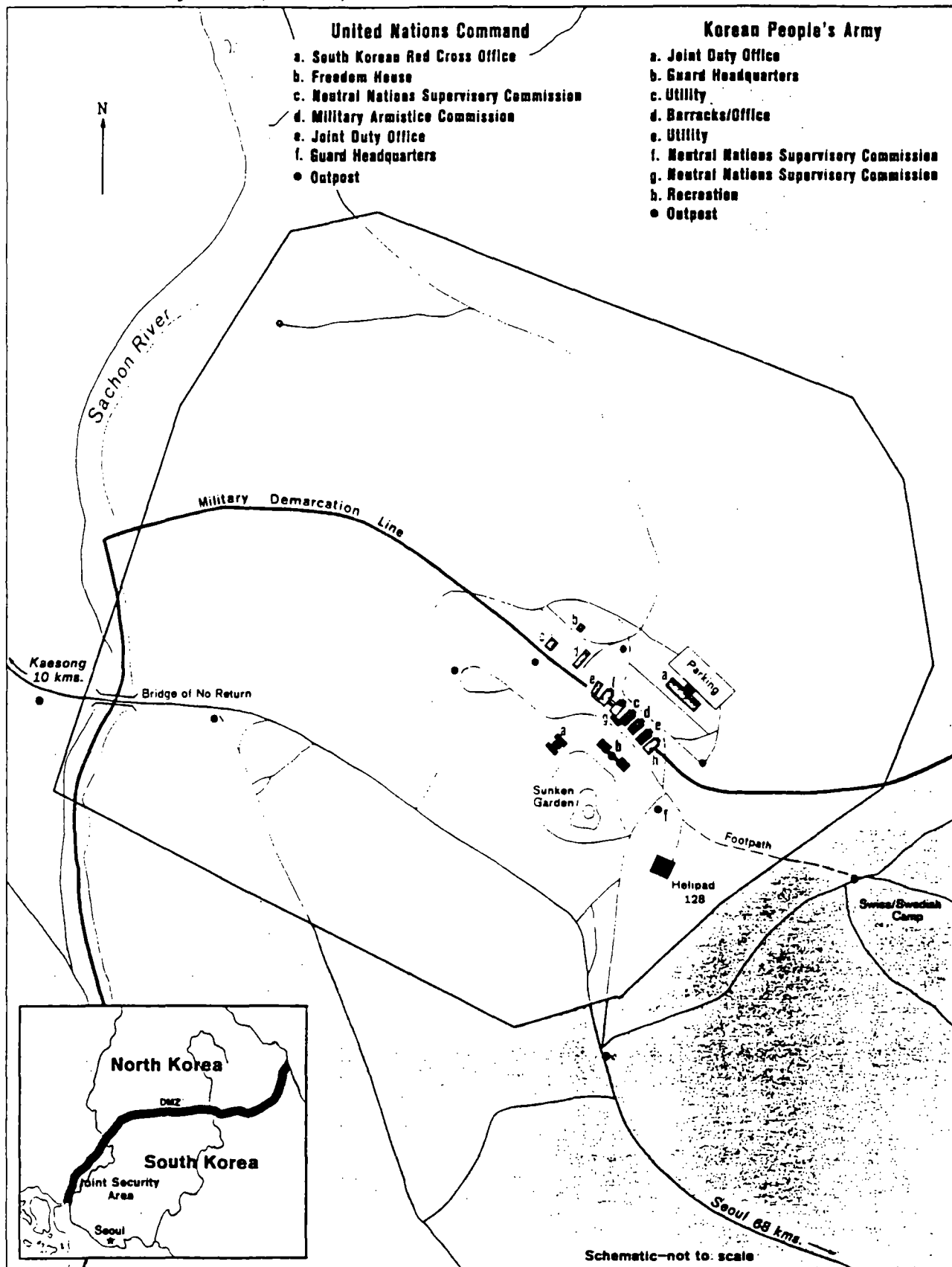
Camp Casey, home for most of the 2d Infantry Division, is located 11 miles southwest of the DMZ astride a traditional invasion route into South Korea. The camp's population includes some 6,500 U.S. soldiers and DOD civilians, 840 Korean Augmentation to the U.S. Army (KATUSAs) and 1,400 Korean national employees. Civil-military relations between the camp and the adjacent town of Tongduchon have been strained recently by a highly publicized rape-murder case involving a GI and a Korean woman.

About a million soldiers face each other across the DMZ. There have been numerous incidents since the armistice, including the discovery of four large tunnels dug in the early 1970s, the axe-murders of two U.S. officers, the downing of an unarmed U.S. helicopter in 1976 and a gun battle in which three people died after a young Soviet tour leader dashed into the southern side of the JSA in 1984. The DMZ has been relatively calm in recent years, but three DPRK commandos were killed and two ROK soldiers wounded in May 1992 in the southern part of the DMZ, in what was apparently a foiled infiltration or training exercise.

The Korean Peninsula Demilitarized Zone Area



Joint Security Area, DMZ, Korea



BACKGROUND PAPERS

Korea's Domestic Political Situation
Korean Economy at a Glance
Human Rights Issues in Korea
Fact Sheet: U.S. Embassy Seoul
Korean Etiquette - Social Customs
Korea: General Overview
Korean Health Care
Korean Ideas and Values
Korea: Country Profile
Korea: Background Notes

KOREA'S DOMESTIC POLITICAL SITUATION

The 1992 presidential election demonstrated the strength of democratic institutions in Korea. All three major candidates were civilians. There was free and open press coverage of all candidates. The losing candidates publicly conceded defeat and acknowledged the fairness of the elections. The new president, Kim Young Sam, is a long-time opposition leader who himself suffered under former military rulers.

Kim won the election with 42 percent of the vote and quickly moved to ensure civilian control of the government. He limited the powers and scope of activity of the Agency for National Security Planning and the Defense Security Command, prohibiting each from engaging in domestic espionage. As a concrete symbol of new openness, Kim ordered the roads around the president's mansion, closed since 1969, re-opened to the public. During his inauguration ceremony, Kim departed from tradition by mingling with the crowds.

Kim also made attacking corruption a major goal of his new administration in response to widespread public disgust and concern. This anti-corruption campaign has been enormously popular and his decisive actions since assuming office have propelled his popularity ratings into the 90 percent range.

In the past, the Korean military has twice taken government control from what it viewed as incompetent or disloyal civilian leaders. In the 1992 election, the military stayed on the sidelines. There was no indication at any time that any elements in the military considered disrupting the election. Currently, the military is content with its role and is staying out of politics. It is unlikely the Korean people would tolerate any effort to return to military rule.

President Kim made the domestic economy his main campaign theme and the election results showed he was correct in doing so. The domestic economy, rather than international affairs, security threats from the North, reunification, or the pace of democratization, remains the main focus of the vast majority of Koreans. Undoubtedly the public will judge Kim Young Sam's presidency on his handling of the economy. Kim will continue to enjoy strong support as long as the public has confidence in his economic program.

KOREAN ECONOMY AT A GLANCE

Since 1982, the Korean economy has grown at an average of 9.5 percent per year in real terms. Real per capita income is \$6,300, well below that of Singapore (\$15,700) and Hong Kong (\$14,600).

Between 1986 and 1992, the Korean economy experienced, in turn, an export-led boom (1986-1988), a sharp but brief slowdown (1989), a domestic demand-driven boom (1990-1991), and a government-induced slowdown (1992).

Faced with the prospect of double-digit inflation in late 1991, the government curtailed foreign borrowing, restrained wage increases and slowed construction, bringing inflation down to 5 percent in 1992. A 6 percent consumer inflation rate is projected for 1993.

Korea's tight labor market generated strong wage pressures during 1990-91 and significant shortages in unskilled labor persist. To combat wage pressure, the Korean government maintains a system of voluntary wage guidelines for collective bargaining.

Korea's balance of merchandise trade turned negative during the 1990-91 boom, but a small positive balance is anticipated for 1993. Korea's imports are heavily skewed toward raw materials and capital goods; domestically-produced goods satisfy 97 percent of the consumer market. Trade in services generally turns the current account negative.

Korea enjoys a small trade surplus with the United States. Its market is the United States' seventh largest export market, twice the size of U.S. markets in Australia and Hong Kong.

The Korean government will shortly announce comprehensive reforms in its highly-regulated financial structure, which are expected to reduce the use of selective credit terms as industrial policy instruments. In the past decade, the government has used these tools to direct investment toward areas such as aerospace, information technology and biotechnology.

Foreign investment in Korea has slowed in 4 of the last 5 years, while other newly-industrialized and developing countries in the region have seen substantial increases.

Economic Data - Korea

Population (1992), million 43.7
 1992 GNP, US\$ billions 273.5
 Per capita GNP \$6,258

=====

Data in US\$ Billions unless otherwise noted

	1990	1991	1992	1993	
	=====	=====	=====	Estimates	=====
Real GNP Growth	9.3%	8.4%	5.5%	6.0%	
Inflation (CPI)	8.6%	9.3%	6.0%	5.0%	
Central Gov't Expenditures/GNP	19.4%	19.6%	19.9%	19.2%	
Central Gov't Balance/GNP	-3.6%	-8.7%	-3.5%	-0.4%	
Total Exports	63.1	69.5	75.3	83.2	
Total Imports	65.1	76.6	76.9	83.0	
Trade Balance	(2.0)	(7.1)	(1.6)	0.2	
Merchandise Exports to US	18.3	16.9	16.5	3.9	Q1
Merchandise Imports from US	14.1	15.2	14.2	3.4	Q1
Merchandise Trade Balance with US	4.3	1.7	2.3	0.5	Q1
Current Account Balance	(2.2)	(8.7)	(4.1)	NA	
Exchange Rate (Won/\$, End-Period)	716.4	760.8	790.2	801.8	6/11
External Debt	31.7	39.1	45.0	NA	
Debt Service/Exports	9.7%	6.0%	7.5%	NA	
U.S. Assistance, \$ Million					
Military Assistance	0.9	1.0	0.8	0.8	

Sources: Embassy Seoul reporting; U.S. Department of Commerce;
 International Monetary Fund.

HUMAN RIGHTS ISSUES IN KOREA

The last six years have witnessed continued progress toward full democracy in Korea, culminating in the recent election of a civilian leader and a smooth transfer of power in February.

In 1987, following massive demonstrations protesting President Chun Doo Hwan's suspension of constitutional reform efforts, former general Roh Tae Woo surprised observers by announcing a plan which provided for direct election of the president. Later that year Roh won a bitterly contested presidential election. Roh's narrow victory over a divided opposition resulted in cries of fraud and voter intimidation from the defeated candidates. Nonetheless, Korea had started on the path toward true democracy.

Roh had promised "gradual democratization," and throughout his term political reforms continued, including the removal of controls over the press, television and radio. Many political prisoners were released. Roh, however, did not attempt to reform the powerful institutions which previous presidents had used to preserve their position: the National Security Planning Agency and the Defense Security Command.

The presidential election of 1992 was the culmination of these reform efforts and showed the extent to which democratic institutions had taken root in Korea. All three major candidates were civilians; the two most prominent had in fact run against Roh. There was free and open press coverage. The losing candidates publicly conceded defeat and acknowledged that the elections had been fair. President Kim has already announced two amnesties in which political prisoners were released. A number of political prisoners remain in jail, but we have no exact figure.

Other problems remain. The controversial National Security Law (NSL) remains in force, for example, and has been used by the Government to inhibit or punish free expression of opinion or freedom of movement and association. Other areas of concern include reports of instances of police abuse of detainees, lack of prompt access to legal representation for those accused under the NSL and labor laws and practices which do not meet international standards. Because Korean labor law is still far below international standards, we have suspended the programs of the Overseas Private Investment Corporation (OPIC) in Korea.

FACT SHEET: U.S. EMBASSY SEOUL

The U.S. Mission comprises the Embassy in Seoul, a consulate and the United States Information Service (USIS) cultural center in Pusan and cultural centers in Kwangju and Taegu. The eight-story chancery building is located on a major street, Sejongro, in the heart of downtown Seoul. The foreign ministry is across the street, and the President's official residence, the Blue House, is less than ten minutes by car.

The chancery building and the land on which it stands belong to the Korean government. The building is one of two that were constructed in the early 1960s to house the U.S. Agency for International Development's (AID) mission in Korea. The Embassy moved to its present location from nearby City Hall Plaza in 1968 (sharing space with AID until it ceased its Korean operations). According to an agreement signed with the Korean government at that time, the Embassy can occupy its present building rent-free until it constructs a permanent chancery on another site. Negotiations over the location of a permanent chancery continue between the two governments, but no firm timetable for construction has been set.

The Embassy's State Department contingent is composed of five sections: administrative, consular, political, economic and science and technology. Representatives of USIS, the Immigration and Naturalization Service, Drug Enforcement Administration, U.S. Customs Service, Defense Attache's Office and the Foreign Broadcast Information Service also are assigned to the Embassy. There is also a substantial Joint U.S. Military Assistance Group-Korea (JUSMAG-K). As of mid-June, the Embassy had 172 U.S. citizens and 293 Foreign Service National (FSN) employees; an additional 48 U.S. citizens and 26 FSNs were working for JUSMAG-K.

Korea's economic prosperity and increased freedom to travel has led to an explosion in demand for visa services. The consular section issued 246,000 non-immigrant visas in FY92, the most of any post in the world. The consular section issued 14,000 immigrant visas in FY92, the ninth highest total worldwide.

Embassy Seoul's responsibilities and those of the independent U.S. military command in Korea cover the same geographical area. The Embassy and U.S. Forces Korea work closely together in managing our security alliance with the Republic of Korea.

June 24, 1993

MEMORANDUM FOR HILLARY RODHAM CLINTON

FROM: Kim Tilley
SUBJECT: Korean Etiquette - Social Customs

Etiquette in Korea tends to be conservative and formal. The outward forms of courtesy are similar to those in Western countries, with an Asian emphasis on personal humility, regard for age, and shows of deference to persons of even slightly superior social or professional position. While there are many similarities to Japan, we've been advised that of all the Asian countries, Westerners feel the most at home in Korea because of their outgoing natures. And once again, great latitude is given to visiting dignitaries; they'll be more anxious about ensuring your visit is pleasurable than monitoring your awareness of Korean customs. One item, however, transcends this general rule: Koreans are very aware of one's station in life and expect individuals to act accordingly.

Greetings

For all the reputed loquaciousness of Koreans, casual touching does not occur. It is usually considered a personal affront to touch another person unless that person is a relative or close personal friend. Though Koreans often bow in greeting other Koreans, Korean men will shake hands; Korean women sometimes do. Men and women usually do not shake hands with each other. The rule for foreign women is not to initiate a handshake but to respond if a hand is offered. If you are greeted with a bow, you may respond in kind, but need not match exactly the depth and duration of the other person's bow - a slight dip from the waist will suffice. (In other words, follow your host's lead.) Do not be offended if, while walking into a building, the men walk in front of the women, as this is custom in Korea.

Names/Titles

Most Koreans have a title of some kind. This reflects not only a preference for hierarchy and order, but also the lack of diversity in names - half of all Koreans have one of four surnames - and consequent need a way to tell people apart. (The four most common surnames are Kim, Lee, Park, and Chung). You should carry a plentiful supply of calling/business cards, which you will exchange freely with the Koreans you meet. Address Koreans by the names and titles on their cards - if these are not in English, ask your escort or the person who gave you the card to translate.

Dress

Koreans tend to be very formal dressers. Korean men wear suits and ties about eight months of the year, switching to tieless and open collars in the warm months. Suits are dark, shirts normally white. Women follow Western fashion, and what is acceptable, or a bit on the formal or dressy side, in Washington will generally be acceptable in Seoul. Pants generally would not be appropriate. For formal occasions a Korean woman will wear either a native dress (called *Hanok* or *Hanbok*) or a conservative cocktail dress. Women normally do not wear red as a dominant color.

The State Department strongly advised that no clothing be worn that bares the arms, the back or has a slit showing the legs. This is considered highly unacceptable in Korean society for someone of your rank. (Short sleeves are O.K.) Sports clothes are also O.K. as long as they are modest -- by Korean standards -- and in context. Should you or the President wish to go jogging, it was advised that, heat notwithstanding, long pants be worn. They relayed an incident during one visit in which the Vice President and Mrs. Quayle went jogging, both wearing running shorts. Evidently, as they passed through the hotel lobby, Koreans in the room fell silent, shocked that people of their stature would dress like that in public.

Shoes

Shoes should always be removed when entering a Korean home or temple. When putting shoes back on at a temple, never sit on the steps with your back to the area of worship.

Gifts

Always use both hands when giving and accepting gifts (passing with one hand is considered poor manners). You may open and admire a gift in the giver's presence, but be guided by the practice of the person with whom you are exchanging gifts - if she simply thanks you for your gift and sets it aside, you should do likewise.

Dining

In the course of a short stay in Seoul you may well be offered Korean, Japanese, Chinese and Western food. If offered a choice, it would please your hosts by choosing Korean (and probably displease them by asking for Japanese.)

- Korean chefs generally do not prepare Western or Chinese dishes as skillfully as they do their excellent native cuisine. A Korean meal consists of dozens of small dishes each containing a different item. You take only what you want; there is no rule about "trying some thing of everything."

- The person seated next to you may select a few particularly choice morsels to put on your plate; you may reciprocate this gesture if you wish, but it is not required.
- You will probably be offered a choice of chopsticks and Western implements; if you are not, and want a fork, it is proper to ask for one.
- As in Japan, it is polite to make noise when drinking soup; a polite slurp shows your enjoyment of the meal.
- When handling Korean food, use chopsticks, spoons, or even a toothpick, if at all possible. Koreans consider handling food with bare fingers indelicate.
- Your Korean host will of course not expect you to be an expert on Korean food or display fully-developed Korean tastes, but they will be especially pleased if you try, and praise, their national dish, *kimchee*. This comes in many forms, the most common being a limp pink cabbage pickle; it is savory, spicy, garlicky, and may be quite hot (the pink color comes from red peppers.) Most Korean families have their own recipe for this dish; therefore, there is great variety. It is an acquired taste.
- Unless you have finished eating, the chopsticks or spoon should be rested on top of a bowl or dish. When you have finished eating, the chopsticks or spoon may be laid on the table, indicating that you have completed the meal.

Drinking

Again, it is doubtful you'll run into this, but in case the occasion should arise, there are certain customs surrounding drinking. You may notice the Korean men at your table engaging in a ritual of filling and passing glasses of liquor. If you ask for an explanation of this practice, you will probably be pressed into joining it. Should you do so, be forewarned that you will have to drink from the same glass as one or more other persons, and will also lose some control over how much you drink (if you drink too slowly you will be holding up others). Drinks in Korea usually include whisky, Asian liquors (*sake*, *soju*, etc.), and a passable locally-made white wine called *Majuang*. If you prefer no alcohol at all, it is proper to say so and to ask for coffee, tea, ginseng tea, or a soft drink.

Social Conversations

Early missionaries called Koreans the "Irish of the Orient" for their sociable, outgoing way and their loquacious, often poetic conversational style. Americans and Koreans tend to mix easily - both usually like to get the starch out of the collar fairly quickly. Topics of discussion depends on personal tastes and judgement, as anywhere; in deference to nationalism, it is best to avoid too many references to Japan or praise for things Japanese. Language should be no problem since you will have interpreters, and many

educated Koreans speak English. (Korean women are shy about socializing with men, and even with foreign women; however, many speak very good if slightly rusty English, and will often respond with great pleasure to your efforts to draw them out a bit.) As with Japan, however, the customs governing eye contact still rule. Also, a person may indicate his or her embarrassment by laughing.

Shopping

Shops featuring one kind of merchandise -- jewelry, antiques, or whatever -- tend to be clustered in one part of the market or city. This arrangement allows for extensive comparison shopping. In department stores and major downtown shops, the prices are of course fixed, but in smaller shops and in the markets it is proper, even for a distinguished foreign visitor, to dicker over price. Simply speaking to people, being curious and appreciative will be looked upon well. Best buys in Seoul include Korean chest, paintings, brassware, and amethyst jewelry. (Warning about Korean antiques: "cultural property" law may make it difficult to take your purchase out of the country; ask before buying.)

educated Koreans speak English. (Korean women are shy about socializing with men, and even with foreign women; however, many speak very good if slightly rusty English, and will often respond with great pleasure to your efforts to draw them out a bit.) As with Japan, however, the customs governing eye contact still rule. Also, a person may indicate his or her embarrassment by laughing.

Shopping

Shops featuring one kind of merchandise -- jewelry, antiques, or whatever -- tend to be clustered in one part of the market or city. This arrangement allows for extensive comparison shopping. In department stores and major downtown shops, the prices are of course fixed, but in smaller shops and in the markets it is proper, even for a distinguished foreign visitor, to dicker over price. Simply speaking to people, being curious and appreciative will be looked upon well. Best buys in Seoul include Korean chest, paintings, brassware, and amethyst jewelry. (Warning about Korean antiques: "cultural property" law may make it difficult to take your purchase out of the country; ask before buying.)

Money

The currency is the *won*, about 680 to the dollar. Most shops will not accept dollars or other foreign currency.

Sensitivities

As mentioned previously, Koreans are very sensitive about Japan. It has been strongly recommended that no reference to Japan or your trip there be made. Even more important is not to compare the two countries in any way or remark upon any similarities. (Don't be surprised, however, by the strong similarities that do exist.) Similarly avoid discussion of North Korea: nod and appear sympathetic to any discussion that does arise, but don't comment.

KOREA: GENERAL OVERVIEW¹

THE PEOPLE

General Attitudes

The Confucian ethic is evident in the people's general attitudes. Many rituals of courtesy and formality in behavior and customs regulate social relations. Hard work and filial piety are valued. Koreans often use extreme modesty when speaking about themselves. Reluctance to accept high honors is the mark of a true Korean gentleman. Compliments are graciously denied. Success depends greatly on social contacts. Friends expect to rely on each other for just about anything. Koreans are quick to make friends and friendships are highly valued.

Giving gifts as a means of obtaining favors is common, especially in the workplace, and accepting a gift carries the responsibility of reciprocity. Open criticism and public disagreement are considered very serious because it is not proper to damage another person's reputation. Because of respect for the feelings of others, Koreans may withhold bad news or adverse opinions or express them in an indirect way. South Koreans are proud of their country's accomplishments -- those of traditional Korean culture as well as the nation's modern economic success.

Population

The population of the Republic of Korea is 43.1 million and is growing annually at 0.8 percent. Except for a small Chinese minority, the people are all ethnic Korean, making Korea one of the most homogeneous countries in the world. About 57 percent of the population lives in urban areas.

Language

The Korean language plays an important role in the identity of the Korean people. Korean is spoken in both North and South Korea and is written in *Hangul*, a phonetic alphabet created in the mid-15th century because classical Chinese (the only written language available) was difficult to master. *Hangul* made it possible for the commoner to read and write. The language uses numerous Chinese words; Chinese characters are often mixed with the *Hangul* script in newspapers and government

¹ Excerpted from "Culturgram '92: South Korea," published by the David M. Kennedy Center for International Studies at Brigham Young University, distributed by the State Department.

documents. English is taught in the schools and many people have a good understanding of it.

Religion

- As mentioned, Confucianism permeates all aspects of Korean society. It encourages such practices as worshipping at shrines and ancestral tombs, and orders social behavior, stressing righteousness and filial piety (especially between father and son).
- Over one quarter of the people follow the traditions of a folk religion called Shamanism. Important to Shamanism are geomancy, divination, avoiding bad luck or omens, warding off evil spirits, and honoring the dead.
- Close to 30 percent of the population is Christian. Christianity is growing rapidly and many young people and government officials are Christian. Most Christians belong to a variety of Protestant churches.
- Over 15 percent of all Koreans practice Buddhism.

LIFESTYLE

The Family

The family is the foundation of society and is bound together by a strong sense of duty and obligation among its members. The father is the head of the family; he and the oldest son receive the greatest respect. The oldest son is given the best opportunities for education and success. Although women are active in Korean society, their status is generally lower than men's, a cultural trait reflected in the workplace and home. Women retain their maiden names when they marry. A Korean name consists of a one-syllable family name followed by a one- or two-syllable given name. Kim and Park (*Pak*) are the most common family names. In the extended family, the oldest members are paid the greatest honor. On a person's 60th birthday (a date rarely accomplished in the past), extended family members gather for a grand celebration (*hwan'gap*). Families may save money for years just to pay for the event.

Similar lavish attention is afforded to babies. After 100 days of life, a small feast is held in honor of the child's survival to that point (also a date not often reached in the past). A much larger celebration (*tol*) is held at the first birthday. From the many gifts offered, what a child picks up first is thought to signal his/her fortunes in life. Although the nuclear family is now more common, especially in the cities, sons still expect to care for their aging parents. Because of the Confucian emphasis on family hierarchies, detailed genealogies are kept. These records date back many centuries and include a person's birth, relations, achievements, and place of burial. In family clan gatherings, families that rank higher in the genealogy are treated with greater respect by the others.

Business

About 20 percent of the labor force is employed in agriculture, and live in rural villages and cultivate small plots or collective farms. Over 25 percent work in mining and manufacturing. The rest are involved in service occupations. Small, family-owned stores are usually open every day from early in the morning until 10:00 or 11:00 pm. In many cases, the family lives above or near the store. Larger department stores close by 8:00 pm. Other businesses are generally open from 9:00 am to 6:00 pm. Banks and government offices close earlier. The average work week for a Korean is 52.5 hours, one of the longest in the world.

Holidays

The New Year is celebrated over three days (January 1-3). Families gather to exchange gifts, enjoy large meals, and honor the dead, generally dressing in traditional clothing. After the memorial services, family members bow to each older person in a show of respect. Games are played and fortunes are told. The other important family holiday is *Ch'usok*, where family members visit (in September) the ancestral tomb to offer food in honor of the dead. Other holidays include Independence Movement Day (March 1), Children's Day (May 5), Buddha's Birthday (in May, observed according to the lunar calendar), Memorial Day (June 6), Constitution Day (July 17), Independence Day (August 15), National Foundation Day (October 3), and Christmas. Arbor Day (April 5), Armed Forces Day (October 1), and Korean Language Day (October 9) are marked by various celebrations, but are not public holidays.

THE NATION

Land and Climate

South Korea is slightly larger than Indiana. Its only border is shared with North Korea (at the 38th parallel). Otherwise, as a peninsula, it is surrounded by water. At its closest point, it is 123 miles (196 kilometers) from Japan. Close to 70 percent of the land is forested; just over 20 percent is suitable for cultivation. Hills and mountains dominate the east, while plains are found to the east and south. Korea's climate is temperate, but high humidity makes summers seem hotter and winters colder. Korea experiences all four seasons; spring and fall are the most pleasant times of the year. The monsoon season occurs from mid-July to mid-August. During this time, Korea receives half of its annual rainfall. Korea is traditionally known as the "Land of the Morning Calm."

History and Government

Shilla kings united three warring kingdoms in 668 A.D. and began developing a rich Buddhist culture. By 935, a new kingdom, Koryo, began ruling the peninsula; the

name Korea comes from Koryo. During the Koryo period, the world's first movable metal-type printer was invented. Koryo fell to the Choson or Yi Dynasty in 1392. The Yi ruled for more than 500 years. In the latter part of the Yi Dynasty, China and Japan sought control of Korea, a struggle that the Japanese eventually won, annexing Korea in 1910.

At the end of WWII (1945), the Soviet Union entered Korea from the north and the United States entered from the south by prearrangement to accept the surrender of Japanese troops. The peninsula was accordingly divided (at the 38th parallel) into two administrative zones. After attempts to hold nationwide elections failed, a pro-Western government was established in the south and Syngman Rhee became president. In June 1950, North Korean troops invaded South Korea, triggering a three-year war. The United States and United Nations sent troops to support South Korea. Concerned that war might spill into Chinese territory, China sent troops to aid North Korea. The war ravaged the peninsula and ended in a stalemate (a peace treaty has still not been signed) with the original border virtually unchanged. Violent border incidents have occurred over the years, and a monthly civil defense drill is still conducted in South Korea.

Rhee resigned in 1960 under charges of political corruption. Although elections were held the following year, General Park Chung Hee seized control of the government and was elected president two years later. He was assassinated in 1979 by the head of the South Korean intelligence agency. A military coup followed and Chun Doo Hwan emerged as president. A 1987 constitution established direct presidential elections and protection of human rights. Roh Tae Woo was elected president. In 1988, the Olympics were held in Seoul, the capital of South Korea.

In 1990, peace talks were held between the prime ministers of North and South Korea -- the first such contact since the 1950s. While the two did not reconcile their differences, they did agree to continue meeting in an effort to reduce tensions, open relations, and possibly seek unification. Talks continued through 1991 and into 1992. While deep divisions remain, the two nations are seeking ways to cooperate -- even by cosponsoring sports teams or cultural events.

Education

Education is the most valued aspect of Korean culture, a virtue rooted in Confucianism. Education is considered the key to success, respect, and power. Political demonstrations by college students occur every spring and are considered the duty of the student to protect the people against social injustices. Although these activities have often been violent in recent years, they have been part of university life for much longer than Korea has been a republic. Schooling is compulsory between the ages of six and twelve. Secondary schools demand long hours and high performance. Extremely competitive and rigorous college entrance exams must be passed to enter a university. Students study intensively for months to pass these exams. Vocational training is also available. The literacy rate is 96 percent. The government has invested a great deal in the educational system; it finances over 75 percent of Korea's education expenses.

Transportation and Communication

Air, rail, and bus connections provide a good transportation network between cities. Roads are paved and in good condition. Buses, private cars, and taxis handle public transportation in the cities. Seoul has an efficient subway and a quality express bus system in addition to regular buses. Taxis are plentiful and inexpensive. Drivers will often stop for other passengers during busy hours. Driving habits are aggressive and accidents are common. There are numerous radio and television stations. Daily newspapers are common. The postal and telephone systems are efficient and modern.

For the Traveler

Water is generally not safe for drinking and should be boiled.

E.O. 12356: N/A

TAGS: SOCI, ETRD, KS, OVIP (CLINTON, WILLIAM)

SUBJECT: Korean national health insurance system

Summary: although health care in Korea technically allows access to all, like other aspects of Korean society, it is over-regulated and actual care depends to a large extent on personal connections and ability to pay. The system is unique

in that health care providers, who are 87 percent privately owned and operated for profit, are serving a population which is covered by publicly-regulated compulsory health care insurance. The low, government-regulated fees lead physicians to treat too many patients, too quickly, and to induce recurrent patient visits in order to generate income. The high coinsurance rates applied irrespective of family income create inequity not normally found in national health care systems and the duplication of administrative effort among the 424 separate insurance societies is inefficient and costly. Finally, failure to reimburse for high-cost procedures and some expensive drugs has limited care available to the poor and led to trade friction with the U.S. End summary.

overview

3. Korea's national health insurance system became universal in July 1989. This government-mandated, compulsory insurance system pays for services provided by predominantly private, profit-oriented health care providers. Insurance is funded by cooperative societies consisting of employees or neighbors who pay mandatory premiums on a cost-sharing basis with employers or local government. Government regulation of fees charged by providers keeps the provider fees artificially low, enabling the program to function on a self-supporting basis. Universal availability of coverage is the program's strength; the limitations on coverage and the quality of care are its greatest weaknesses.

History

4. The medical insurance act, promulgated in 1963 was the first law designed to promote health insurance coverage in Korea. After 14 years of voluntary compliance, the law was changed in 1976 to make membership in an insurance society compulsory in companies with 500 or more employees. Gradually mandatory membership was extended to small companies, civil servants, school teachers and finally, fishermen, farmers, and the self-employed. Since July 1989, every citizen able to pay a premium is included in the basic program. The indigent, approximately 10 percent of the population, are covered by the

federally funded medical aid program.

5 The backbone of the health care system are the insurance cooperatives formed at workplaces or in neighborhoods. These cooperatives, called insurance associations or societies, collect mandatory premiums, based on a percentage of salary, to form a fund from which the medical claims of its members are paid. The investment of funds is regulated by law and limited to savings accounts. The average contribution, 3.19 Percent of salary, is shared equally by employee and employer.

6 In the neighborhood model, the premiums are based on family assets and are shared equally with the local government. Although each town or company may have its own insurance association, the benefits and premiums are standardized and regulated by presidential decree and the medical insurance act. There are presently 154 insurance cooperatives formed by private company employees, 266 regional societies and one for civil servants and private school teachers.

7 The insurance societies are administratively and

unclassified
unclassified

financially independent. Governed by boards of directors, oversight is provided by the Korean Medical Insurance Corporation and the Federation of Korean Medical Insurance Societies. The operations of these bodies are closely monitored by the National Federation of Medical Insurance (Nfmi), a quasi-governmental agency which reviews all claims from the medical facilities, effects payment, and designates medical facilities for services to the insured. All societies are under the guidance of the minister of health and social affairs. Nfmi conducts audits biannually.

8. These self-governing insurance cooperatives are divided into three organizational categories:

a. Industrial establishment medical insurance societies cover companies with 5 or more workers. Seasonal and temporary workers are excluded. This category covers 16 million workers and family members and accounts for 40 percent of the population.

B. Government/private school employees medical insurance cover civil servants, private school employees, and military families. Representing 11 percent of the population, this group numbers over 4 million.

C. Regional medical insurance societies cover residents, based on geographical affinity, who are not included in either of the above groups. Farmers, fishermen the self-employed, and pensioners are in this group which numbers over 19 million and presents 49 percent of the population.

9. Comment: oriental medicine is still a major component of medical treatment in korea, though actual figures are unknown. It is covered by the insurance system. End comment.

Persons covered

10. Employees and their dependents are covered. The definition of dependent is broad and includes spouses, direct lineal ascendants and descendants, spouses of the descendants and brothers and sisters who are dependent on the employee's income.

11. Although a korean citizen is always covered, it may be by different section of the overall scheme. For example, if an employee loses his job or retires, he must then withdraw his contributions from his employee group and join the association which is based on residence rather than workplace.

Benefits

unclassified
unclassified

12. The extent and level of benefit coverage is determined by the government and is limited to basic health care. Most outpatient services and high-probability inpatient services are covered. However, many of the low-probability but high-cost services are excluded. These nonreimbursable services are typically high-tech, diagnostic-testing procedures such as cat scans, sonograms or mris. Sophisticated, expensive medicines are not covered by the plan. (Comment: one doctor described the coverage as a level lower than medicaid. End comment)

13. Cost-sharing features are included in all services. There is a flat fee and coinsurance percentage paid at the time of service. For example, a fee of usd 3 is paid for each physician visit. In addition to the fee, the patient pays 30 percent coinsurance for outpatient clinic services, 55 percent for general hospital outpatient services. The coinsurance rate for inpatient services is 20 percent. Hospital stays are limited to 180 days. Oriental medicine clinics and funeral benefits are also covered.

14. Benefits are suspended while serving in the military, while traveling overseas or when imprisoned. Benefits are also limited when another insurer has primary responsibility, for example, in an auto accident, the automobile insurance company would pay the expenses.

Implementation

15. The patient must first see a primary care physician to get

a referral before consulting a specialist. The patient is further limited in his choice of providers by mandatory utilization of services in his assigned geographical region. Korea is divided into 142 primary-care geographical regions and 8 larger secondary units. A referral from a primary-care facility in the assigned region is necessary before a specialist may be consulted or facilities in the secondary region can be utilized. If specialized services are sought outside the secondary region, the permission of the insurance society must first be granted.

16. According to the data provided by the nfmi, the national health insurance plan is self-supporting. Contributions account for 89.4 Percent of the income, with miscellaneous inflow accounting for 10.6 Percent. The expenditures for benefits are 80 percent of the budget, administrative expenses are 5.5 Percent and other expenses are 14.4 Percent. The govt's contributions to the neighborhood insurance societies and miscellaneous administrative costs totalled usd 11,231 million, or about 4 percent of gdp in 1992. The government regulation of provider costs and severe limitation of services coupled with high coinsurance payments make the program less costly than similar programs in other countries.

Unclassified
unclassified

two doctors comment

17. According to the director of dongseoul hospital, a private 90-bed hospital, the positive aspect of the national medical system is that all citizens are offered medical coverage. The weaknesses of the system, in his view, affect the medical professionals themselves.

18. The fees for services were first established in 1977 and have not kept pace with inflation. The hospital or doctor is reimbursed per service, regardless of the time spent with the patient. The fees cover the cost of care only when there are sufficient numbers of patients to offer economies of scale. According to the director, the medicine practiced in Korea is presently at an international standard, but his prognosis for the future is bleak. He feels the emphasis on quantity will lead to a lower quality of medicine.

19. The dongseoul hospital earns 70 percent of its income from national health insurance cases. The remaining cases are either private or from automobile accidents where the automobile insurance pays. The fees for private patients are unregulated, market-driven and higher than the government regulated fees.

20. An american physician practicing at a 1,500 bed university hospital in Seoul, calls the health care system a "dinosaur with arteriosclerosis." He says the coverage is too limited

home. Because the hospital's income is based on number of patients served, the hospital has no incentive to move patients home. Another weakness in the system is payment to physicians based on number of patients seen. If a doctor wants to make more money, he sees more patients than he can treat effectively. This overconsumption of services and lack of control over number of patients seen leads to clogging of the entire system -- the arteriosclerosis.

Kemia -- a medical insurance association model

21. Kemia, Korean employees' medical insurance association, is the insurer for 400 U.S. Embassy foreign service nationals (FSNs) and 900 of their family members. Founded voluntarily in April 1981, (prior to compulsory coverage) it is governed by a 17-member board of directors who are elected every two years.

Unclassified
unclassified

The association employs a full-time manager and one full-time secretary. Monthly financial reports are monitored by embassy financial management (FMC). The Ministry of Health and Social Affairs audits the fund every two years.

22. The present fund contains 300,000,000 won (USD 375,000) which is deposited in a savings account bearing 13 percent interest. Each employee pays 1.5 Percent of his salary to the fund (payroll deduction) with the embassy contributing a matching 1.5 Percent. Rokg mandate sets contributions at between 3-8 percent.

23. Every month Kemia deposits 120 percent of the average monthly amount claimed in the previous quarter with the National Federation of Medical Insurance (NFMI) to create a working fund. The hospital or health care provider then bills NFMI directly; the association is debited; and the provider is paid. The exact nature of the claim and billing information is passed from NFMI to the association for oversight control. If charges seem excessive, an appeal is made to the hospital by the association. A list of usual and customary charges is published annually by NFMI.

24. Every year seven percent of the association fund is contributed to the NFMI stabilization fund. Any individual claim in excess of 900,000 won (USD 1,125) is paid by this fund. Thus, nationwide, no individual insurance association is responsible for individual claims larger than 900,000 won.

Comment: how the system really works

25. Coverage in Korea may be "universal," but it is hardly equally available to everyone. Access to care, as with other facets of Korean life (such as what school you attend and where

you get a job), depends to a large extent on who you know or how much you can pay. Burdensome regulations make it impossible to do business the way the system is written and numerous informal mechanisms have grown up to work around the strictions.

26. There are a small number of highly-qualified, well-educated doctors and a few really well-equipped hospitals. Much of the rest of the system operates at a level below that of most OECD countries. All-important old-school ties often dictate whether you see one of the best or even whether you know who the best are. Well-heeled citizens pay premium prices for private services and sometimes travel to the U.S. or Japan for complex treatment or surgery. However, the majority of Koreans -- still relatively unsophisticated consumers of such services -- demand only that health care be universally available, not that it be good.

Unclassified
unclassified

27. Hospitals naturally prefer to focus on the more lucrative private market and have been known to turn away patients. The embassy is aware of one accident victim who sought emergency treatment in three hospitals before finding one that would accept him. Although nurses administer shots and keep temperature charts, they do none of the patient aid work. The family plays an indispensable role in hospital care by providing most all primary nursing care. Family members tend to move into the hospital rooms and usually supplement meals.

28. In the past it has been common practice for private doctors to receive either cash or in-kind payments in exchange for approving a given drug for use by a hospital staff. (Doctors at public hospitals are considered government employees and cash payments to them are illegal under Korean law.) Similar payment arrangements exist between equipment manufacturers and hospitals and clinics. (These payments have recently become a target of the ROKG's anti-corruption campaign.)

29. There is some anecdotal evidence of growing frustration with the level of health care available to most citizens. The targets of the anti-corruption campaign are to a certain extent guided by press and public calls for reform, so the focus of the auditors on the drug reimbursement system is an overt sign of dissatisfaction with the system. Consumers complain privately that there is no effective way to challenge the system. Doctors don't share diagnoses and cultural traditions prevent patients from pressing for more information. Even with information about a case, the legal malpractice system is underdeveloped and offers little opportunity for recourse.

troubles on the trade front

30. The U.S. has run up against the rigidity of the Korean reimbursement system in at least one instance. Citing the limitations outlined in paragraphs 11-13, the Medical Insurance Corporation (NAMI) has refused to reimburse the usual 80 percent of the cost of an antihemophilic clotting factor (AHF)

produced by the American pharmaceuticals firm Baxter. The NAMI has ruled that the Baxter product may only be reimbursed at 50 percent of the price of a similar domestic product. That is, out of a cost of 132,000 won, the insurance system will pay only 41,710 won.

Korean Ideas and Values

MICHAEL C. KALTON

Introduction

Assumptions about the way things are and what is worthwhile or correct vary widely from culture to culture. Between Korea and America there are differences in this regard which often cause misunderstandings and frustrations when the two cultures come into contact with one another.

Familiarity with only one culture limits one to the viewpoint of that culture; while one benefits from its strengths, one also suffers from its limitations, which are often directly related to those very strengths. This is where the understanding of another culture and its values can become an enrichment. At some points it may open up new options in our approach to life; at others it may bring a new level of self-awareness regarding the limitations inherent in views once unquestioningly accepted as correct or ideal. In this respect, the person who is bicultural, be it by birth or by learning, enjoys the potential for a kind of flexibility and insight not readily available to others.

What are some of the fundamental ideas and values which are common in Korea but different from typical American perspectives? In other words, in what respect is the Korean way of thinking different from that of Americans? And why do the Koreans behave so differently in many ways from the Americans? These questions are closely related. The ideas and values, or the way of thinking, affect the way people behave in everyday life.

Three Basic Differences

We must recognize at the outset, of course, that ideas and values do change in time in every society. Not all the ideas and values cherished by one generation in America, for example, are accepted fully by the next generation. But when we place the ideas and values shared by most Americans next to those shared by most Koreans (including those recently arrived in the United States) we can see a sharp contrast. Among many differences, the following three stand out: the view of, and weight given to, family and social relationships, the importance attached to education, and the approach to male and female roles and relationships. In this essay we shall take up each of these in turn.

Although Buddhism flourished in Korea for a long time, particularly between the fifth and fourteenth centuries, it is the Confucian tradition that has most deeply influenced the ideas and values of the Korean people since the fourteenth century. In the long centuries of its predominance, Buddhism had grown to be a tremendous economic and political power. In order to crush that power once and for all, the rulers of the Yi dynasty (1392-1910) adopted Confucianism, in the form now referred to as Neo-Confucianism, as the central and orthodox tradition. Neo-Confucianism was thus deliberately introduced as an instrument to suppress Buddhist influence in Korean society. This policy succeeded, and although many Buddhist temples continued to exist, by the sixteenth

century
and No
nate
Korea
ference
and Ja
this fa

In
numbe
discipl
in mo
the co
Confu
the sc
univer
the he
specia
special
even
menta
Confu
ideas
"the
only
traditi

Co
traditi
whole
Japan
count
its ow
is sai
other
Korea
ever,
uniqu
typica
porta
Ameri

Famil

It
that
speci
them

century their influence had largely waned and Neo-Confucianism came to predominate intellectual and spiritual life of Korea. In many ways, the subtle difference between Korea on the one hand, and Japan on the other, can be traced to this fact.

In any event, except among a small number of people, Confucius and his disciples are no longer revered as sages in modern Korea. The schoolhouses in the countryside that exclusively taught Confucian texts have disappeared from the scene, and in modern colleges and universities Confucianism is no longer the heart of the curriculum but simply a specialized topic pursued by academic specialists. Most Koreans are perhaps not even aware that many of their fundamental ideas and values are derived from Confucian teachings. Nonetheless, these ideas and values, now taken simply as "the way things are," can be understood only with reference to their roots in this tradition.

Confucianism was an international tradition which deeply influenced the whole East Asian cultural sphere — China, Japan, Korea, and Vietnam. Though each country has given these ideas and values its own particular coloring, much of what is said here applies in some degree to other East Asian societies as well as Korea. We will be concerned here, however, not so much to discover what is uniquely Korean, as to discuss what is typical of Korea and different in important ways from what is Western or American.

Family and Social Relationships

It is a common human assumption that there is something unique, something special about human beings which sets them apart from other creatures; but

different traditions do not necessarily explain this in the same way. Different assumptions about what it is that gives human beings a special dignity and value have ramifications which affect a culture's total value system.

The Greeks considered human beings to be unique in that they can think and so can make decisions, while lesser creatures can only follow their instincts. In the Judaic and Christian traditions it is emphasized that man is a child of God, made in God's own image; each human being thus has a personal relationship with God and so is endowed with a dignity which sets him apart from other creatures.

The common Western view of the dignity of man is drawn from these traditions. A person is human in that he or she is able to think and make decisions; therefore his freedom is to be respected. Each person lives in relation to God; therefore each bears a sacred and inviolable dignity, and in this dignity all people are equal, whatever their social status may be. Note that the focus in both views is on a special dignity possessed by every individual. This is one of the foundations of Western individualism, a value which many Koreans, for reasons we shall see, find very difficult to understand or appreciate.

Confucian Doctrine of Relationships

The Confucian view, which did much to shape pre-modern Korean society, is quite different. It is expressed clearly in the very first lines of the *Tongmong sonsup* (First Exercises for Youth), a primer often used during the Yi dynasty for beginning students: "Of all creatures between Heaven and Earth, man alone is most noble, and what is noble in man is that he possesses the Five Relationships."

This is the approach to the question of human dignity one finds in virtually all Confucian texts. It is derived from one of the most valued of the Confucian classics, the *Mencius*, which gives the earliest full formulation of the Five Relationships:

According to the way of men, if they are well fed, warmly clothed, and comfortably lodged but without instruction, they will become almost like animals. The Sage (emperor Shen) was concerned with this and appointed Hsieh to be Minister of Instruction and teach people human relations: that between father and son there should be affection, between ruler and minister there should be righteousness, between husband and wife there should be proper distinction, between elder and younger there should be proper order, and between friends there should be faithfulness.

This doctrine of the Five Relationships is the cornerstone of all Confucian moral and social teaching. It is not the mere fact of being related that is considered of unique value here — after all, animals have parents, mates, and often even leaders and "pecking orders" — but rather the special level upon which these relationships are conducted. That is, what the doctrine of the Five Relationships teaches is that there is a distinctively human level or manner of relating to others, and only by learning to relate on that level does one act in a way worthy of a human being. When this uniquely human quality is lacking in relationships, human beings sink to a subhuman level of behavior.

What, we may ask, is this special human quality? In all of these relationships it is essentially the same, though it is manifested differently ("affection," "righteousness," etc.) in accord with the particular nature of each relationship. This quality is most easily expressed negatively: in relating to others, one does not seek one's own ease, conven-

ience, or profit; that is, one does not act in a self-centered, self-interested way. That is why Mencius says that when only the things that are a matter of immediate self-interest are taken care of, such as food, clothing, and lodging (and one might expand the list to include everything one pursues purely for his own benefit), we are not yet on a really human level. In the Confucian tradition, self-centeredness or selfishness is viewed as the primary root of evil and disorder, and the special dignity of man is based upon the degree to which he can rise above self-interest in relating to others.



A filial son praying in the depth of the winter that bamboo shoots will sprout so he can feed his ailing mother.

So while the typical American or Western view focuses on human dignity as something inherent in each individual, the Confucian approach looks upon it as something arrived at by the quality of one's relationships with other human beings. Everyone has the potentiality of relating to others in this way, but not everyone cultivates that potentiality to

the same degree of fullness; thus people in fact are not all equal in dignity, not all deserving of the same degree of respect and honor.

Western Individualism

Americans have come to stress values such as independence of thought and judgment, self-reliance, creativity, and the courageous exercise of a responsible freedom. These are the values of being an individual, a person who can think and decide for himself without relying upon others; they are summed up in the term "individualism," a word which expresses to Americans much that is ideal. Such values have their roots in the idea of the unique dignity of the individual, and they were further developed through early Americans' experience of severing ties with the Old World and striking out in new directions in an uncharted New World.

The Confucian approach, which emphasizes human interrelatedness and reflects upon what is required to relate properly to others, leads to a different set of values, such as reverence for others, harmony, proper order in society, and a keen awareness of what others do for one and what one should do in return. From this perspective, the limitations of the individualistic values are more apparent than their excellence: they seem to be qualities which center the individual in himself and cut him off from others, leading to pride, irreverence, and insensitivity to others.

In the frequent discussions of American society in Korean newspapers and magazines, individualism is commonly criticized as the most serious flaw of Western society; Koreans' greatest fear regarding their own modernization process is that it will bring with it rampant individualism. This, they fear, would

bring with it the disintegration of the family; rising divorce rate; the spread of homes for the aged; loss of respect for parents, teachers, and authority in general; and a high rate of crime reflecting a self-centered rending of the delicate fabric of the whole social order — all of these being phenomena they see clearly evident in American society. An American may at first feel that this is a total misunderstanding, but as one becomes more attuned to Korean values, one comes to see that although there may be a certain amount of misunderstanding and oversimplification in this view of individualism, there is also considerable insight as well.

Unequally Structured Society

Returning to the Five Relationships, one notes that all but the fifth, the relationship between friends, are conceived of as unequal, one person being in a superior position vis-a-vis the other. In traditional East Asian societies a hierarchical differentiation of persons according to age, sex, virtue, learning, and social status was simply taken for granted, and even though modernity has brought increased flexibility in this regard, the same might be said of Korea today, for modern Korea is still a hierarchically structured society.

Americans hold equality to be an ideal, and thus find it difficult to understand an openly hierarchical society. But the plain fact is that people are unequal in talents, age, moral qualities, wealth, education, and opportunity (which is linked to the foregoing factors) — to name but a few categories. In a hierarchical society such as Korea's, this is recognized and reflected clearly in the forms of social interaction. Ideally this does not mean putting people down and limiting them to something less

than they could be; although such abuses naturally can and do occur, the real emphasis is not upon looking down upon the lowly but on giving proper reverence to those to whom it is due. Thus Confucian writings continually emphasize the need for reverence and deference to others and warn against the dangers of haughtiness and arrogance. One finds in contemporary Koreans a very acute sensitivity to these qualities, and haughtiness and arrogance in particular would rank very high on a Korean list of negative values.

Decorum

Closely connected with this emphasis on reverence is the traditional Korean fondness for *yeul* (예의), the rules of proper and polite behavior. Confucians held *yeul* in high regard, both because its practice inculcated that sense of self-discipline and restraint which was regarded as the foundation of all sound character formation, and because it provided the forms of proper, dignified, and harmonious social interaction. Yi dynasty Koreans put such value upon the observance of *yeul* that the Chinese referred to Korea as "the country of *yeul*," a title in which Korea gloried.

In modern eyes the traditional emphasis upon a very strict adherence to *yeul* was somewhat overdone, and Koreans now frequently criticize their pre-modern society for an excessively externalistic formalism. Traditional Confucians assumed there was a direct link between one's inner dispositions and one's external appearance and conduct; their modern descendants, however, suspect that true concern for the inner spirit was too often lost in the severe and exacting attention devoted to external correctness. Nowadays there is much less strictness, but nonetheless a marked formality and

sensitivity to what is appropriate in a given circumstance and social situation is still characteristic of Korean society. Korean guests, for example, will rarely appear without bringing some small gift, appropriate to the occasion, as a mark of appreciation and good feeling toward their hosts.

American society, in contrast, has moved increasingly in the direction of breezy informality, and one accustomed to this casualness might initially be inclined to regard the formality of Korean society as negative and repressive. But experience frequently changes this opinion. In many respects *yeul* is like the grammar of a language: grammar is a restrictive set of rules only to one who does not know the language; when the language is mastered, grammar becomes one of the means of making expression and communication possible.

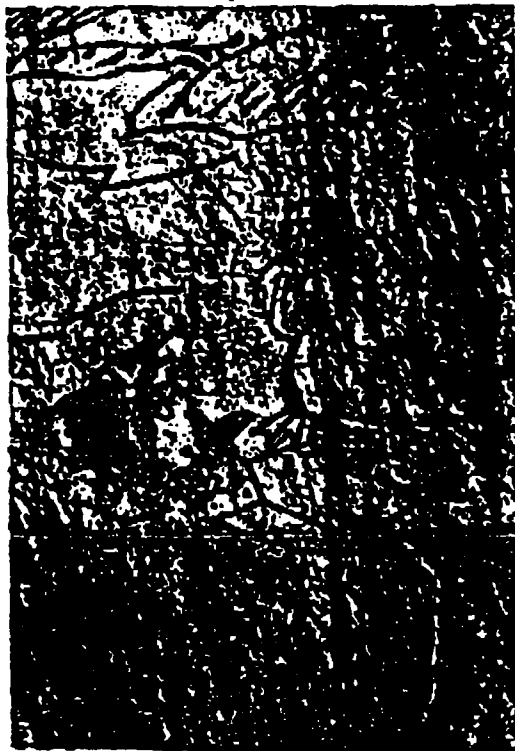
In Korea the many interactions of daily life are graced by the presence of little rituals which express something: whether it is the inevitable shuffle in a doorway as companions try to get one another to go first; the proffering, refusal, and repeated urging on a friend or guest of a cigarette or dish of food; the careful tending to and refilling of a companion's wine glass; or simply the manner of handing something to someone; *yeul* provides innumerable ways of smoothing relationships and making them pleasant by small indications of goodwill, respect, or friendship. By contrast, American informality may well be crude and frustrating to one who is accustomed to having these means of expression at his disposal.

Age

An almost universal human concern is age, but cultures differ widely in their evaluation of it. Americans commonly

want to become older until they reach their twenties, and proceed with reluctance beyond that decade; there may even be tears at thirty or forty, and some stop celebrating birthdays beyond a certain point, preferring that the advance in years be passed over in silence.

In Confucian society, on the other hand, age was one of the primary yardsticks of hierarchy, as is reflected in the third of the Five Relationships, "Between elder and younger there should be proper order." That is, the elder should always have precedence over the younger. The old saying which provided an age-based measure for degrees of reverence in social relationships is still commonplace in modern Korea: "If one is twice your age, treat him as you would your father; if he is ten years older, treat him as you would your elder brother; if he is five years older, you may walk shoulder-to-shoulder - but just a little behind."



A frail child melts the ice with the heat of his body, and catches a carp, the only tonic for his ailing mother.

While many young Koreans still feel that age should be accorded respect and precedence, the rapidly changing conditions of modern society have introduced a certain tension here, for younger people feel they have been exposed to a world of ideas and values their elders are not in touch with. Particularly in scientific and technological areas, young people are equipped with new skills and knowledge which give them capabilities those even a few years ahead of them may lack.

Efficiency would dictate the advancement of the young and talented possessors of the newest skills ahead of less capable elders, but this goes against deeply held values; when it does occur, it often creates an awkward and uncomfortable situation for all concerned. One still in his twenties certainly should be listened to, but it is hard for him to have the same "weight" as one twice his age. In academic life this is even more the case. While in America ambitious young newcomers frequently attempt to establish themselves by proposing new theories and aggressively attacking the established views of older authorities, in the Korean academic world such conduct would be considered most unseemly. One must bide one's time and wait one's turn rather than openly and aggressively challenge the views of one's elders.

While this situation can certainly be frustrating for the up-and-coming young, there are some advantages in maintaining this hierarchy of age. For one thing, it limits the kind of total competition which has become such a prominent and uncomfortable feature of American life. Further, there is the question of where, in terms of age, one locates the center of gravity of one's life. If the twenties are the peak, the downhill portion is long. Youth in a certain sense may be

considered its own reward; to have a certain dignity and fullness postponed until one's forties and fifties or even later may be considered to add an overall profit to life's balance sheet. And actual old age brings with it burdens welcomed by no one; but if years and white hair are generally a source of respect in one's society, the final stage of life is relieved of much of the negativity so common in America. An old grandfather in the streets of a rural market village in Korea carries himself with an air of dignity and self-respect rarely seen in elderly Americans.

Filial Piety

Three of the Five Relationships — father-son, husband-wife, and elder-younger (brothers) — directly refer to the family. Further, the relationship of ruler and minister (subject) was often paralleled with the father-son relationship, and friendship frequently took the form of a fictive kinship relationship; close friends even today frequently call each other "elder brother" and "younger brother," introducing both the intimacy and the affectionate elder-younger subordination of the family into their relationship. Thus traditionally the family stood at the center of everything. It was regarded as the model for government, which was paternalistic, and it was the training ground for all proper human relationships, the place where one developed the kind of qualities and awareness worthy of a human being.

Modern society is modifying the place and nature of the family in Korea. Government may still have strongly paternalistic overtones, but the family is no longer its theoretical model. And the dynamics of a modern economy favor a kind of mobility which works against the traditional ideal of the ex-

tended family unit, which would place grandparents, parents, and children all under the same roof and locate them in close proximity to a number of blood relatives. But the strength of blood relationships and the consciousness of family membership with its duties and rewards remains unlike anything commonly found in America today. An understanding of the family offers the key to that core of Korean values which is in direct opposition to Western individualism, and the key to that understanding is filial piety, the virtue most prized by Confucianists.



A stylized drawing of a (filial piety); the presence of bamboo and carp refer to the legends mentioned with the previous pictures.

In Confucian thought, filial piety provided the groundwork for all the other virtues, and its practice touched

on every aspect of life. In its most limited sense, filial piety involved reverence for one's parents and a selfless devotion to their well-being. But in fact it went far beyond this, involving not just certain external practices, but one's very way of thinking about oneself, with repercussions which touched upon every aspect of life. As the classical *Book of Rites* puts it:

One's body is the body of one's parents passed on to oneself; in acting with the body of one's parents thus passed on, can one dare but be reverent? If in our bodily carriage we are not dignified and grave, it is unfilial; if we are not loyal in serving our ruler, it is unfilial; if we are not earnest in discharging our office, it is unfilial; if we are not faithful to friends, it is unfilial; if we are not courageous on the battlefield, it is unfilial.

In this view, it is improper to act based simply upon one's personal, private inclinations and desires. The filial son or daughter (or daughter-in-law) was to set up no separate sphere of self-interest distinguished from and not subordinated to the interests of their family, represented primarily in the persons of their parents. This way of thought is founded upon a very serious and deep consideration of the basic biological facts of our existence. The term *shin* (body) also means "person"; the idea is not just that one's physical body, but one's entire person, one's whole existence as a human being, is fundamentally a continuation or extension of the existence of one's parents, just as they are continuing the existence of their parents before them.

Family

The family, in this context, is much more than just a group of related individuals living together; it is essentially

a single life-force, passed on from generation to generation to generation. It encompasses not only the living but also the ancestors who have gone before and the generations yet to come in a single unity. One exists therefore not as an atomically isolated individual unit, but as a member of the trans-generational family, a link in the chain of life which stretches both into the past and into the future. One both benefits from all who have gone before, and has the responsibility to continue past excellence and also to provide both morally and materially for the generations to come.

Thus a sense of self was inculcated in which an awareness of family plays a key role. In considering whether or not to do something, for example, not only personal desires but factors such as what it would mean for the honor and well-being of one's family would naturally be taken into account. Confucianists scornfully referred to persons who simply pursued their own interests as "not knowing their root." The actions of such persons were seen to betray an ignorance of the very nature of their existence.

The traditional obedience to parents even after adulthood, and the subordination of personal interests to those of the family which is an essential part of filial piety, may strike those more familiar with typical Western values as an intolerable suppression of the individual. Whether it is "suppression" or "proper orientation," however, depends to a great extent upon the way persons are accustomed to think of themselves. When life is assumed to be the distinct possession of each individual, as in the familiar expression, "I have my own life to lead," what is entailed in filial piety would certainly be experienced as a kind of suppression. But when

one assumes, as in the Confucian framework, that life is not only personal but also something possessed and lived in relation with others, it is natural to identify as one's own the goods and ills which affect one's life-community. In subordinating one's personal interests to those of a community with which one really identifies, far from feeling suppressed, one feels he is overcoming his limitations.

Western individualistic values and lifestyle have had an impact on modern Korea, and there is frequently a tension in young persons as they feel the pull of filial duty in one direction and the desire for a more unfettered management of their lives, in another. But although this has somewhat relaxed familial bonds and lessened the degree of subordination to parental control, fundamentally non-individualistic values persist, and it is doubtful that when the final compromise takes form it will bear much resemblance to Western individualism. Both family and social relationships of all sorts are characterized by a lively awareness of interrelatedness and interdependence which shows little sign of disappearing.

Doing and Returning Favors

One clear indication of this is the persistence of *unhae* (은혜), "gracious favor," which plays a role in Korean society somewhat parallel to that of rights and duties in the more egalitarian societies of the West. Americans think of themselves as having rights which it is the duty of others to respect, even as they have the duty to respect the rights of others. One must learn to "stand up for one's rights," to demand them when they are threatened or violated. These ideas have been exported to Korea, but while they are given lip-service, they do not meet with broad acceptance in

practice. Stamping one's foot and making demands upon others seems like a rather ungracious and demeaning form of human interaction; further, such a notion is poorly suited to interactions within a hierarchical framework. *Unhae*, favors graciously given and willingly returned, provides in such a context a much smoother, more harmonious, and more appropriate way of handling affairs.

Though *unhae* is mentioned most often when a person feels indebted to someone, the concept implies a twofold obligation: those in superior positions should grant assistance, *unhae*, to those who depend upon them and need their help; the recipients of this favor in turn owe a debt of gratitude which can be repaid whenever a fitting occasion arises. The kind of obligation involved in this is not so much a matter of duty in the strict sense as it is a matter of simply behaving in a "properly" human manner.



How to handle gifts?

The gift of life and nurture one has received from one's parents is considered the most fundamental *unhae* of all, "as vast and boundless as Heaven," that is, beyond the possibility of adequate repayment. Here we find the notion of *unhae* rooted in the same sort of awareness that stands at the source of filial piety, and filial service to parents is in fact often described as the response owed to their *unhae*.

Independence and Interdependence

This awareness, however, extends beyond the family circle to encompass all sorts of relationships in society; it amounts to a general consciousness of oneself as existing in dependence upon a whole network of relationships with people from whom one may expect assistance and to whom one owes assistance. One cannot survive in life without the help one receives from teachers, friends, elders, superiors, various sorts of officials.

Thus instead of the ideal of independence which is typical of American attitudes, the Korean ideal, might be better described as "interdependence." As a graduate student, for example, I considered it more or less a matter of honor that I should somehow finance my own education and not depend upon my parents for support. I found that such an attitude generally puzzled rather than impressed Koreans; they assumed that if my relationship with my family was what it should be, there was no reason they should not be supporting my education.

To me dependence was something to be outgrown with childhood; to them it was simply a condition of life that you depend on others and others depend on you. The question in such a context is not one of becoming independent, but

of types of relationships and what may fittingly be expected of them. The individualistic ideal of the "self-made man" who "stands on his own feet" and "owes nothing to anybody" sounds strange in a culture where the facts of human interdependence and community have for centuries been the object of the most serious reflection and careful consideration.

Personalism

Such differences have extensive ramifications for the way many affairs are handled in a society. In many sorts of dealings Americans tend to emphasize the objective elements: decisions should be reached simply on the objective merits of the case and things should be dealt with as "efficiently" as possible. That is, the focus tends to be mainly upon the business in hand and how to deal with that business, with less attention devoted to the fact that all such matters involve persons. Persons have varying sorts of status, personality and relationships. Furthermore, they have feelings, and are subject to "good days" and "bad days." But ideally such things, it is thought, should not make a difference; when they must be taken into account, they are often considered an unwelcome distraction from the real issues. At the same time, and not surprisingly, one of the most frequent complaints Americans make about their own society is that it is so "impersonal."

In contrast to this, the Korean approach to things typically puts great weight on personal factors. While the objective, impersonal elements of a matter are considered, there is at the same time an instinctive weighing of factors such as the feelings and state of mind of the parties involved, and these

are carefully taken into account. Nunch'i (눈치), "reading the eyes," the art of quickly and accurately assessing another's emotions, attitudes, and reaction or likely reaction to a given proposal or situation, is a highly developed and valued skill in Korean society. Koreans frequently find Americans to be exceedingly abrupt and tactless, while Americans often feel Koreans are too indirect and do not "come to the point"; each simply focuses on a different aspect of an interaction.

Objective values, such as efficiency and "getting things done," and human, interpersonal values, such as relationships and feelings, coexist with a certain tension in any society. When these values come into conflict, it is really not possible to say which emphasis is the better. If I am in charge of hiring for a company, should I hire the son of my friend (assuming he is basically qualified), or simply seek the most able person for the job? In terms of efficiency, the latter choice is clearly preferable. But it is also good and humanly fitting that my bond of friendship be something my friend's children can get real help from, and that my own friends should form a base of support upon which my children might rely. Talent and ability should be rewarded, but it is a cold and inhospitable world if everyone must simply "make it on their own." Thus blood relationships, friendships, and school ties are of great importance in Korean society, and it is frequently difficult for one to "get his foot in the door" as an outsider with no established relationships or connections.

This emphasis upon personal relationships of one kind or another contributes to both the strengths and the problems of modern Korean society. Korea presents the riddle of a society in which people at times seem to act with no regard for

others and yet in other cases are willing to drop everything in order to be helpful and courteous; the riddle is solved only when one learns the difference between situations or interactions which are public and faceless and those which have a truly personal element.

Unhae, which involves personal relationships, does not serve as effectively as a well-cultivated sense of rights and duties in smoothing the abrasiveness as people in faceless urban crowds rub against one another. People cutting into lines at crowded ticket counters and pushing or shoving as they jostle one another to get on and off buses are unpleasant facts of daily life in large urban areas such as Seoul. On the other hand, in truly interpersonal forms of interaction one finds often a smoothness, graciousness, and considerateness equally unfamiliar to Americans: it is here that the strength and beauty of Korea's heritage shows most clearly.

Education

Korea has more college graduates per capita than England, and more than even its rapidly growing economy can find appropriate jobs for. Starting with kindergarten, families are often willing to endure great hardship to send their children to the best schools and tutors in order that they may finally pass the highly competitive examinations to enter one of the better universities. Education must be numbered among the highest Korean values, and like the emphasis on values associated with interpersonal relationships, this is deeply rooted in Korea's past.

In Yi dynasty Korea, there was no greater success in life and no better way to secure a family's fortune than by becoming an official in the government,

a goal coveted by many but attained by very few. Years of intensive study were devoted by hopeful candidates to preparing for the civil service examinations, the principal door to a career as an official. Korea thus entered the modern world with the advent of modern colleges and universities; that path to success seemed broader and more accessible than ever before.

But the prestige of learning is founded upon more than the desire for success. In Confucian society learning stood, above all, for moral excellence. In the Introduction to the *Kyongmong yogyol* (Essential Key to Discipline for Youth), the great Yi dynasty philosopher, Yulgok, says: "As for man's life in this world, except for learning there is no way to become fully human." Then, after explaining the five relationships, he continues: "But if one does not study, his mind will be choked with weeds and his vision beclouded; therefore it is absolutely necessary to read books and exhaustively investigate principle, so that the path one should follow will become clear."

In theory it was this presumed moral superiority of the learned man which was the basis of achievement to positions of responsibility and power. But whether

or not one actually attained an official position, the reputation for learning itself brought with it great moral prestige.

Nowadays the curricula of colleges and universities are modeled on those of Western schools and are largely devoid of any explicit moral content. This lack, however, has not completely altered the traditional conviction that the learned are somehow morally superior. No occupation is more prestigious than that of college professor; further, there is a tendency among college students to consider themselves as the only really "pure" group in Korean society — a view shared by much of the populace.

The moral weight and authority with which the world of learning has traditionally been endowed brings with it significant consequences for contemporary Korean society; this is especially true in the political sphere. Confucian learning was essentially linked with government, and the ideal of Confucian scholars was that their learning and moral sensibility should serve to constantly purify and perfect government.

In modern society the institutional link between the academic world and that of government has been severed, but traditional attitudes nonetheless tend

to make the educational institution the watchdog and foremost moral critic of government. Only the most secure of governments can easily permit unrestrained criticism from such a highly regarded segment of society; for many reasons, the national situation in Korea lacks that kind of security. As a result, the relationship between government and the world of higher education has become a very difficult one, in which



Monument to a fallen son

the government has increasingly found it necessary to prohibit negative commentary from professors and to keep students under close surveillance and restrict their gatherings and activities.

Male and Female

Two features of the Yi dynasty vision with regard to role expectations and types of values related to sexual differences are particularly relevant for an understanding of modern Korean society. The first is the *um-yang* (Chinese *yin-yang*) view of the universe, and the second is the Confucian ideal of proper distinction between husband and wife.

The Um-Yang System

While the West has frequently appealed to "nature" in supporting particular ways of distinguishing male and female roles, the Western concept of nature, notwithstanding the term "Mother Nature," is essentially asexual. Thus interpretations of what "nature" tells us about sex roles is relatively arbitrary and changeable. In contrast, to this, the traditional East Asian view of the universe divides the operation of the fundamental forces of nature into two complementary and opposite forces, *um* (*yin*) and *yang*.

With *um* is associated quiescence, darkness, softness, the Earth, and all that is feminine. With *yang* is associated activity, brightness, hardness, Heaven and all that is masculine. Traditionally everything in the universe was accounted for in terms of the interaction of *um* and *yang*, and the derivation of complementary roles for male and female in these terms was not seen as simply an arbitrary, human convention; such role differences were considered rather to reflect the fundamental nature and structure of the universe. These concepts are deeply

embedded in Korean language, customs, and symbols, and thus are still very much alive in the mind of modern Korea.

In one sense, *um* and *yang* are perfectly equal, for traditional thought emphasizes their mutual necessity and complementarity; neither *um* alone nor *yang* alone is complete. Each gives rise to the other, and their roles, though different, are strictly interdependent; together they form a single, complex unity. In the description of the roles, however, the priority of *yang* is beyond question.



Stylized drawing of *Li* (loyalty); a fish becomes a dragon and is accompanied by a plover and a clam.

In the *Book of Changes*, the classic which has been the source of virtually all traditional East Asian thought concerning the universe, the first hexagram is pure *yang*, representing Heaven; its role is to initiate all activity. The second

hexagram is pure *um*, representing Earth: its role is to follow the activity initiated by *yang* and bring it to completion. The male initiates the generation of a new life, but only in the female is that life nurtured and brought to completeness. The male is active in the affairs of society and government, but only with the nurturing and fostering role of the woman in the home are the affairs of life rounded out and brought to completeness.

The leading, active role of the male and the quiet, conforming role of the female are thus thought to be unshakably fixed in the nature of things; it is based not on any supposed weakness or inadequacy on the part of the female, but simply on the organization of the universe. So even though she may be more talented and has a more forceful personality than her husband, the woman's role should be confined to giving helpful advice; she should never take over the role of decision-maker. This was fixed in the ancient Confucian doctrine of the "Three Followings": "When she is young, a woman should follow her father; when she marries, she should follow her husband; when he is dead, she should follow her eldest son." Although Western ideas have weakened this tradition somewhat, it still creates a very uncomfortable situation for a woman to be in a position of authority over men in Korea.

Marriage

In addition to the *um-yang* view of the universe, the Confucian doctrine which emphasized proper distinction as the ideal between husband and wife has been of tremendous importance. In its practical application, this ideal affected not just husband and wife, but virtually all relations between the

sexes, leading to an almost complete distinction between male and female activities in Korean society. The woman's role was "within," that is, within the home, which was her domain, while the man's role was "outside," that is, in all the affairs of society and life beyond the confines of the home.

In theory the woman was to be subordinate to the male and follow him as Earth follows Heaven. But in practice the role distinction was so complete that women enjoyed considerable autonomy in their own sphere of activity. The practical running of the household, often including the finances, was largely in their hands, and men were not to concern themselves with women's affairs any more than women were to involve themselves in men's.

The ideal of distinction between the sexes went beyond the mere differentiation of roles, however, and has left its mark on all forms of social interaction. Males did their socializing with males — and with professional female entertainers, the *kiseng*; and the women interacted mainly with other women. Nowadays coeducation, Western ideas of romantic love, and the limited but growing practice of dating are having an impact upon the younger generation. Nonetheless, most social interaction continues to be in groups of persons of the same sex. Men frequently go out to dine and drink together after work; on weekends or holidays one can see groups of women going off on various sorts of excursions with high good spirits and much merriment. The impression one gets is that Korea is in many ways virtually two societies, with the world of men and the world of women each being much more distinct and self-sufficient socially than is the case in America.

The relative distinctness of male and female societies has as its natural counterpart a view of marriage which is quite different from the ideas current in America. Relationships with members of the opposite sex are the object of great emphasis and concern among Americans, and such relationships begin at a very early age. As persons mature and become capable of truly deep, lasting, and intimate relationships, members of the opposite sex, particularly in marriage, become the focus of such relationships; thus an intimate relationship between husband and wife has come to be one of the primary values associated with marriage.

In Korean society such intimacy may or may not be part of a marriage; traditionally it certainly has not been considered the essence, the be-all and end-all of marriage. Marriage was considered principally as the matter of taking a girl into a family as a wife for the son and bearer of children to continue the family line. Being essentially a family matter, it was arranged between families rather than between the individuals, who may well have never even met before arrangements were under way. The interests of the two persons involved were certainly a matter of concern, but the whole matter was never thought of as an attempt to find a soul-mate for one's son or daughter. If a wife fitted well into her new family, caused no disharmony and served her in-laws dutifully, and finally bore a son, the marriage was a success whether or not a really deep affectionate relationship developed between the spouses — as often it did.

Friendship

Nowadays all this is in flux because of changing family structures and the impact of Western ideas. Nonetheless, intimate love and communication be-

tween husband and wife are still not the common focus regarding marriage. The overall social patterns which divide the sexes point rather to relationships among friends of the same sex (and age) as the natural place for deep and satisfying interpersonal relationships, and this was the ideal fostered by the fifth of the Five Relationships, which emphasizes faithfulness between friends.

The result is that friendship between members of the same sex is a more developed and cultivated value in Korean society than it is in America, where the tendency is rather to look to marriage, or its equivalent, for the closest and most intimate personal relationships. What an American means by "friend" is frequently something quite casual, and friendships form and dissolve easily. Korean friendships tend to form more slowly and the bond thus formed is deep and lasting, the presumption being that friends are friends for life. Mutual sharing between friends is taken for granted, and much more may be asked of a friend than is common in America.

Women's Liberation?

In the light of the strong social and role divisions between male and female in Korean society, what may be said regarding the relative values attached to being male or female? No doubt if Koreans had a choice, the overwhelming majority would rather be born a man than a woman. Males occupy the predominant position in society, are less restricted in their freedom of movement, dispose of their lives more as they will, and in terms of hierarchy in general are in the more honorable position. Sons have been valued over daughters, partly because a son may contribute more to the economic well-being of the family, but especially because it is through the sons that the family line is continued.

But if Korea is in some sense a man's world in which a woman accustomed to American society might feel somewhat uncomfortable, one cannot conclude that Korean women in general are discontented and resentful, creating a tinderbox which will be easily ignited by sparks from the American women's liberation movement. One reason for this is that women's lib was preceded by two other kinds of liberation: liberation from housework by an array of labor saving devices, and the liberation from child care by birth control, which makes possible either the convenient spacing and timing of babies or the option to have none at all — an option which is being chosen by more and more American couples.

In the wake of these liberations "housewife" and "mother" are becoming devalued identities in America. The woman who so identifies herself is more and more on the defensive, waiting for the next question, "Yes, but what do you do?" — meaning "What are you doing with your life that is meaningful? What is your career?" And it is above all in seeking careers in the former man's world outside the home that American women have discovered and reacted strongly to the fact that they are not yet considered the equals of men, not considered capable of doing the same job with equal expertise.

Korea is far from this situation for a number of reasons. Labor-saving devices are not nearly so common in the home, and thus for the vast majority homemaking is still a full-time job. Children may now be planned through birth control, but even when planned they are planned close together, as soon as possible after marriage. The transgenerational concept of the family places great emphasis upon continuing the line, and

this means that having children, especially sons, is in itself a high value — so high, in fact, that it is the basic means for a woman to attain her full status in society. In the context of such values, it would be hard to imagine a Korean couple choosing to remain childless.

Quick Change Unlikely

Further, the very strength of the division of male and female roles, which as we have seen is founded upon both the view of the universe and traditional Confucian ideals, has the positive effect of clearly defining values for a woman's role even while it makes it very difficult for women to enter into and compete in the man's world. There is a shared vision in Korean society that there is something important in life which women and only women can do, and that is childbearing and caring for the home and family. The Confucian tradition saw the home and family as the center of life's most important values, and hence the woman's role, which is so closely associated with children, home and family, is one of great value and importance in itself even though in many other respects the role of males may appear more desirable.

Long centuries of Confucian reflection on these values support them in Korean society even while they are being more and more eclipsed by other types of value in American society. As more Korean women earn college degrees and gain professional capabilities which prepare them for roles traditional society never envisioned, there is bound to be increasing frustration and tension regarding the traditional limitations of the woman's role. But even when such limitations are modified, the values associated with the role of women as mothers and homemakers are so deeply founded that it seems likely that in the

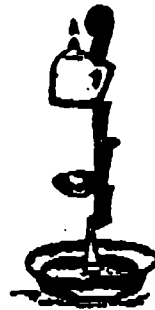
future, as in the present, it will not be difficult for the ordinary Korean woman to find fulfillment of her needs for dignity, value and accomplishment in such roles.

Conclusion

The history of the great religious, philosophical, and cultural traditions of the world presents a vast panorama of human possibilities. Different visions of the way things are and what is important shape societies differently and in the end lead to distinctive experiences of life itself. But because we share a common humanity, it is possible for us to under-

stand and appreciate these differences, and thus transform them from something that divides us from one another and causes misunderstanding into a source of deeper human understanding and mutual affirmation. We can move from the feeling that the ways of other peoples are odd to an understanding that they are good and fitting, even though they are different from our own ways. In so doing, we transcend our own isolation and become members of the larger human community.

Michael Kalton, who came to Korea as a Jesuit scholastic, is now professor of religion at Wichita State University.



Country Profile

South Korea



Official Name:
Republic of Korea

► Geography

Area: 98,500 sq. km. (38,000 sq. mi.); about the size of Indiana.
Cities: *Capital*—Seoul (10 million).
Other major cities—Pusan 3.5 million), Taegu (2 million), Incheon (1.4 million).
Terrain: Partially forested mountain ranges separated by deep, narrow valleys; cultivated plains along the coasts, particularly in the west and south.
Climate: Temperate.

► People

Nationality: *Noun and adjective*—Korean(s).
Population (1992): 44 million.
Annual growth rate: 1%.
Ethnic groups: Korean; small Chinese minority.

Religions: Buddhism, Christianity, Shamanism, Confucianism.
Language: Korean.
Education (1992): *Years compulsory*—6. *Attendance*—Of those eligible, 99% attended middle school, 94% attended high school. *Literacy*—98%.
Health (1992): *Infant mortality rate*—23/1,000. *Life expectancy*—67 yrs. male, 73 yrs. female.
Work force (17 million, 1992): *Services*—52%. *Industry*—27%. *Agriculture*—21%.

► Government

Type: Republic with powers shared between the president and the legislature.
Independence: August 15, 1948.
Constitution: July 17, 1948; last revised 1987.
Branches: *Executive*—president (chief of state). *Legislative*—unicameral National Assembly. *Judicial*—Supreme Court and appellate courts, Constitutional Court.
Subdivisions: 9 provinces, 6 administratively separate cities (Seoul, Pusan, Incheon, Taegu, Kwangju, Taejon).
Political parties: *Government party*—Democratic Liberal Party (DLP).
Opposition party—Democratic Party (DP).

Suffrage: Universal at 20.
Flag: Centered on a white field is the ancient Chinese symbol of yin and yang; at each corner of the white field is a different trigram of black bars.

► Economy

GNP (1992 est.): \$372 billion.
Annual growth rate (1992 est.): 4.4%.
Per capita GNP (1992): \$6,761.
Natural resources: Limited coal, tungsten, iron ore, limestone, kaolinite, and graphite.
Agriculture (including forestry and fisheries): *Products*—rice, barley, vegetables. *Arable land*—22% of land area.
Mining and manufacturing: Textiles, footwear, electronics and electrical equipment, shipbuilding, motor vehicles, petrochemicals, industrial machinery.
Trade (1992): *Exports*—\$77 billion: manufactures, textiles, ships, electronics, footwear, steel. *Major markets*—U.S., Japan, European Community, Middle East. *Imports*—\$82 billion: crude oil, food, machinery and transportation equipment, chemicals and chemical products, base metals and articles. *Major suppliers*—Japan, U.S., Middle East.

► Principal Government Officials

President—Kim Young Sam
Prime Minister—Hwang In Sung
Minister of Foreign Affairs—Han Sung Joo
Ambassador to the United States—Han Seung Soo ■





United States Department of State
Bureau of Public Affairs

April 1991



Official Name:
Republic of Korea

PROFILE

Geography

Area: 98,500 sq. km. (38,000 sq. mi.); about the size of Indiana. **Cities:** *Capital*—Seoul (10 million). *Other major cities*—Pusan (3.5 million), Taegu (2 million), Incheon (1.4 million). **Terrain:** Partially forested mountain ranges separated by deep, narrow valleys; cultivated plains along the coasts, particularly in the west and south. **Climate:** Temperate.

People

Nationality: *Noun and adjective*—Korean(s). **Population** (1988): 43 million. **Annual growth rate:** 1%. **Ethnic groups:** Korean; small Chinese minority. **Religions:** Buddhism, Christianity, Shamanism, Confucianism. **Language:** Korean. **Education:** *Years compulsory*—6. *Number of students*—11,182,000. *Attendance*

(1988)—of those eligible, 99% attended middle school, 94% attended high school. **Literacy**—98%. **Health** (1987): 1 doctor/1,000 persons. **Infant mortality rate** (1988)—6/1,000. **Life expectancy** (1988)—men 67 yrs., women 73 yrs. **Work force** (17 million, 1988): *Agriculture*—21%. *Industry*—28%. *Services*—50%.

Government

Type: Republic with powers shared between the president and the legislature. **Independence:** August 15, 1948. **Constitution:** July 17, 1948; last revised 1987.

Branches: *Executive*—president (chief of state). *Legislative*—unicameral National Assembly. *Judicial*—Supreme Court and appellate courts, Constitutional Court.

Subdivisions: 9 provinces, 6 administratively separate cities (Seoul, Pusan, Incheon, Taegu, Kwangju, Taejeon).

Political parties: *Government party*—Democratic Liberal Party (DLP). *Opposition parties*—New Democratic Union (NDU) and Democratic Party (DP).

Suffrage: Universal at 20.

Central government budget (1991): *Expenditures*—\$38 billion.

Defense: \$11 billion, about 4% of GNP in real terms and 29% of government budget; about 650,000 troops.

Flag: Centered on a white field is the ancient Chinese symbol of yin and yang; at each corner of the white field is a different trigram of black bars.

Economy

GNP (1990 est.): \$224 billion. **Annual growth rate** (1965-86): 7%; (1986-88): 12%; (1990 est.): 9%. **Per capita GNP:** \$5,500. **Consumer price index** (1990 avg. increase): 9%.

Natural resources: Limited coal, tungsten, iron ore, limestone, kaolinite, and graphite.

Agriculture, including forestry and fisheries (9% of 1990 GNP): *Products*—rice, barley, vegetables. *Arable land*—22% of land area.

Mining and manufacturing (35% of 1990 GNP): Textiles, footwear, electronics, shipbuilding, motor vehicles, petrochemicals, industrial machinery.

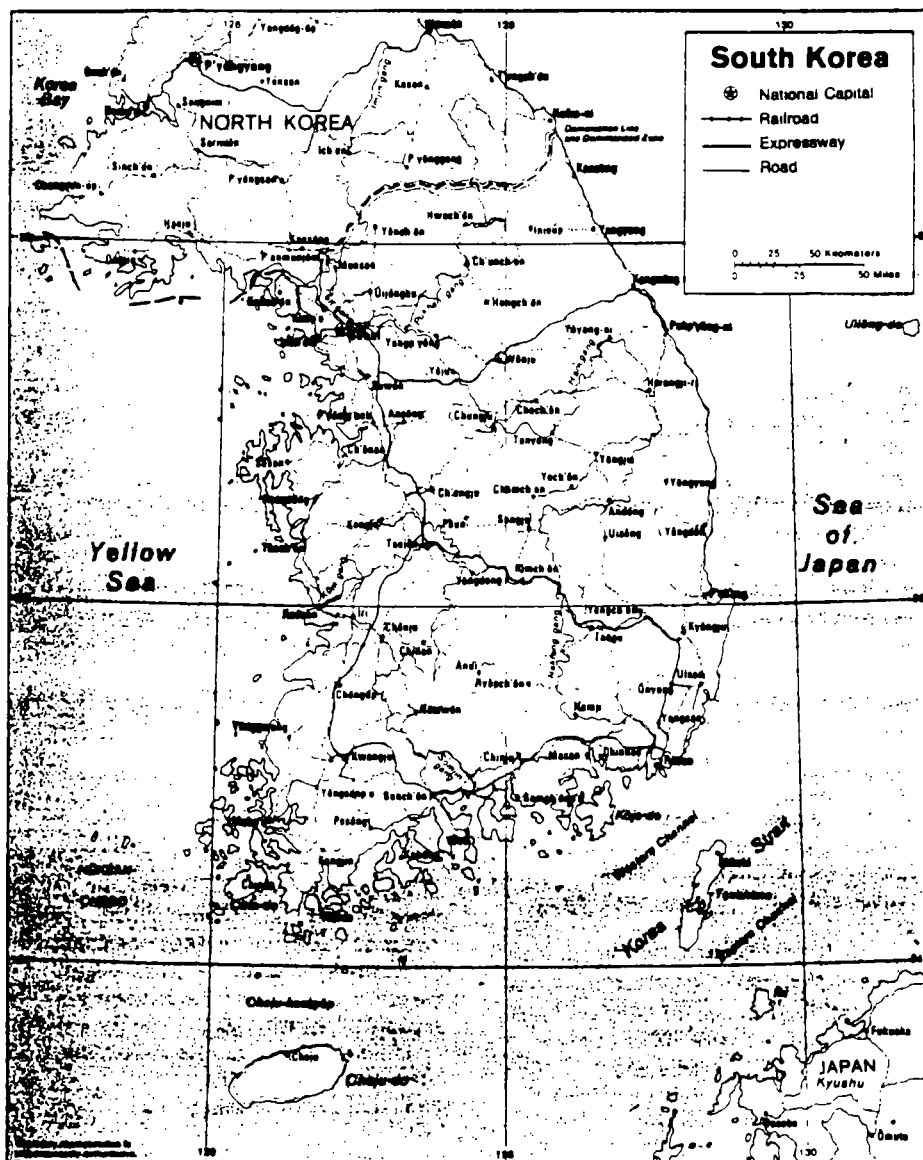
Trade (1990): *Exports*—\$65 billion: manufactures, textiles, ships, electronics, footwear, steel. *Major markets*—US, Japan, European Community, Middle East. *Imports*—\$70 billion: crude oil, food, machinery and transportation equipment, chemicals and chemical products, base metals and articles. *Major suppliers*—Japan, US, Middle East.

Official exchange rate (December 1990): 715 won=US\$1.

Fiscal year: Calendar year.

Membership in International Organizations

Official observer status at UN; active in many UN specialized agencies (FAO, GATT, IAEA, IBRD, ICAO, IDA, IFAD, IFC, IMF, IMO, ITU, UNCTAD, UNDP, UNESCO, UNICEF, UNIDO, UPU, WHO, WIPO, WMO, WTO) and other international organizations (Economic and Social Commission for Asia and the Pacific, Geneva Conventions of 1949 for the Protection of War Victims, Asian Development Bank, INTELSTAT, the Administrative Council of the International Telecommunications Council, International Whaling Commission, Interparliamentary Union, INTERPOL); official observer status in African Development Bank (member of Africa Development Fund), International Labor Organization, and Organization of American States.



PEOPLE

Korea was first populated by a Tungusic branch of the Ural-Altaic family, which migrated to the peninsula from the northwestern regions of Asia. Some also settled parts of northeast China (Manchuria); Koreans and Manchurians still show physical similarities—in their height, for example. Koreans are racially and linguistically homogeneous, with no sizeable indigenous minorities, except Chinese (50,000).

South Korea's major population centers are in the northwest area of Seoul-Inchon and in the fertile southern plain. The mountainous central and eastern areas are sparsely inhabited. Between 1925 and 1940, the Japanese colonial administration in Korea concentrated its industrial development

efforts in the comparatively underpopulated and resource-rich north, resulting in a considerable migration of people to the north from the southern agrarian provinces. This trend was reversed after World War II, when more than 2 million Koreans moved from the north to the south following the division of the peninsula into US and Soviet military zones of administration. This southward migration continued after the Republic of Korea was established in 1948 and during the Korean war (1950-53). About 10% of the people in the Republic of Korea are of northern origin. With 43 million people, South Korea has one of the world's highest population densities—much higher, for example, than India or Japan—while the territorially larger North has about only 20 million people. Ethnic Koreans now residing in other countries live mostly in China (2.6

million), Japan (700,000), the United States (1.2 million), and the Soviet Union (500,000).

Language

Korean is a Uralic language, remotely related to Japanese, Hungarian, Finnish, and Mongolian. Although dialects exist, the Korean spoken throughout the peninsula is mutually comprehensible. Chinese characters were used to write Korean before the Korean Hangul alphabet was invented in the 15th century. These characters are still in limited use in South Korea, but the North uses Hangul exclusively. Many older people retain some knowledge of Japanese from the colonial period (1910-45), and most educated Koreans can read English, which is taught in all secondary schools.

Religion

Korea's traditional religions are Shamanism and Buddhism. Although Buddhism has lost some influence since the 15th century, it still commands the greatest number of adherents of any faith—about 20% of the population. Shamanism (traditional spirit worship) is still practiced in some rural areas. Although Confucianism remains the dominant cultural influence, its religious adherents are few and tend to be elderly.

Christian missionaries arrived in Korea in the 19th century and founded schools, hospitals, and other modern institutions throughout the country. Today, nearly 7 million Koreans, or 16% of the population, are Christians (about 78% Protestant)—the largest figure for any East Asian country except the Philippines. There are estimated to be 4 million adherents of *Chondogyo*, a native religion founded in the mid-19th century that fuses elements of Confucianism and Christianity.

HISTORY

According to Korean legend, the god-king Tangun founded the Korean nation in BC 2333, after which his descendants reigned over a peaceful kingdom for more than a millennium. By the first century AD, the Korean Peninsula, known as Chosun ("morning calm"), was divided into the kingdoms of Silla, Koguryo, and Paekche. The Silla kingdom unified the peninsula in

AD 668. The Koryo dynasty (from which is derived the Western name "Korea") succeeded the Silla kingdom in 935. The Yi dynasty, which supplanted Koryo in 1392, lasted until the Japanese annexed Korea in 1910.

Throughout most of its history, Korea has been invaded, influenced, and fought over by its larger neighbors. Korea was under Mongolian occupation from 1231 until the early 14th century and was devastated by a large number of Chinese rebel armies in 1359 and 1361; the Japanese warlord Hideyoshi launched major invasions in 1592 and 1597. In the mid-19th century under the Yi kings, Korea adopted a closed-door policy to ward off Western encroachment, earning Korea the name of "Hermit Kingdom." Although the Yi Dynasty paid nominal fealty to the Chinese throne, Korea was, in fact, independent until the late 19th century. At that time, Japanese, Chinese, and Russian competition in Northeast Asia led to armed conflict. Japan defeated its two competitors and established dominance in Korea, formally annexing it in 1910. The Japanese colonial era, which lasted until the end of World War II, was characterized by tight control from Tokyo and ruthless efforts to supplant Korean language and culture. Korean resistance to such colonialism, notably in the 1919 Independence Movement, failed.

At the April 1945 Yalta Conference, the United States and the Soviet Union agreed to establish a joint trusteeship for Korea. The trusteeship was intended as a temporary administrative measure pending democratic elections of a Korean government. The US proposed—and the Soviet Union agreed—that Japanese forces surrender to US forces south of the 38th parallel and to Soviet forces north of that line.

In the north, the Soviets initially transferred the administrative powers of the former Japanese colonial government to "people's committees," and later to a 5-province administrative bureau under the nationalist, Cho Man-Sik. Cho was later purged by the Soviets for opposing the decision of allied foreign ministers at the Moscow Conference in December 1945 for a 5-year trusteeship, during which a Korean provisional government would prepare for full independence.

In the south, the US military government in Korea (1945-48), headed by Lt. Gen. John R. Hodge, was marked by uncertainty and an unclear US policy toward Korea. The Moscow conference's decision for a trusteeship also generated a

firestorm of protest in South Korea. Trusteeship was unacceptable to nationalist leader Syngman Rhee and other rightist Korean leaders associated with the provisional government established in Shanghai in 1919 by Korean nationalists living abroad. It was also opposed by groups within southern Korea who had established local self-governing bodies after the Japanese surrender.

The US military government initially relied on the advice of conservative elements but later tried to put together a moderate coalition to provide it with a broader base of political support. In December 1946, the military government established an interim legislative assembly to draft legislation and appointed moderates to half the seats. (The others were indirectly elected seats that went to rightists.) But the July 1947 assassination of a prominent leftist in the coalition and the decision of a coalition moderate to enter into unification talks with the north led to the demise of the coalition effort.

The joint Soviet-American commission provided for by the Moscow conference met intermittently in Seoul but became deadlocked over the issue of free consultations with representatives of all Korean political groups for establishment of a national government. The US submitted the Korean question to the UN General Assembly for resolution in September 1947.

Korean Conflict

The Soviet Union and the Korean authorities in the north ignored the UN General Assembly resolution of November 1947, which called for UN-supervised elections throughout Korea. Elections, nonetheless, were carried out under UN observation in the south, and on August 15, 1948, the Republic of Korea (ROK) was established. Syngman Rhee, became the republic's first president. On September 9, 1948, the Soviet Union established the Democratic People's Republic of Korea (DPRK) in the north under Kim Il Sung, a former anti-Japanese guerrilla who served with the Soviet Army in the Far East during World War II.

Guerrilla fighting between southern and northern forces intensified during 1948-50. During this period, although the US provided modest military aid to the south, it planned and executed a withdrawal of its occupation forces which was completed by June 1949.

A year later, on June 25, 1950, North Korean forces invaded South Korea. The UN, in accord with its charter, engaged in its first collective action by establishing the UN Command (UNC), under which 16 member nations sent troops and assistance to South Korea. At the request of the UN Security Council, the United States, which contributed the largest contingent, led this international effort.

After initially falling back to the Pusan perimeter, UN forces conducted a successful surprise landing at Inchon and rapidly advanced up the peninsula. As the main UN force approached the Yalu River, large numbers of Chinese "people's volunteers" intervened, forcing UN troops to withdraw south of Seoul. The battle line seesawed back and forth until the late spring of 1951, when a successful offensive by UN forces was halted to enhance ceasefire negotiations prospects. The battle line thereafter stabilized north of Seoul near the 38th parallel.

Armistice negotiations began in July 1951, but hostilities continued until July 27, 1953. On that date at Panmunjom, the military commanders of the North Korean Army, the Chinese People's Volunteers, and the UNC signed an armistice agreement. Neither the United States nor South Korea is a signatory of the armistice per se, though both adhere to it through the UNC. No comprehensive peace agreement has replaced the 1953 armistice pact, which remains in force. Thus, a condition of belligerency still exists on the divided peninsula. A Military Armistice Commission (MAC), composed of 10 members, five appointed by each side, supervises implementation of the armistice.

In April 1954, an international conference on Korea met in Geneva but ended without agreement or progress after 7 weeks of futile debate.

Postwar Developments

Syngman Rhee served as president of the Republic of Korea until April 1960, when university students forced him to step down. A caretaker government was established, the constitution was amended, and national elections were held in June. The opposition Democratic Party easily defeated Rhee's Liberals, and the new National Assembly named Chang Myon prime minister in August. Chang's democratic but ineffectual government—

the Second Republic—lasted until May 1961, when it was overthrown in an army coup led by Maj. Gen. Park Chung Hee. After 2 years of military government under Park, civilian rule was restored with the advent of the Third Republic in 1963. Park, who had retired from the army, was elected president (and was reelected in 1967, 1971, and 1978).

In 1972, a popular referendum approved the *Yushin* (revitalizing) constitution, greatly strengthening presidential and executive branch powers. Key provisions included indirect election of the president, presidential appointment of one-third of the national assembly, and presidential authority to issue decrees restricting civil liberties in times of national emergency. Park subsequently issued several such decrees; the best-known of these, EM-9, banned discussion of false rumors, criticism of the constitution or advocacy of its reform, and political demonstrations by students.

The Park era, marked by rapid industrial modernization and extraordinary economic growth, ended with his assassination in October 1979. Prime Minister Choi Kyu Ha assumed office briefly (the Fourth Republic), promising a new constitution and presidential elections. In December 1979, Maj. Gen. Chun Doo Hwan and close military colleagues removed the army chief of staff and soon effectively controlled the government.

University student-led demonstrations spread in the spring of 1980. The government declared martial law in mid-May, banned all demonstrations, and arrested many political leaders and dissidents. Special forces units in the city of Kwangju reacted harshly to any who ignored the ban, setting off a confrontation which left 200 civilians dead. This incident left a wound that has proven slow to heal. By September 1980, President Choi had been forced to resign, and General Chun, by then retired from the army, was named president.

In October 1980, a referendum approved a new constitution, beginning the Fifth Republic. This document retained key features of earlier ones, including a strong executive and indirect election of the president, but limited the chief executive to one 7-year term. Elections were held in early 1981 for a National Assembly and an electoral college; the latter elected President Chun to a 7-year term (1981-1988).

Although martial law ended in January 1981, the government retained

broad legal powers to control dissent. An active and articulate minority of students, intellectuals, clergy, and others remained critical of the Chun government and demonstrated against it. Demonstrations at Incheon in May 1986 and at Konkuk University in fall 1986 were marred by violence.

In April 1986, the president responded to a signature campaign by the opposition New Korea Democratic Party (NKDP), which called for direct election of the next president by amending the constitution. The NKDP soon split into two opposition parties—Kim Dae Jung's Peace and Democracy Party (PPD) and Kim Young Sam's Reunification Democratic Party (RDP). They agreed on eight demands for reform including constitutional revision, repeal or revision of onerous laws, and release of political prisoners.

President Chun, who could not succeed himself, pledged in early 1987 that he would step down at the end of his term in February 1988. Chun suspended all discussion of constitutional revision in June 1987, and the ruling Democratic Justice Party approved Chun's hand-picked successor, Roh Tae Woo. Students, and then the general public, took to the streets to protest Chun's suspension of constitutional revision. On June 29, in a surprise move, presidential candidate Roh Tae Woo distanced himself from President Chun by announcing that he would implement democratic reforms if elected. The constitution was revised in October to include direct presidential elections and a strengthened National Assembly consisting of 299 members.

In December 1987 Roh Tae Woo won with 37% of the vote in the first direct presidential election since 1971. The two leading opposition leaders, Kim Dae Jung and Kim Young Sam, unable to agree on a single candidate, both ran and lost. Kim Dae Jung, Kim Young Sam, and former prime minister Kim Jong Pil polled 27, 28 and 10%, respectively.

The new constitution entered into force in February 1988, when President Roh assumed office. Elections for the national assembly were held on April 26. In a stunning upset, President Roh's ruling Democratic Justice Party (DJP) won only 34% of the popular vote, thereby losing control of the assembly for the first time since 1952. The final count was 125 seats for the DJP, 70 seats for Kim Dae Jung's Party for Peace and Democracy (PPD), 59 seats for Kim Young Sam's Reunification Democratic Party (RDP),

35 seats for Kim Jong Pil's New Democratic Republican Party (NDRP), and 10 for independent candidates.

The new opposition-dominated national assembly quickly challenged the president's prerogatives. In July 1988 it turned down President Roh's choice for chief of the Supreme Court. In the fall, the assembly conducted the first government audit in 16 years and began televised hearings into practices and policies of former President Chun's Fifth Republic. By late November, Chun was forced to make a public apology to the nation, turn over his personal wealth to the nation, and go into internal exile in a Buddhist temple. In December, the government and the assembly for the first time worked together to pass the budget, which the government had previously handed down.

After months of speculation and demands from the opposition that President Roh hold the interim assessment on his administration that he had promised while campaigning, Roh decided in March 1989 to postpone the evaluation indefinitely, citing the unstable political situation. Labor, farmer, and student unrest continued despite Roh's promises of further reforms.

In April 1989, the government began cracking down against leftist elements it maintained were destabilizing the country. The nation was shocked by the deaths of seven policemen in Pusan in a confrontation with students. This was soon followed by the illegal visit of 71-year old dissident Rev. Moon Ik Kwan to North Korea. Rev. Moon embraced North Korean leader Kim Il Sung while in Pyongyang and was arrested upon his return to South Korea. In July, student activist Yim Su Kyong made an unauthorized visit to the North to attend Pyongyang's World Youth Festival and was arrested. In August opposition leader Kim Dae Jung was indicted in connection with unauthorized visits to North Korea by one of his party members, Suh Kyong Won. In October the government acknowledged that 1,315 people had been arrested in the first 9 months of 1989, including 284 for security violations.

South Korean politics have changed dramatically because of the 1988 legislative elections, the assembly's greater powers under the 1987 constitution, and the influence of public opinion. There has been significant political liberalization since 1987, including freedom of the press and greater freedoms of expression and

assembly than in the past. In 1988, the government released several hundred political prisoners and restored the civil rights of former detainees. In 1989, the government asserted its prerogatives to maintain public stability, raising concerns over human rights issues.

The nation was stunned in January 1990 when the 3 political parties led by President Roh, Kim Young Sam, and Kim Jong Pil merged to form a new majority party, the Democratic Liberal Party (DLP). This new alliance left Kim Dae Jung and his Party for Peace and Democracy (PPD) as the primary opposition, since the tiny Democratic Party (DP) controlled just eight seats in the National Assembly. In July 1990, the DLP passed several significant bills without debate, and the PPD and the DP precipitated a legislative crisis by announcing a boycott of the national assembly. The PPD returned to the assembly in November, only after getting assurances on several issues, including greater local autonomy. In March 1990 the ROK held its first local elections in 30 years. Further local elections were planned for June 1991, and the trend toward greater democratization continued to gain momentum.

Principal Government Officials

President—Roh Tae Woo
 Prime Minister—Roh Jae Bong
 Deputy Prime Minister; Chairman,
 Economic Planning Board—
 Lee Seung Yun
 Minister of Foreign Affairs—Lee Sang
 Ock
 Minister of National Defense—Lee
 Jong Ku
 Ambassador to the United States—
 Hyun Hong Choo
 Ambassador to the UN—Roe Chang
 Hee
 Speaker of the National Assembly—
 Park Jyun Kyu

Korea maintains an embassy in the
 United States at 2320 Massachusetts
 Avenue NW., Washington, DC 20008
 (tel. 202-939-5600).

ECONOMY

Over the past 25 years, the Republic of Korea's economic growth has been spectacular. Despite the need to maintain a large military, South Korea, one of the world's poorest countries only a generation ago, is now the United States' seventh largest trading partner and a

middle-ranking industrial power. Lacking natural resources, Korea's greatest asset is its industrious, literate people.

The division of the Korean peninsula in 1945 created two unbalanced economic units. North Korea inherited most of the peninsula's mineral and hydroelectric resources and most of the heavy industrial base built by the Japanese. South Korea was left with a large, unskilled labor pool and most of the peninsula's limited agricultural resources. Both north and south suffered massive destruction in the Korean war, but an influx of refugees added to the south's economic woes. South Korea began the postwar period with a per capita gross national product (GNP) far below that of the north. It received large amounts of US foreign assistance until the 1970s. All US direct aid was stopped in 1980.

South Korea's meager mineral resources include tungsten, anthracite coal, iron ore, limestone, kaolinite, and graphite. There is no oil, and energy is a continuing concern for the ROK's economic planners. An ambitious program to develop nuclear power is well underway; Korea now has eight nuclear plants in operation, one under construction and two planned. The nation's successful industrial growth program began in the early 1960s, when the Park government instituted sweeping economic reforms emphasizing exports and labor-intensive light industries. The government also carried out a currency reform, strengthened financial institutions, and introduced flexible economic planning.

From 1963 to 1978, real GNP rose at an annual rate of nearly 10%, with average real growth of more than 11% for the years 1973-78. While Korea's national production was rising throughout the 1960s and 1970s, the annual population growth rate declined to the current 1%, resulting in a 20-fold increase in per capita GNP. Per capita GNP, which reached \$100 for the first time in 1963, now exceeds \$4,000, or four times that of North Korea.

The political and social unrest that followed the 1979 assassination of President Park and the effect of world economic developments, including the drastic increase in world oil prices in 1979, triggered a severe recession in Korea. In the early 1980s, external debt was a serious concern, peaking at \$47 billion in 1985. The economy had already recovered

somewhat by the spring of 1988 when a strengthening US economy helped stimulate Korean economic performance. From 1986 to 1988, booming exports led once again to high growth rates averaging 12% per year. Current account surpluses reached a total of \$14 billion by the end of 1988, at which time foreign debt had decreased to \$31 billion—18% of GNP and 44% of exports.

Korea registered bilateral trade surpluses of about \$10 billion with the US in 1987 and 1988. In 1989, Korea's global trade and current account surpluses and bilateral surplus with the US declined dramatically, due to a number of factors: appreciation of the won, labor disputes, cumulative wage increases and strong domestic demand. The surplus remained approximately \$4 billion in 1990. It has yet to be demonstrated, however, whether a structural, lasting decline in Korea's surplus has begun. Long-term growth prospects remain bright. External factors will remain important. Korea continues to emphasize exports, while the quickly expanding domestic market provides greater economy of scale. The ability to adapt to a more open system suitable to a growing democracy and to Korea's greater role in the world economy are important to the continued success of the Korean economy.

FOREIGN RELATIONS

South Korea is committed to peaceful settlement of international differences, a commitment best illustrated by its restrained response to a number of provocations by North Korea over the past 15 years. These include the 1968 Blue House raid, the October 1983 bombing in Rangoon, Burma, which killed six of the ROK's most prominent leaders, and the November 1987 bomb explosion aboard Korean Air Lines flight 858, in which 115 lives were lost. Captured North Korean agents confessed to all of these acts.

South Korea is becoming increasingly active in international affairs. Although not a UN member, it has launched a campaign to join that organization. However, North Korea opposes separate admission to the UN on the grounds that it would perpetuate the division of the peninsula; some of its allies support this contention. South Korea presently has a UN observer mission headed by an ambassador and is active in most UN

specialized agencies. In addition, South Korea has made efforts to join or participate actively in many other international fora, ranging from the Antarctic Treaty to the Organization for Economic Cooperation and Development (OECD).

South Korea today has diplomatic relations with 148 countries and an even broader network of trading relationships. It has hosted a series of prestigious international events, including the 1988 summer Olympics. A total of 159 countries participated in the Seoul Olympics, making it the largest Olympics ever. Only six nations followed North Korea's call to boycott. Chinese, Soviet, and Eastern European participation in the Seoul Olympics underscored and accelerated President Roh's policy of "Nordpolitik"—the pursuit of wide-ranging relations with socialist nations and contacts and dialogue with North Korea.

Nordpolitik has so far met with notable success. In February 1989, Hungary became the first communist nation to establish full diplomatic relations with the ROK. The ROK now has diplomatic relations with all the countries of Eastern and Central Europe except Albania. Nordpolitik's crowning achievement came in September 1990, when the ROK and USSR opened formal diplomatic relations. In early 1991 the ROK and People's Republic of China exchanged trade offices, a clear sign of improvement in relations and a possible first step toward eventual diplomatic relations.

The South Korean government and politicians have long been concerned over the fate of the 35,000 Koreans on Sakhalin Island, now under Soviet control. Koreans were originally brought to Sakhalin by the Japanese as forced labor. A series of semi-official Korean delegations visited Moscow and Sakhalin in 1989. These contacts resulted in Soviet agreement to increase the flow of ethnic Koreans in Sakhalin allowed to visit South Korea. In addition, 20 first-generation Koreans from Sakhalin were repatriated in 1988 after more than 40 years away from their homeland.

Following the ratification in 1965 of a treaty normalizing relations between Japan and Korea, the two nations have developed an extensive relationship

centering on mutually beneficial economic activity. Although the legacy of historic antipathies has at times impeded cooperation, relations at the government level have improved steadily and significantly in the past several years.

Korea's economic growth, energy requirements, and need for basic raw materials and for markets have given economic considerations high priority in the country's foreign policy. In light of these concerns, Korean diplomacy in recent years has also concentrated on broadening its international base of support with Third World nations, the Association of Southeast Asian Nations (ASEAN), and Middle Eastern states. Korea wants to participate actively in Pacific basin economic affairs. It has offered to host in 1991 the third ministerial meeting on Asia-Pacific Economic Cooperation initiated by Australian Prime Minister Hawke.

Negotiating Efforts with North Korea

Throughout the postwar period, both Korean governments have repeatedly affirmed their desire for reunification of the Korean peninsula, but, until 1971, the two governments had no direct, official communication or other contact.

In August 1971, North and South Korea agreed to hold talks through their respective Red Cross societies with the aim of reuniting the many Korean families separated following the division of Korea and the Korean war. After a series of secret meetings, both sides announced on July 4, 1972, an agreement to work toward peaceful reunification and an end to the hostile atmosphere prevailing on the peninsula. Officials exchanged visits and regular communications were established through a south-north coordinating committee and the Red Cross, but the two sides made no substantive progress. These initial contacts quickly broke down and finally ended on August 13, 1973. The breakdown reflected basic differences in approach, with Pyongyang insisting on immediate steps toward reunification before discussing specific issues and Seoul maintaining that, given the long history of mutual distrust, reunification must come through a gradual, step-by-step process.

South Korea maintains that a meaningful dialogue should be based on

de facto recognition of each other's existing political, social, and economic systems. South Korea supports the recognition of both Koreas by the major powers in the region (US, USSR, PRC, and Japan), and the admission of both Koreas to the United Nations, pending peaceful reunification. North Korea currently rejects these ideas, although it applied for UN membership in 1949 (following the lead of the ROK) and supported a Soviet Union draft in 1957, resubmitted in 1958, which called for "simultaneous UN admission." The North now argues that this proposal would perpetuate the peninsula's division.

Tension between North and South Korea increased dramatically in the aftermath of the 1983 North Korean assassination attempt on President Chun in Burma. North-South sports talks the following spring became acrimonious after the Rangoon bombing. South Korea's suspicions of the north's motives were not diminished by Pyongyang's proposal for "tripartite" talks on the future of the Korean peninsula. This initiative, made public in January 1984, called for talks with the United States in which "South Korean authorities" would be permitted to participate. The tripartite talks would replace the armistice agreement with a peace treaty, which would provide for withdrawal of all US troops and set the stage for a declaration of non-aggression between north and south.

North Korea's offer to provide relief goods to victims of severe flooding in South Korea in September 1984—and South Korean acceptance—led to revived dialogue on several fronts: Red Cross talks to address the plight of separated families, economic and trade talks, and parliamentary talks. However, in January 1986, the north unilaterally suspended all talks, arguing that annual ROK/US military exercises were inconsistent with dialogue. The north also announced a unilateral moratorium on large-scale military exercises and called upon the US and ROK to do the same. The US and the ROK responded by reiterating their longstanding offer to allow DPRK officials to observe exercises and by proposing pre-notification of military exercises. These proposals were rejected by the north, and in 1987 the north resumed large-scale exercises.

In a major new initiative on July 7, 1988, South Korean President Roh Tae Woo called for new efforts to promote exchanges, family reunification, inter-Korean trade and contact in international fora. President Roh called on Korea's friends and allies to pursue contacts with the north and said that the south intended to seek better relations with the USSR and China.

Roh's initiative provided renewed momentum to a dialogue suspended since late 1985. Over the following months, the two sides met several times at Panmunjom to try to arrange a joint meeting of the two Korean parliaments. In early 1989, both sides also met in preliminary meetings to discuss arrangements for prime ministerial-level talks. In other fora, the two national Olympic committees met to discuss forming a joint team for the 1990 Asian Games in Beijing.

In February 1989, North Korea suspended the parliamentary talks over US-ROK military exercises. In April the north suspended the prime ministerial talks and the sports talks until July, blaming South Korea's arrest of a dissident clergyman who visited North Korea without government approval. In the fall of 1989, the dialogue resumed in four fora—athletic, Red Cross, parliamentary, and prime ministerial. In the Red Cross talks, there were attempts to reach agreement on reunions of separated family members and exchanges of cultural arts troupes.

Prime ministerial-level talks were initiated in 1990. Delegations met three times, although little concrete progress was made. The north cancelled the fourth meeting, scheduled for February 1991, once again citing annual exercises as the reason.

Hopes for a summit (proposed repeatedly in the past) have also been unfulfilled. President Roh, in a speech to the UN General Assembly in October 1988, offered to go to Pyongyang at any time to discuss any issue, including North Korea's call for a mutual declaration of non-aggression. North Korean President Kim Il Sung did not respond positively. Kim had earlier stated that a summit must first take up his proposal for Koryo confederation and withdrawal of US forces. In his 1989 New Year's address, Kim suggested that Roh come to

Pyongyang as a party head in a group with southern opposition and dissident leaders. However, he later referred to Roh by his official title and, in his 1991 New Year's address, offered a revised version of his confederal proposal in which he suggested that regional governments would exercise independent foreign and defense policy.

Following the ROK government's 1988 decision to allow trade with the DPRK, South Korean firms began to import North Korean goods, all via third-country contracts. The DPRK has denounced and denied this trade. Nevertheless, the north publicized a late January 1989 visit by Hyundai Corporation founder Chong Chu Yong as

well as a private protocol he signed to develop tourism and other projects in the north.

US-KOREAN RELATIONS

The United States remains committed to maintaining peace and stability on the Korean peninsula. The United States agreed in the 1954 US-ROK Mutual Defense Treaty to help the Republic of Korea defend itself from external aggression. In support of that commitment, the US maintains about 43,000 service personnel in Korea, including the army's Second Infantry Division and several air force tactical squadrons. To coordinate operations between these units and the 650,000-strong Korean armed forces, a combined forces command (CFC) was established in 1978. The CFC is headed by a US general who serves concurrently as commander in chief of the UN Command (CINC-UNC).

Several aspects of the security relationship are changing as the US moves from a leading to a supporting role. South Korea has agreed to pay more of the US defense costs, to fund relocation of the large US headquarters garrison at Yongsan from Seoul, and to accept changes in the CFC command structure.

The United States supports direct, government-to-government talks between the authorities of South and North Korea. The US believes that the fundamental decisions on the future of the Korean peninsula must be taken by the Korean people themselves. Therefore, the US has refused to be drawn into separate negotiations on Korean issues with North Korea, as Pyongyang has insisted.

The most rapidly developing area in Korean-US relations is that of economics and trade. Korea is now its seventh largest trading partner, and the US seeks to improve its trade imbalance, through greater access to Korea's expanding market and improved investment opportunities for US business. Although Korea is reluctant to abandon industrial protection and the state-directed industrial policy which played such an important role in its industrialization, Korean policy-makers increasingly claim to recognize the benefits of liberalized trade for their economy. Korean leaders seem determined to manage successfully

Principal US Officials

Ambassador—Donald P. Gregg
 Commander in Chief, UNC—
 Gen. Robert R. Cassi
 Deputy Chief of Mission—
 Raymond F. Burghardt
 Counselor for Political Affairs—
 E. Mason Hendrickson, Jr.
 Counselor for Economic Affairs—
 Richard Morford
 Counselor for Administrative Affairs—
 Oliver P. Garza
 Counselor for Public Affairs—
 John Fredenberg
 Consul General—Edward H. Wilkinson
 Counselor for Commercial Affairs—
 Peter Frederick
 Counselor for Agricultural Affairs—
 George J. Pope
 Chief, Joint US Military Advisory
 Group, Korea—
 Gen. Robert J. Jellison
 Defense Attache—
 Col. William McKinney, USA

The US Embassy is located at 82 Sejong-Ro, Chongro-Ku, Seoul; APO San Francisco 96301. Tel. 82-2-732-2601, Fax no. 82-2-738-8845.

The US Agricultural Trade Office is located at 63, 1-Ka, Ulchi-Ro, Choong-Ku, Seoul. Fax no. 82-2-752-5626.

The US Export Development Office/US Trade Center is c/o US Embassy. Fax no. 82-2-739-1628. Director: William M. Yarmy.

the complex economic relationship with the United States and to take a more active role in international economic fora as befits Korea's status as a major trading nation.

Since the 1950s, the US-Korean relationship has developed into one of the most important in Asia. The 1982 celebration of the centennial of Korean-American diplomatic relations and President Reagan's 1983 visit to Korea underscored the quality of US-Korean relations. In 1989, a succession of high-level visits—President Bush (February), Vice President Quayle (September) and President Roh (October)—reaffirmed a determination to develop and strengthen the bilateral relationship further. President Roh visited the US again in June 1990. ■

TRAVEL NOTES

Climate and clothing: Korea's temperate, four-season climate is like that of the eastern US. Dress is more conservative than in the US.

Visas: Visas are not required of tourists travelling to South Korea if their stay is less than 15 days or if they are simply transiting the country and have a ticket for an onward destination. Tourist visas, which should be obtained from a Korean consulate for longer stays, are issued for a 5-year period with multiple entries, but the length of any one visit should not exceed 90 days. Visas are required for all official and business visitors. No immunizations are required of travelers from the US.

Health: Health services are fair to good in most major cities. Most Korean physicians have been trained in Western medicine, and hospital services are adequate. Outside of the major hotels, water generally is not potable.

Transportation: International airports serve Seoul (Kimp'o), Pusan (Kimhae), and Cheju Island. Extensive intercity air, rail, and bus service is available. There is an excellent network of local bus, and, in Seoul, subway services.

Tele-communications: Seoul is 14 time zones ahead of Eastern Standard Time (13 hrs. during daylight-saving time). International direct-dial service is available to Korea's major cities.

Published by the United States Department of State • Bureau of Public Affairs • Office of Public Communication • Washington, DC • April 1991
Editor: Peter A. Knecht • Department of State Publication 7782 • Background Note Series • This material is in the public domain and may be reproduced without permission; citation of this source would be appreciated. For sale by the Superintendent of Documents, US Government Printing Office, Washington, DC 20402

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. biography	Bios of Prominent Korean Women [partial] (1 page)	7/2/93	b(6)

COLLECTION:

Clinton Presidential Records
First Lady's Office
Liz Bowyer
OA/Box Number: 3989

FOLDER TITLE:

[HRC Background File] First Lady's Trip to Tokyo, Japan and Seoul, Korea July 6 - 11,
1993 Briefing Book [2]

2014-0483-S

sb341

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

BIOS OF PROMINENT KOREAN WOMEN

The following provides biographical information on Mrs. Sohn Myoung-Soon, wife of President Kim Young-Sam, and Mrs. Yi Song-Mi, wife of Foreign Minister Han Sung-Joo.

Mrs. Sohn Myoung-Soon, wife of President Kim Young-Sam

Name in full: Sohn, Myoung-Soon

Date of birth:

Place of birth:



001

Permanent address: same as above

Parents: Sohn, Sang-Ho (father)

Kam, Tok-Soon (mother)

Education:

1943 Graduated from a public primary school in Jinyoung

1943 Entered Chinju Girls' Middle School

1945 Transferred to Chinhae Girls' Middle School

1946 Graduated from Chinhae Girls' Middle School

1946 Entered Masan Girls' High School

1949 Graduated from Masan Girls' High School

1949 Entered the College of Pharmacy, Ewha Women's University

1953 Graduated from the College of Pharmacy, Ewha Women's University

Personal data:

Family: Married on march 6, 1951. Two sons and three daughters.

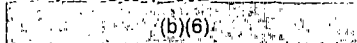
Religion: Protestant

Interests: Calligraphy

Mrs. Yi Song-Mi, wife of Foreign Minister Han Sung-Joo

Name in full: Yi, Song-Mi

Date of birth:



001

Education:

1958 Graduated from Ewha Women's High School

1962 Graduated from College of Fine Arts, Seoul National University (B.A. Fine Arts)

1969 Graduated from University of California, Berkeley (M.S. History of Art).

1983 Graduated from Princeton University (Ph.D. in History of Art)

Career:

1983-89 Professor, Doksong Women's University

1986-87 Research Professor, Columbia University

1989- Professor & Director of Art Research

present Department, The Academy of Korea Studies

Family: 1 son

KOREAN WON CONVERSION TABLE AT WON 795 = U.S. \$

(Won = 100 jun)

<u>WON TO U. S. DOLLARS</u>		<u>U.S. DOLLARS TO WON</u>	
<u>Won</u>	<u>U.S. \$</u>	<u>U.S. \$</u>	<u>Won</u>
100	0.13	0.10	79.50
200	0.25	0.25	198.75
300	0.38	0.50	397.50
500	0.63	0.75	596.25
795	1.00	1.00	795.00

1,000	1.26	2.00	1,590.00
5,000	6.29	5.00	3,975.00
10,000	12.58	10.00	7,950.00
20,000	25.16	20.00	15,900.00
50,000	62.89	50.00	39,750.00
100,000	125.79	100.00	79,500.00
300,000	377.36	300.00	238,500.00
500,000	628.93	500.00	397,500.00

NOTE: ALL U.S. DOLLAR VALUES ARE ROUNDED TO NEAREST
U.S. CENT. VALUE OF WON FLUCTUATES DAILY
ACCORDING TO CURRENCY MARKET CONDITIONS.

MAY 1993

PRESS Q'S AND A'S

KOREA

U.S. Pressure on North Korea

Q: How will the United States keep pressure on North Korea to abandon its nuclear weapons program?

- A: -- The United States and the international community believe it essential that North Korea remain within the Nuclear Non-Proliferation Treaty (NPT), fulfill its obligations under its IAEA safeguards agreement and fully implement the North-South Joint Declaration on the Denuclearization of the Korean Peninsula.
- The United States will remain in close consultation with the Government of the Republic of Korea as an essential part of this effort.
- As in the past, we will work closely as well with other concerned countries in the IAEA and the UN to ensure that North Korea fully meets its obligations.

Democratization/Human Rights in South Korea

Q: What is your assessment of the democratization process in Korea and the human rights situation?

- A: -- We are pleased the democratization program begun under President Roh's leadership is continuing under President Kim Young Sam.
- The December elections were free and fair. Korea now has a civilian president for the first time in nearly 30 years.
- The people of Korea can be proud their efforts and those of their new president have established democracy firmly in the Republic of Korea.

North-South Reunification

Q: What is the U.S. position on the reunification of the Korean peninsula?

- A: -- We fully share the goal of peaceful reunification on terms acceptable to the Korean people. It is up to the Korean people themselves to decide how and when to reunify the peninsula.
- We believe the South-North dialogue is the appropriate forum for deciding the future of the Korean peninsula.
- We are pleased that South Korea and North Korea have increased their contacts in the last few years. The United States hopes this process of mutual accommodation will continue to accelerate.

Economic Reform

Q: What is the U.S. view of the 5-year "New Economy Plan" which was recently announced?

A: -- The U.S. strongly supports President Kim's calls for the deregulation and liberalization of the Korean economy.

-- Economic deregulation and liberalization will do much to improve Korea's long-term economic prospects and help strengthen our economic partnership.

U.S.-Korea Trade Relations

Q: The U.S. has taken a number of trade actions this year against Korean products such as steel and semiconductors. Will this campaign against Korean products continue?

A: -- Korea is one of the United States' most important trading partners. The two-way trade between our countries last year exceeded \$31 billion and the United States is Korea's largest export market.

-- The United States has long believed in open and fair trade and this Administration is committed to the expansion of trade to the benefit of all countries.

-- There is no "campaign" against Korean products, but the United States is determined to enforce U.S. trade laws, which are fully consistent with the GATT, vigorously and fairly.

Rice Exemption in Uruguay Round

Q: What is the U.S. position regarding the Korea's request that rice be exempted from comprehensive tariffication in the Uruguay Round?

A: -- President Kim and the President had a frank discussion of the importance to both our countries of concluding the Uruguay Round as soon as possible this year. They agreed that a successful Uruguay Round will provide a major boost to our economies and indeed the world economy.

-- The President informed President Kim that this Administration had requested an extension of fast-track authority from the U.S. Congress until December 15 and that the U.S. is committed to achieving a successful resolution of the round by that time.

-- The United States realizes the difficulty Korea faces on some agricultural issues. All countries, including the United States, have sensitive areas. Nonetheless, there is a growing international consensus that there can be no exceptions to comprehensive tariffication.

- The President emphasized to President Kim that it is particularly important that countries which have gained so much from the open international trading system, such as the United States and Korea, provide leadership to ensure that the Uruguay Round Final Act is comprehensive.

"Dialogue for Economic Cooperation"

Q: What is the core of the new Dialogue for Economic Cooperation announced by the two Presidents?

- A: -- The Dialogue is our initiative to move U.S.-Korea economic discussions away from a focus on ad hoc crises toward a more systemic and systematic review of the barriers that make it difficult for Americans to compete in Korea.
- We expect the DEC to focus on market opening measures, removing government controls and improving the business environment for all entrepreneurs. The annual U.S.-Korea Economic Subcabinet meeting will monitor progress.

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002. report	US Government Report (2 pages)	6/23/93	P1/b(1)

COLLECTION:

Clinton Presidential Records
First Lady's Office
Liz Bowyer
OA/Box Number: 3989

FOLDER TITLE:

[HRC Background File] First Lady's Trip to Tokyo, Japan and Seoul, Korea July 6 - 11,
1993 Briefing Book [2]

2014-0483-S
sb341

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

CONTENTS

- Tab A State Department Briefing Paper: Health Care in Japan
- Tab B Japan Economic Institute Report: The Health Care Debate: What America is Considering, What Japan has Done
- Tab C Speech by Japanese Embassy Officer: Health Care in Japan
- Tab D GAO Report: Health Care Spending Control -- France, Germany, and Japan
- Tab E Data on U.S.-Japan Trade in Medical Products
- Tab F Ministry of Health and Welfare Overview: Health and Welfare in Japan, 1989

UNCLASSIFIED

HEALTH CARE IN JAPAN

Japan: A Healthy Country

The success of the Japanese health care system is reflected in the fact that Japanese have, on average, the world's longest life expectancy. In fact, the proportion of Japan's population aged 65 and over is expanding rapidly, and is expected to reach 20 percent by the year 2010.

Although Japan has fewer doctors, dentists, and nurses per capita than most OECD countries, including the United States, Japanese citizens see a doctor more often (12 times per year) than any other OECD country (U.S. is 5 times per year). Hospital beds in Japan are relatively plentiful, but a Japanese is half as likely as an American to be admitted to a hospital in any given year. American doctors' salaries are more than twice Japanese levels; on the other hand, malpractice suits in Japan are rare. 11% of U.S. GDP is spent on health care; in Japan it is 7%, but rising rapidly as the population grows older.

The Health Care System

The Japanese government sets limits on health care spending and determines standardized reimbursement rates for providers. By using standardized payments, mandated coverage, and mandated benefits, Japan has generally avoided cost shifting (i.e. providers offsetting the cost of charity care and lower reimbursement from some patients' insurers by raising charges to other, more generous insurers). National laws require that health care purchasers reimburse providers according to rates that are for the most part uniform.

Most Japanese employees and their dependents obtain health insurance through their employers. Workplace-based insurance is largely financed by mandatory payroll contributions from both employees and employers. (Employer contributions are lower than the U.S., while employee contributions are higher.) These contributions are calculated based on a broad cross-section of the population, not just the average expected costs for the individual group. Payroll contributions are supplemented by transfers from the national budget.

Health insurance coverage in Japan is universal. The self-employed, people working for small businesses, and others not covered by workplace-based insurance can apply for low-cost National Health Insurance, which provides coverage similar to

UNCLASSIFIED

UNCLASSIFIED

-2-

workplace-based insurance. Still, almost all patients in Japan can choose their own physician; outpatient services are provided by private physicians, inpatient care takes place in both private and public hospitals. Physicians who provide outpatient services are paid on a fee-for-service basis, but physicians who deliver inpatient care are often employed by a hospital on a salaried basis.

Japan's health care system, however, is not without its problems. Private practitioners, limited in the fees they can charge, have a tendency to over-prescribe drugs from their attached pharmacies. Many Japanese are frustrated that physicians are allowed to prevent patient access to medical files; in fact, Japanese physicians are renowned for not informing some patients when they have a serious disease, like cancer. Finally, state-of-the-art health care in Japan lags behind the United States -- both in terms of procedures (like transplants) and equipment used (lasers, CAT scans, etc.).

UNCLASSIFIED

NO. 8A

March 5, 1993

**THE HEALTH CARE DEBATE:
WHAT AMERICA IS CONSIDERING, WHAT JAPAN HAS DONE**

Pat Murdo

SUMMARY

Americans looking into Japan's medicine chest for clues to health care reform could find the pills inside to be bitter or just difficult to swallow. There is no magic elixir, even though Japan's health care system appears to work well in providing almost universal health insurance coverage and supporting some of the world's best longevity and lowest infant mortality levels. But the health of the Japanese system comes at some cost to government, companies, providers and consumers and requires the cooperation of society as a whole. The relative economic commitment is less, however, than what the United States spent on health care in 1992.

President Clinton has linked efforts to reform health care to his number-one concern of revitalizing the economy. Without reform, Mr. Clinton warned in December, health care costs "could bankrupt the country." Efforts by the Clinton administration to develop a health care reform proposal are focusing primarily on controlling the rising costs of health care. Japan's experience may be instructive, although its primary cost-control tool — a government-regulated system of set charges for medical procedures and prescription prices — has its critics. Alternative cost-containment methods are being implemented in Japan, many of which also are used in the United States.

Another U.S. health care concern is inadequate insurance coverage, or the lack of it. Japan's success in providing nearly universal health insurance coverage relies on employment-based insurance plans that operate in coordination with government-subsidized programs. The system's substantial cross-subsidization and avoidance of independent insurers sets it apart from America's increasingly polymorphous system.

Beyond cost controls and insurance coverage the components that help bring stability to a health insurance system are illness prevention and development of a society that is relatively free of crime, pollution and other social abuses. Lifestyle habits can augment other actions aimed at enabling health care systems to contain costs. In these areas the Japanese and American situations have some striking differences.

A Growth in Health Care Costs: Is Radical Surgery Necessary?

Whether in the United States or Japan, rising health care costs pose several problems, each with spin-offs. In addition to the financial burden associated with rising costs, other impacts affect national and local governments' policymaking, business planning (if not profits) and, potentially, individuals' physical health.

Extent of Rising Health Costs - America's overall health care expenditures will make up 18 percent of the nation's economic output by the year 2000, according to Congressional Budget Office projections. That figure, 4 percentage points higher than last year's share of gross domestic product, equates to less money devoted to other priorities. As of 1990 the 12 percent of GDP that America spent on health care was almost twice what it earmarked for education and more than twice its expenditures for defense.¹ Particularly because of mandated obligations associated with the entitlement programs of Medicare and Medicaid, Washington will find itself with less and less leeway in setting and funding budget priorities.

In contrast, Japan has kept the rise in health care expenditures generally within range of increases in national income. Using data provided to the Organization for Economic Cooperation and Development and adjusting for purchasing power parity to provide a cross-national look at the growth in health care costs, George Schieber, Jean-Pierre Poullier and Leslie Greenwald noted in a recent study that Japan's health expenditures as a percent of GDP changed little during the 1983-90 period, staying in the upper half of the 6 percent range, while America's health outlays grew (see Table 1). "U.S. spending is not only the highest in the world, but the absolute level of its spending appears to

Japan Economic Institute

JEI is a U.S. research organization funded in part by Japan's Ministry of Foreign Affairs. Founded in 1957, JEI is recognized as a reliable source of timely and objective information and analysis on Japan and U.S.-Japan relations.

JEI Staff

Arthur J. Alexander - President
Susan MacKnight - Chief Economist
Barbara Wanner - Senior Political Analyst
Jon Choy - Senior Economist
Douglas Ostrom - Senior Economist
Margo Grimm Eule - Government Relations Analyst
Tadashi Salto - Visiting Economist
Pat Murdo - Editor and Social Science Analyst
Romi Kobayashi - Subscription Manager

An electronic edition of *JEI Report* is available via NewsNet. For on-line access information call NewsNet at (800) 345-1301. Outside the United States call (215) 527-8030.

JEI Report (ISSN 0744-6489) is published weekly except for the New Year, Memorial Day, Labor Day, Thanksgiving and Christmas holiday weeks for \$80 per year by the Japan Economic Institute of America, 1000 Connecticut Avenue, N.W., Washington, D.C. 20036. Second class postage paid at Washington, D.C. POSTMASTERS: Send address changes to JEI REPORT, 1000 Connecticut Avenue, N.W., Washington, D.C. 20036.

JEI Publications and Annual Subscription Rates

JEI Report (weekly)

Regular - \$80.00

Student - \$40.00

Canada and Mexico - Add \$35.00

Other Countries - Add \$60.00

Japan-U.S. Business Report (monthly)

\$160.00

Outside North America - Add \$10.00

JEI Report and Japan-U.S. Business Report

Regular - \$215.00

Student - \$200.00

Canada and Mexico - Add \$35.00

Other Countries - Add \$70.00

Japan Economic Survey (monthly)

\$30.00

Foreign Countries - Add \$5.00

Subscribe by mail, phone or fax to:

JEI

1000 Connecticut Avenue N.W., Suite 211
Washington, D.C. 20036

Phone - (202) 296-5633

Fax - (202) 296-8333

D.C. residents please add 6% sales tax

be increasingly out of line when the gauge is the average relationship between health spending and GDP in other countries," the team wrote.²

What is important to remember, though, is that the cited health care expenditures are not just by government but by all sectors. Thus, while the proportion of GDP that Americans spend on health care is higher than the comparable figure for any other industrialized nation, the U.S. public sector actually spends far less than the average for OECD countries. Spending by Washington and the states is only about three-fifths of what Japan's central and local governments finance (see Table 2).

**Table 1: Adjusted Total Health Expenditures in Japan and the United States
as Share of GDP, 1983-90**

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
Japan	6.8%	6.6%	6.5%	6.6%	6.7%	6.6%	6.6%	6.5%
United States	10.5	10.3	10.5	10.7	10.9	11.1	11.5	12.1
OECD Average*	7.3	7.2	7.2	7.3	7.4	7.5	7.5	7.6

*The Organization for Economic Cooperation and Development groups 24 mostly developed countries.

Source: George Schieber, Jean-Pierre Poullier and Leslie Greenwald, "U.S. health expenditure performance: An international comparison and data update," *Health Care Financing Review*, Summer 1992, XIII, No. 4, p. 4.

**Table 2: Adjusted Health Outlays by Government in Japan and the United States
as Share of Total Health Expenditures, 1983-90**

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
Japan	72%	72%	73%	73%	73%	72%	71%	72%
United States	41	41	41	42	42	42	42	42
OECD Average*	78	76	76	75	75	75	74	74

*The Organization for Economic Cooperation and Development groups 24 mostly developed countries.

Source: George Schieber, Jean-Pierre Poullier and Leslie Greenwald, "U.S. health expenditure performance: An international comparison and data update," *Health Care Financing Review*, Summer 1992, XIII, No. 4, p. 4.

Impacts of Rising Health Costs - Spending more on health care is not of concern to policymakers if they intend such an action. What is at issue in the United States and Japan is that increases in health outlays are not always intended. Rising costs can have broad implications.

- **Effect On Government.** Congressional Budget Office analysts have predicted that increased federal health care expenditures will be the main culprit if, as projected under a business-as-usual scenario, the federal budget deficit in the year 2002 soars past \$500 billion.³ A higher budget deficit has numerous implications for the U.S. economy, ranging from an overvalued dollar, which affects trade flows, to tighter, less-accessible credit for investment. That is one of the reasons that President Clinton in his February State of the Union address interjected into a description of his economic reforms this emphasis: "All our efforts will fail — let me say this again, I feel so

strongly about this — all of our efforts will fail unless we take this year ... bold steps to reform our health care system."

Higher health costs also mean, of course, that publicly subsidized programs will require more dollars or yen unless benefits or user populations are adjusted. One of the options for adjusting use is to shift the cost burden to another payer, such as business or individuals.

- **Effect On Business.** In the United States businesses and individuals pay for the majority of health care. Traditional economic logic argues that businesses shift the burden of health insurance premiums to workers as part of a total compensation package; the result is take-home salaries or wages that are lower than otherwise would be expected. In an October 1992 report, *Economic Implications of Rising Health Care Costs*, the Congressional Budget Office pointed out that companies locked into funding of retiree health insurance programs may be at a financial disadvantage if they did not anticipate the growth in health costs when they agreed to benefits contracts with current or retired workers. Attempts to make current workers bear the burden for retirees' health care coverage could prompt some employees to seek jobs at firms that are not shifting that burden, CBO noted.⁴ Alternatively, a number of firms are trying to change the contracts; that has resulted in lawsuits.

Were it not for rising health care costs, retirees' medical insurance coverage might not have generated quite so much concern. But growing worries about costs plus the advent of the Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 106 guaranteed corporate America's attention. The standard requires U.S. employers to first calculate what it will cost to meet their retirees' future health costs and then include this cost on the ledger with current medical expenses. Large firms had to decide before the first quarter of 1993 whether to account for these costs in one fell swoop (which is what most Fortune 100 companies did) or to amortize them over the next 20 years; smaller companies have a later implementation date. Other than this charge to earnings for previously unlisted liabilities, the standard was not expected to cause financial harm since companies merely were acknowledging already committed future expenses. Partly as a result of SFAS No. 106, though, the question of future health costs faced by corporate America came into sharper focus, as did the difficulty of planning for ever-rising U.S. health expenditures. Companies began to look for ways to modify their future, if not past, promises on retiree health care coverage.

Although some U.S. corporations might be looking to Washington for a solution by pleading the competitive impact, many of their counterparts in Japan have gone from no liability for retirees' future health costs to making continuing contributions for health insurance after employment has ended. This development was part of a striking attempt to shift the public burden for retirees' coverage since — prior to the 1984 passage of legislation setting up the Retiree Health Care Program — retirees typically joined the community-based National Health Insurance program, which is subsidized by central and local governments. (For descriptions of Japan's health insurance system, see *JEI Report* No. 16A, April 21, 1989, and No. 25A, July 5, 1991.) Concerned that the graying of the population would put a severe strain on the community-based program, as would the fact that older people generally consume more medical care than younger people, the Ministry of Health and Welfare came up with a plan that provides incentives for medium-sized and large companies to contribute to new insurance coverage for retirees. Retirees pay into the government-administered program as they would for community-based insurance but are required to make copayments for medical care of only 20 percent instead of the 30 percent set by the community-based plan. The incentives given to companies to participate include optional sign-up in exchange for adjusted contribution rates.⁵

Policymakers touted passage of the retiree health care measure as a cost-cutting initiative, part of Tokyo's effort to restrict sharply the growth of all discretionary budget categories. Similar rationales had been used earlier to gain approval of the Health Care for the Aged Law, which passed in 1982. That law tapped into big and midsized businesses' well-funded health insurance societies to help subsidize insurance for those aged 70 or older (or aged 65 if bedridden). Big Japanese businesses were caught somewhat off guard by plans for the old-age health care law, according to John Campbell of the University of Michigan. He has written, "Nikkeiren [Japan Federation of Employers'

Associations] and other big-business groups realized only belatedly that subsidization of old-age medical care would mean substantially higher costs for the Health Insurance Societies in large firms.⁶ Prior to enactment of the law big business managed to win limits on the amount of cross-subsidization that the insurance societies would be required to make to the community-based fund. It also won an agreement for a review of health-care financing within three years. The review, Mr. Campbell wryly noted, brought only increased cross-subsidization.

Through implementation of both laws Tokyo has asked more of businesses, which in all likelihood pass the costs along directly or indirectly to current employees as well as to buyers of their goods and services. The tradition of career-long employment and the fact that employees cannot escape the requirement to participate in an insurance society by moving to another mid-sized or large firm offsets the risk that Japanese workers will look elsewhere for a better wage/benefit package. In this sense the country's career-long employment system and uniform health insurance requirements help to level the playing field in the competition for workers. The big question of health insurance availability is resolved, with differences developing among firms on the types of extras offered or the extent that copayments and premiums are assumed by the employer.

- **Effect On Individuals.** Access to health insurance regardless of preexisting conditions is assured for Japanese, whose premiums have little to do with their own state of health and much to do with whether they are self-employed or where they work (or their spouse or parent works). The guarantee of health insurance coverage has an obvious influence on how rising health care costs affect individuals. Although roughly the same proportion of the Japanese and the American population are covered by employment-based plans (see Table 3), a major difference is that between 13 and 15 percent of the U.S. population is not covered by insurance at any one time. While individual Japanese may bear the brunt of higher premiums and higher copayments caused by rising costs, insurance coverage remains a guarantee.

Table 3: Health Insurance Coverage in Japan and the United States, 1990

	<u>Japan</u>	<u>United States</u>
Employer-Based Coverage	65.3%	60.3%
Public and Self (Private) Coverage	34.7	25.8
Not Covered	0.0*	13.9

*In theory everyone is covered since doctors cannot refuse treatment. In reality illegal aliens are not covered by insurance programs.

Source: Management and Coordination Agency, *Japan Statistical Yearbook, 1992*, and Health Insurance Association of America, *Source Book of Health Insurance Data, 1992*

Among the many reasons that health care issues rank high on the American agenda is the growing fear among the employed that they will lose insurance coverage if they lose their job or that their employer might rewrite coverage to exclude health conditions that an employee has. Without the risk-spreading option of group coverage, many unemployed or employed workers not covered on the job feel they cannot afford health insurance. And, even for an increasing number of Americans with insurance coverage, the use of screening and managed care or other efforts at cost control have meant that even as insurance itself grows more expensive it no longer covers as much in a world of ever-rising medical costs.

What escalating health care expenses are likely to mean in Japan — based on past history — are greater efforts by the government there to shift more of these costs to individuals. Washington,

too, has attempted to shift burdens onto individuals, with varying results. For example, to cushion the demands on Medicare, the heavily government-subsidized health insurance program for Americans over age 65 and the disabled, the government in 1982 required retirees who were covered by company plans to use Medicare as a secondary, rather than primary, insurer. The most significant effort to require nonpoor senior citizens to pay higher Medicare premiums in exchange for more guarantees of long-term care and expanded coverage collapsed under a barrage of protests. Before the Medicare Catastrophic Coverage Act of 1988 could go into effect a chagrined Congress repealed it. Washington analysts predict that the wounds suffered by politicians in this case may impede development of President Clinton's health care reforms.

Other efforts to cope with rising health care costs by shifting responsibility for payment also have potentially unintended consequences. While one optimum response is for individuals to exercise restraint if they are required to pay more for their health care, a less favorable result is suspected if the individual delays treatment until a stage that requires aggressive and expensive care. This response appears more likely in the United States than in Japan, where visits to doctors are about twice the U.S. rate. As calculated by the OECD, per capita outpatient visits in 1987 averaged 12.8 in Japan and 5.3 in the United States. (Some observers say that the reason for the more frequent visits in Japan is that doctors there require return checkups, which boost their income.) But hospital admissions — an indication of more serious treatment — averaged 7.5 percent of the population in Japan compared to 14.7 percent in the United States, according to the OECD.⁷ Naoki Ikegami, a health professor at Keio University, refers to a 1985 survey in pointing out the minimal effect that economic constraints appear to have on people requiring medical attention in Japan. The nationwide survey found that only 0.4 percent of the respondents who had suffered from an illness chose not to visit a doctor for economic reasons.⁸

The involvement of other payers — business and government — also has advantages and disadvantages. While their involvement can lead to the development of more efficient insurance and health care systems, a less optimal result might be more bureaucracy and more interference, which make systems less efficient. Many Americans, for example, are questioning the increased time and red tape involved in the administration of prospective payment systems and other checks to make sure that health care providers are not delivering inappropriate care.

Payers' concerns about the rising cost of health care are likely to multiply in proportion to the bottom-line cost, which on a per capita basis is twice as much in the United States as in Japan (see Table 4). In both the United States and Japan policymakers are studying various ways to control upward shifts in that bottom line.

Analyzing the Symptoms

Reasons for rising medical expenditures vary. The usual suspects actually may contribute far less under examination than other components. Joseph Newhouse, a health policy professor at Harvard University, considers technological advances in medicine to be the major cause of increased costs in the United States. He discounts as a main cause the shifts in demographics — that more elderly might be demanding more health care — since his analysis of expenditures by this group over time indicated only a fractional addition to costs. Furthermore, increased reliance on insurance — considered by many analysts to promote treatment beyond the stage where costs yield identifiable benefits — does not explain the significant growth in costs, he says. Higher income, which some analysts have attributed as a reason for Japan's rising health expenditures between 1960 and 1987, have had an influence in the United States but one that Mr. Newhouse judges as contributing only about 25 percent of the growth. Further, he suggests that increased use of "defensive medicine," primarily to avoid malpractice claims, added only 1 percentage point to the growth. Neither aggressive efforts to prolong life nor higher charges for the insured to cover the cost of treating the uninsured — termed cost-shifting — provided significant prods to the growth in medical expenditures, he says.⁹

Table 4: Adjusted Per Capita Health Expenditures in Japan and the United States, 1983-90

(in dollars measured in GDP purchasing power parity)

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>
Japan	\$734	\$762	\$804	\$848	\$926	\$998	\$1,087	\$1,171
United States	1,480	1,592	1,711	1,823	1,961	2,146	2,346	2,566

Source: George Schieber, Jean-Pierre Poullier and Leslie Greenwald, "U.S. health expenditure performance: An international comparison and data update," *Health Care Financing Review*, Summer 1992, XIII, No. 4, p. 5.

Mr. Newhouse contends that the diffusion of technology is driving national medical expenditures upward, regardless of financing mechanisms; this has interesting implications for Japan, where a reimbursement system imposes some regulation on the rate of introduction of new technologies. The system under which physicians and hospitals are reimbursed for procedures and care determines, first of all, whether a procedure will be reimbursed and, if so, how much. Policymakers also play an indirect role in allocation decisions. Clinics and hospitals compete partly in Japan on the basis of what technology they offer, and more and more hospitals are installing complex equipment, particularly such diagnostic machines as CT (computed tomography) scanners. Private hospitals must fund all capital outlays — including new equipment — strictly out of income. But the government helps public hospitals, particularly big university training centers, with a variety of subsidies since it wants them to emphasize high technology tertiary care.

Treating the Symptoms or the Illness?

One of the cost-management options apparently being considered by the Clinton administration's health care team is a system of temporary price controls. Japan has extensive experience in using set charges for medical procedures and prescriptions to help control costs. Interestingly, however, Tokyo also has begun to look at other options, some of which are used in the United States, to limit cost increases.

The Pluses of Cost Controls - Through a system of price controls Japan is able to control the introduction of new procedures and technology as well as to strategically emphasize treatment styles. The system regulates doctors' incomes to a degree and the cost of prescriptions as well.

Every two years the 20-member Central Social Medical Care Council begins a review of the financial state of hospitals and clinics to determine types and frequency of medical treatment. Based on these findings the council determines nationwide reimbursement rates, which set the upper limits that doctors and hospitals can receive for all benefits — procedures and prescriptions — covered by the government and authorized insurance plans. The system does not allow balance billing for covered items, a system used by U.S. doctors to recover the portion of their bills not paid by insurance here. It is commonly understood that the council, nicknamed *Chuikyo*, takes into account the Health and Welfare Ministry's desire to limit increases. Representation includes eight providers (five physicians, two dentists and one pharmacist); eight payers (two persons from management and two from labor as well as four insurers, of which at least two are assigned by the government); plus four people serving the public interest (one lawyer and three economists).

Mr. Ikegami of Keio University has noted that the council's adjustments to medical fees, which increased 27 percent between 1981 and 1990, and reimbursements for prescriptions and laboratory charges, which were cut 52 percent over that time frame, resulted in "a net increase for fees and prices [of] only 2.4 percent, far below the 15 percent increase in inflation that occurred during this

period.¹⁰ The compound annual growth in total health expenditures in the seven major industrialized countries over the 1980-90 period shows that at 0.7 percent Japan had the second lowest proportion of health care cost rises over inflation, slightly higher than Germany's at 0.4 percent but much lower than the 2.2 percent figure for the United States.¹¹

Diffusion Controls - If utilization of a procedure spurts higher, its reimbursement rate might be lowered to control costs, points out Mr. Campbell of the University of Michigan, who with Mr. Ikegami is heading a project to explain Japan's low-cost, egalitarian health care through a look at culture, systems and politics. When automatic blood analysis technology improved and the analyzers could be used for more patients in a shorter period, use rates shot up, Mr. Campbell notes. Recalling the familiar Japanese warning against being different, the University of Michigan professor adds that, if a utilization rate pops up, the fee regulators "hit it with a mallet."¹²

In regulating the introduction of new machines and procedures the government also can wait until certain technologies prove their worth. This does not necessarily mean that lack of reimbursement denies access, as evidenced by the 9.2 persons per million who received kidney dialysis treatment in Japan in 1970 before that procedure was included on the reimbursement list. But the growth in dialysis treatments — to 312.9 persons per million in 1980 — definitely was related to the government's 1972 inclusion of the procedure on its reimbursement schedule, according to a report by Aki Yoshikawa, Norihiko Shirouzu and Matthew Holt of Stanford University's Comparative Health Care Policy Research Project.¹³ By delaying reimbursement the government allows time for studies analyzing the outcomes of procedures and improves the chance that the most useful treatments will be recognized for reimbursement.

The government also can use this tool to discourage organ transplants that require a determination of brain death, which has not yet replaced cessation of heartbeat as the legal criteria for death in Japan. Although efforts are underway in the current session of the Diet to change the definition of death, the number of transplants would be limited more than otherwise if Chuikyo does not endorse the procedure by setting a reimbursement charge. This lack of recognition ultimately saves the government or insurers money; experimental procedures are paid out-of-pocket or by interested third parties (medical equipment makers, for example) — a situation similar to that in the United States.

Emphasis of Treatment Styles - Along with determining the spread of new process and product technologies the reimbursement schedule helps the government promote primary over tertiary care, according to many observers. This theory contends that the relatively low rates set for some aggressive treatments encourage physicians to try alternative treatments first, because they may pay off in a combination of more procedures that are a better use of the doctor's time. As noted earlier, Japanese visit the doctor more than twice as often as Americans do on average, but they are admitted for hospitalization half as often. Aggressive treatment would appear to be less common in Japan, if one judges by surgery rates, which are about one-fourth that of the United States.

Tied to this theory of reimbursement rates being one of the ways in which policymakers push primary care is the idea that physicians will maximize their incomes through their choices of patient care. For example, in a 1992 article in *Science* Mr. Ikegami calculated that a daily inpatient charge, inclusive of regular hospital services, runs just three times the cost of an outpatient visit.¹⁴ Under the notion that doctors will use their time efficiently, it is not surprising that physicians — even those who own hospitals — might choose to spend their time seeing an average of 50 to 60 outpatients a day, gaining additional reimbursements by ordering tests and dispensing drugs. Those doctors who spend their time in the operating room with only a few patients may get larger reimbursements per procedure but see fewer cases and ultimately bring in less money. This is true, some observers suggest, whether a physician is self-employed or serving at a hospital, where, if losses are incurred in low daily reimbursement rates, they might be offset by outpatient traffic, since hospitals also serve outpatients. Thus, it would seem that a physician's income in Japan would be limited only by the

hours in a day and the availability of drugs and lab tests, since the reimbursement system itself does not control volume. But, as Keio University's Ikegami has noted,¹⁵ volume increases have not distorted the system, because some procedures are reimbursed at less than actual cost. Thus, a physician who is giving appropriate care to all his or her patients will end up with a case mix in which some procedures lose money but others bring a profit.

An interesting spin-off of the emphasis on primary over tertiary care is that most tertiary care takes place in large hospitals, which are often public hospitals in Japan. These typically have the most up-to-date equipment as well as salaried physicians. Doctors in private practice can earn much more money (see Table 5), but their status is not quite that of specialists, notes the University of Michigan's Campbell. He points out that specialists in Japan have "higher prestige, regular hours and more interesting cases. The Japanese detach power, status from money." In the United States the opposite is true, he says.¹⁶

Table 5: Physicians' Average Salaries in Japan and the United States

	Japan* (1988)	United States (1990)
Self-Employed, Nonfederal	\$278,980	\$185,600
Salaried	76,310	139,732
Specialists		
Cardiothoracic Surgeon	n.a.	259,700
General Surgeon	n.a.	145,300
Internist	n.a.	100,000

*Estimated net amounts. Converted into dollars at 1988's average exchange rate of ¥128.15=\$1.00.

Source: Aki Yoshikawa, Norihiko Shirouzu and Matthew Holt, "How Does Japan Do It? Doctors and Hospitals in a Universal Health Care System," *Stanford Law & Policy Review*, Fall 1991, p. 124, and survey by William M. Mercer Co. as cited in Spencer Rich, "Average Staff Doctor Said to Earn \$139,732," *The Washington Post*, February 24, 1993, p. A3.

An emphasis on primary care serves the government in two ways. Some observers equate primary care to health maintenance, since doctors can catch problems before they develop into serious and more costly ailments. A limited study by Hiroko Akiyama, who asked a group of American and Japanese citizens to keep a diary over a three-month period, noted that 40 percent of the American diary-keepers ignored their first symptoms, while the Japanese participants tended to respond much more quickly in taking initial action against a symptom. The health care researcher further noted that the people who visited a doctor in Japan tended to take over-the-counter medications and other self-help responses.¹⁷

A second way in which the government benefits is through ultimately lower subsidy demands if a majority of Japanese physicians spend their time on low-cost, high-volume services rather than low-volume, high-cost practices. If the government really wanted to promote physicians in general private practice, however, assistance in setting up a practice would be beneficial, Mr. Campbell suggests. He notes that there has been a drop in the number of general practitioners in Japan, although they still make up more than half the physician population (see Table 6).

The United States in 1992 began to use Medicare reimbursement schedules to place greater emphasis on certain primary care treatments, encouraging higher payments than in the past for

Table 6: Number of Physicians and Nurses in Japan and the United States, 1990

	Japan		United States	
	<u>Total</u>	<u>Per 100,000 Population</u>	<u>Total</u>	<u>Per 100,000 Population</u>
Physicians	203,797	164.9	503,900*	202.6
In General Practice**	146,246	118.3	168,800	67.9
Surgery	33,497	27.1	38,400	15.4
Nurses***	745,301	602.9	1,666,200	676.0

*Involved in patient care.

**Includes those listed as internal medicine specialists as well as all-around doctors since many internists in Japan, as in the United States, practice general medicine.

***Active federal and nonfederal involved in patient care in the United States in 1989.

Source: Management and Coordination Agency, *Japan Statistical Yearbook*, 1992, Health and Welfare Statistics Association, *Health and Welfare Statistics in Japan*, 1992, and Department of Commerce, *Statistical Abstract of the United States*, 1992.

general office visits and slowing increases in reimbursements for some specialists. Other actions aimed at encouraging doctors to enter primary care rather than specializing have included changes in medical school curricula to give more attention to primary care options.¹⁸

What U.S. policymakers have done that their Japanese counterparts have shied away from, however, is to allow nurse-practitioners and physician assistants to handle tasks that do not require a physician's extensive medical background. Not until the 1991 passage of the Paramedic's Law in Japan were ambulance personnel allowed to initiate more than first aid. They still need physician approval to administer injections and insert tubes to open air passages as well as to use electric paddles to stimulate a heartbeat, but mobile phones help gain that contact. Some analysts have suggested that a better division of duties among medical personnel would lower costs by putting the most educated physicians in charge of the most demanding work and providing opportunities for less costly care at the earliest stages; physicians' groups in both countries have balked at this recommendation.

Disadvantages to Price Controls - Price controls usually are thought to distort competitive markets, although many observers question how competitive the market is for health care services. In Japan the price control mechanism is assailed over issues of quality, responsiveness and fairness. While there are controls to help detect abuses of the system, they tend to be somewhat cursory.

- **Quality Questions.** Among the distortions raised by the system of set charges is a failure to recognize differences in the quality of care. All physicians receive the same reimbursement for a procedure, regardless of the medical outcomes and quality. In fact, quality care might be less rewarded if a patient's condition improves with a minimum of tests and procedures. Similarly, specialists get the same payment as general practitioners, which has its advantages, as mentioned earlier. The disadvantage is that specialists often end up acting as GPs. The system also does not encourage referrals to specialists, although the government has begun to promote this idea.

Another quality concern is that high patient volume means little time for patient/physician interaction. From the patient's perspective high volume usually means long waits, which from an economic view is an inefficient use of time. Also, if doctors contract out their laboratory services, labs might try to win this business by cutting their profit margins, thereby giving the doctor a cushion

between the reimbursement rate (paid to the doctor) and the amount that he or she pays the lab. Independent laboratories often cut their prices "to the point that their efficacy is questioned," says Mr. Ikegami, the Keio University health policy analyst.¹⁹

While quality of care is difficult to determine on a nationwide scale, such statistics as high longevity and low infant mortality rates, are considered good health indicators (see Table 7). What health policy analysts looking at Japan weigh, however, is whether the fee-reimbursement, price-control system has had a significant role in achieving increased longevity and infant survivability or whether other factors are more important.

Table 7: Health Indicators for Japan and the United States, 1990

	<u>Japan</u>	<u>United States</u>
Longevity		
Males	76.04	72.0*
Females	82.07	78.8*
Infant Mortality Rate (per 1,000 live births)	4.6	9.2

*Estimated.

Note: The U.S. infant mortality rate is estimated to have improved in 1991 to 8.6 deaths per 1,000 live births.

Source: Ministry of Health and Welfare and Department of Health and Human Services

- **Inadequate Responsiveness to Societal Changes.** Providers' participation in Chuikyo's every-other-year decisionmaking is no consolation to some providers who feel squeezed by the reimbursement schedules. Saiichi Mishima, the director of the Tokyo Kosei Nenkin Hospital and a former vice president of the Japan Medical Association, says that in recent years a "terrible financial crisis has become manifest to almost all hospitals. ... I feel that the old-fashioned government policy must be abandoned. ... Too much cost containment and negligence of actual expense and working conditions of nurses and other personnel in hospital[s] by the government ... is certainly one of the reasons of the recent crisis in our medical service. ... " He specifies that the fee system fails to cope with wage increases and demands for shorter workweeks. Last year, for example, the Health and Welfare Ministry published detailed guidelines on working conditions to help improve the long hours and low status of nursing jobs. Mr. Mishima's remarks indicate that physician-administrators of hospitals fear that the set rates for hospital reimbursements will fail to make up for the need to hire more people as more nurses start to get guarantees of a five-day workweek. The fee system also does not address the costs of new government guidelines to handle infectious waste or prevention of in-hospital infections, including AIDS (acquired immune deficiency syndrome), Mr. Mishima says.

Another of the hospital administrator's concerns — one with which U.S. hospitals commiserate — is the increase in illegal foreign workers. "Doctors are not allowed to refuse patients for [an] inability [to] pay, and yet nobody pays for the service, if the patient is not officially employed," Mr. Mishima says.²⁰ U.S. hospitals also have an obligation to treat emergency patients, at least in life-or-death situations. (This factor is said to be one reason some people do not get insurance, since they feel assured of critical care in extreme cases.)

- **Abundance of Prescriptions.** Many analysts contend that the pricing structure results in overdispensation of drugs in Japan, where doctors rather than pharmacies dispense the majority of

ethical drugs. Consumption of prescription drugs in Japan is almost 50 percent higher than in the United States, according to a cancer specialist quoted in *The New York Times*.²¹ A breakdown of Japan's medical expenditures in 1991 (the latest figures available) indicates that medication costs comprised almost 40 percent of the average daily outpatient bill and 30.8 percent of all medical bills, up 1.2 percentage points from the previous year. Keio University's Mr. Ikegami points out that the reimbursement schedules have at least two effects on prescription drugs in Japan. "[P]harmaceutical products and laboratory tests constitute a larger ratio of revenue in primary than in tertiary care settings," he notes. Moreover, he says, efforts to lower the reimbursement amounts for drugs have resulted in "heavy promotion of new drugs whose patents protect them from fierce price competition. One consequence is that third-generation antibiotics are used more extensively in Japan than anywhere else."²²

Suggestions from the Clinton administration that pharmaceutical companies might face some sort of price intervention as a way of controlling ever-rising health costs have raised questions about the impact on pharmaceutical firms' research and development. Not everyone agrees that the reimbursement system has squelched the Japanese drug industry's R&D, since the system does provide incentives for the introduction of innovative products. But the conventional wisdom is that the reimbursement system has contributed to the poor showing of Japanese firms in the international drug R&D sweepstakes (see *JEI Report No. 13A*, April 3, 1992).

- **Barriers to Technology Diffusion.** Controlling the diffusion of new medical technology and procedures denies possibly life-saving treatments to those who cannot afford the out-of-pocket expense, a fact of life in most countries. Other criticisms of Japan's system of fee-setting include a contention by at least one U.S. medical equipment manufacturer that low reimbursement points for use of its machine (which later were doubled) amounted to a nontariff barrier because physicians were less interested in using that machine than one from which they could earn more money.²³

- **Cursory Review of Billings.** Each insurance group has an intermediary payer within each prefecture; this body, in turn, appoints a panel of physicians to review billings. Keio University's Mr. Ikegami notes that about 1.6 billion billings are inspected each year. He estimates that the time spent in reviewing each claim is less than one second since the system operates manually, not electronically. But the panel does tend to scrutinize closely the submissions from doctors who are known (possibly because of earlier detection) to have boosted their claims inappropriately. Billings over a certain amount automatically trigger a review at the national level. Mr. Ikegami suggests that, "even though the actual ratio of the claims judged as providing excessive care is less than 1 percent, the sentinel effect of peer review may be greater than this figure suggests."²⁴

Whole-System Health

A health care system does not operate independently of its components; just like a body, when one component gets sick, the entire system suffers. Cross-subsidization in Japan's health insurance system works toward balance in the entire system. Also helping are local government-operated public health centers and schools. Societal restraints in general keep violent crime low, which also has a role in minimizing the strain on the health care system. Lifestyle choices, too, can improve or detract from a society's overall health.

Cross-Subsidization of Insurance - To the University of Michigan's Mr. Campbell the system of cross-subsidization in Japan is a "cute little piece of politics," whether intended or not. When policymakers introduced a copayment requirement for employee-based insurance in 1984, they set a lower copayment in general for those who paid higher premium rates (see Table 8). Conversely, participants in the heavily subsidized community-based insurance system — many of whom, if not all, pay premiums at levels lower than participants in employment-based insurance societies — have to make a higher copayment. Each group feels the system is unfair, Mr. Campbell says. He points out, "The people getting all the subsidies feel worse off because their copay is higher." They also feel

Table 8: Average Cost of Health Insurance Coverage in Japan (FY 1990¹) and the United States (1990)

	<u>Japan</u>	<u>United States</u>
Premiums (Average per Month)		
Employer-Based Coverage		
Large Firm, Insurance Society	¥24,856 (\$174)	
Government-Managed Society	¥19,612 (\$137)	
Indemnified, Conventional (Family)		\$351
Group or Staff HMOs (Family)		\$348
Community-Based Health Insurance	¥5,089 (\$37)/month to ¥400,000 (\$3,200)/year	
Medicare, Part B Premium		\$27.90 ²
Share of Income ³ Spent on Premiums	4.5%-8.4%	7%
Share of Pay Used for Premiums		
Employer-Based Coverage		Varies
Large Firm, Insurance Society	8.2%	
Government-Managed Society	8.2%	
Public Insurance Costs		
Medicare (Part A) Employer/Employee (Each)		1.45%
Community-Based Health Insurance	Varies	
Highest Salary Against Which Premiums Levied		
Monthly Basis in Japan as of 1993 ⁴	¥980,000 (\$7,840)	
Annual Basis for Medicare (Part A)		\$125,000
Copayments		
Employer-Based		Varies
For Insured	10.0%	
For Dependent Inpatient	20.0%	
For Dependent Outpatient	30.0%	
Monthly Limit on Out-of-Pocket Costs ⁵	¥63,000 (\$441)	
Community-Based Health Insurance	30.0%	
Retiree Plan for Dependent Inpatient	20.0%	
Retiree Plan for Dependent Outpatient	30.0%	
Deductibles		Varies
Health Services for the Aged		
Outpatient (Per Month)	¥800 (\$5.60)	
Inpatient (Per Day)	¥400 (\$2.80)	
Tax Treatment of Health Insurance		
Employer Outlays	Tax-free for group societies	Tax deductible
Employee Costs (Premiums Through Work)	Copayments count toward ¥2 million (\$14,005) not taxable	Not taxable if paid by employer
Self-employed	Included in out-of-pocket limit	25% of premiums
Out-of-Pocket Costs	Up to ¥2 million (\$14,005) deductible	Varies, depends on extent and type of employment

¹Yen figures are converted into dollars at FY 1990's average exchange rate of ¥142.8=\$1.00

²The 1993 Medicare Part B premium is \$36.60 a month.

³Monthly remuneration in Japan; does not include bonuses, for which up to 1 percent is taken for premiums. Naoki Ikegami of Keio University has said that 2.7 percent of Japanese total income is spent on health insurance premiums (see James Sterngold, "Japan's Health Care: Cradle, Grave and No Frills," *New York Times*, December 28, 1992, p. A8). Disposable income in the United States.

⁴At ¥125=\$1.00.

⁵Upper out-of-pocket limit for low-income payers is less; inpatient copayment for low-income under the Health Service for the Aged was ¥300 (\$2.10)/day.

shorted because certain allowances paid by all insurance programs — such as offsets to childbirth expenses — are lower in the community-based program. The big insurance groups also can underwrite other benefits, such as sick pay or work-based infirmaries. But, in general, Mr. Campbell notes, "The people in the society-managed care [groups] are paying in much more than they take out." This is especially true now that more of these societies are contributing to the Retiree Health Care Program and the Health Care for the Aged Program.

Another aspect of equity in a health care system involves whether care is differentiated according to the ability to pay. Any health care system with a public payer is concerned that rationing will develop, either denying some people certain benefits or causing delays in treatment. Mr. Campbell stresses, "In Japan people in the different [insurance] societies share risk at roughly the same level and get care at the same level." Some observers have suggested that under-the-table payments speed a specialist's decision to see a particular patient in Japan. Others have challenged this suspicion as being unusual, although there is a recognition that "thank-you" gifts might be misconstrued as bribes. In general, Mr. Ikegami cautions, "[I]f one section of the market is permitted to have an open ceiling based on willingness to pay, this not only will increase the total, but by raising the general expectation and amenity level will ultimately raise the level provided under public assistance. ... Thus, the more egalitarian the system, the better its chances for cost containment."²⁵

Preventive Maintenance - Japan and the United States have sharply different approaches to preventive maintenance, borne partly out of Japan's heritage of government control in various aspects of life and America's fiercely independent nature. However, while primary care is considered one of the focal points of Japan's health care system, preventive maintenance checkups are not covered by insurance benefits. This, in itself, is not very different from many Americans' insurance policies. What differs is the attention paid at the local government level and by school districts in the two countries.

- **Public Health.** The structure in both countries is similar. Each of the 50 U.S. state governments and the District of Columbia has a health agency. Depending on population, further localization may occur in cities and counties. Japan's public health centers number 632 among the 47 prefectures, plus 163 in designated cities and 53 in special wards.

The services provided by America's public health agencies vary from state to state. About 80 percent provide immunizations and about half participate in activities to carry out the federal Women, Infants and Children program. As many as half provide testing and counseling for AIDS. Less than 25 percent offer primary care services.²⁶ The disparity between programs indicates that not all Americans have access to similar public health opportunities. In Japan public health centers are expected to provide maternal and child health examinations as well as carry out a range of health education programs, among other activities.

- **Prenatal Care.** Considered one of the more cost-effective health care promotions, prenatal care at an early stage can help prospective mothers avoid substances that might be hazardous to the fetus and can detect problems that doctors can help the prospective parents address early on. One unfortunate result of inadequate prenatal care might be a low birthweight baby (less than 2,500 grams or 5 pounds). The cost for the first year of a low birthweight baby's life is estimated in the United States at an average of \$14,799, which includes use of a neonatal intensive care unit.²⁷ The costs for very premature infants can top \$250,000. Prenatal care has been calculated to save \$3 for every \$1 spent. Costs actually could be higher over the child's lifetime, if low birthweight children prove to have developmental problems in school, as suggested by one study that estimated special education expenditures of nearly \$371 million a year for all U.S. children who had a low birthweight.²⁸

As of 1990 in the United States 7 percent of live births were counted as low birthweight babies. Based on the race of the mother, 5.7 percent of all white infants born had a low birthweight

and 13.3 percent of all black infants did, according to data from the National Center for Health Statistics. This data source also noted that 6 percent of the mothers who gave birth that year did not receive prenatal care until the third trimester, or never had any prenatal care, a ratio that had improved from 6.3 percent in 1989. In Japan the 1991 ratio of 6.7 percent low birthweight babies among all births was not very different from that in the United States. However, the percentage of those infants weighing 4 pounds or more was 78.3 percent in Japan compared with 62.7 percent in the United States in 1990. Extremely low birthweight babies, those under 2 pounds and requiring the most intensive care, made up about 2.9 percent of the low birthweight total in Japan in 1991, compared with America's 1990 figure of 9 percent.

Whether some of Japan's low birthweight statistics are associated with a lack of prenatal care is unclear, since at least two free prenatal checkups are available at public health centers. Pregnancy is not a covered benefit under insurance programs, though. Japan also requires that all pregnancies be reported to the municipality; however, a woman must suspect she is pregnant before she goes to a doctor or to a public health center for a prenatal checkup. After determining if a woman is pregnant, the health care provider gives her a maternal and child health handbook, which helps keep track of medical checkups. Health centers also provide children's examinations at 18 months and 3 years.

- **Immunizations.** Another cost-effective health treatment is immunization of children against various diseases, such as measles, polio, pertussis and diphtheria. President Clinton assailed the pharmaceutical industry recently for raising prices on vaccines; he pointed out that the cost of immunizations at a public clinic had jumped over the past decade to \$90 from \$7. Drug companies were quick to emphasize that part of this cost run-up was due to congressional efforts to protect pharmaceutical firms from lawsuits filed when a child suffers serious side effects from an immunization. The firms agreed to contribute to the fund and to continue to make vaccines rather than abandoning that part of their business.

Early childhood is recommended as the optimum time for immunization, but in this country about half of the children under age 2 have not had their full range of vaccinations. Most enforcement is done by schools, which for the most part require proof of immunization for a child to register. This approach appears to be effective in assuring immunization of 97 to 98 percent of all U.S. children by age 6; the problem is that they might have been exposed to diseases much earlier than that.

Japanese children have similarly high immunization rates for at least three critical vaccinations before age 6. The rates include 82.7 to 99.8 percent immunization against pertussis by age 4; 81.3 to 100 percent immunization against diphtheria by age 6; and 93.5 to 96.3 percent vaccination against acute poliomyelitis by age 4. The rates for measles and rubella are lower, 71.4 percent and 69 percent, respectively. Vaccinations generally are provided either at health centers or schools. The Japanese government also has a fund to provide assistance to those harmed by adverse reactions to medications. A Tokyo High Court ruling in December in favor of 61 plaintiffs who had sought relief under this measure noted that the eagerness of the Health and Welfare Ministry to require nationwide vaccinations was not accompanied by "adequate precautions to prevent predictable victimization by vaccination aftereffects."²⁹

- **School Programs.** Since schools operate under the central direction of the Ministry of Education, coordination of health activities is greater than in this country, where each school district may differ in its approach to health promotion. One American observer, who asked not to be identified, noted, "Nobody really takes overall responsibility for the whole program" in this country. Head Start, a nationally funded but locally run program for 3- and 4-year-olds, does require comprehensive health services along with its programs to help children be ready to learn when they enter school. Health programs in Head Start range from screening to some well-child visits by public health nurses. The intensity may vary from community to community, just as the scope of school health programs differs from district to district. In Japan schools work with public health centers on immunizations, among other things.

A Healthy Society - As can be seen in the potential special education costs suspected for low birthweight babies, society suffers in a variety of ways when individual members do not or cannot pay attention to their health. The ability to keep crime rates low, for example, can help decrease the number of crime victims in emergency rooms. As shown by Table 9 Japan's crime rate is far lower than that of America.

Table 9: Rates of Violent Crime in Japan and the United States, 1986-90

(per 100,000 population)

	Japan				United States			
	1986	1987	1989	1990	1986	1987	1989	1990
Murder	1.4	1.3	1.1	n.a.	8.6	8.3	8.7	9.4
Forcible Rape	1.4	1.5	1.3	n.a.	37.9	37.4	38.1	41.2
Robbery	1.6	1.5	1.3	n.a.	225.0	213.0	233.0	257.0

Source: National Police Agency and Federal Bureau of Investigation and World Health Organization as cited in Department of Commerce, *Statistical Abstract of the United States, 1992*.

Relative equality in income distribution is thought to aid in preventing crime and also helps lower the demand for public assistance. Of respondents to annual surveys conducted by the prime minister's office 54.4 percent considered themselves solidly in Japan's middle class in 1991, a statistic that typically is slightly above 50 percent. Broadening the category to include the lower and upper middle class, the percentage of Japanese placing themselves in this general classification is almost 90 percent. Americans also have a solid middle class, but the percentage of people making under \$15,000 a year is close to 25 percent. The differences in welfare-related outlays for medical care are correspondingly greater in the United States than in Japan (see Table 10).

Table 10: Public Assistance Expenditures for Medical Care in Japan and the United States, 1987-91

(in millions of dollars*)

	1987	1988	1989	1990	1991
Japan					
Maternal Aid Payments	\$1.45	\$1.6	\$1.45	\$0.7	n.a.
Medical Care Payments**	5,919.8	5,986.0	5,558.0	5,168.0	n.a.
United States					
Medicaid for Dependent Children	11,100.0	11,700.0	13,800.0	17,600.0	22,000.0
Medicaid for Those Aged 65 and Up	16,100.0	17,100.0	18,500.0	21,500.0	25,400.0
Other Medicaid Expenditures	17,800.0	19,800.0	21,500.0	25,400.0	29,300.0

*The figures for Japan, which are on a fiscal year basis, were converted into dollars at the following average annual exchange rates: FY 1987, ¥138.35; FY 1988, ¥128.3; FY 1989, ¥138.0; and FY 1990, ¥142.8.

**Excludes amounts that duplicate payments to those aged 70 and older, or 65 and incapacitated, who qualify for medical services under the Health Care for the Aged Law.

Source: Management and Coordination Agency, *Japan Statistical Yearbook, 1992*, and Health Insurance Association of America, *Source Book of Health Insurance Data, 1992*.

Education is considered another significant way to improve health, even more of a benefit than income, according to some scholars. In this regard, Japan's more even distribution of educational attainment than in the United State has additional payoffs in the distribution of good health.

Lifestyle Choices - Diet affects health, as do habits and/or addictions and reckless behavior. Neither Japan nor the United States is a role model in these areas (see Table 11). Japan recently has begun to look into the effects of alcoholism on society. A study released in December 1992 by the Tokyo Medical and Dental University estimated that alcohol abuse in Japan, as it impacted medical treatments, absenteeism, traffic accidents and inefficiency on the job, costs ¥6.6 trillion (\$52.8 billion at ¥125=\$1.00) a year. The study is the first of its kind on alcoholism in Japan. One of the researchers was quoted as saying that Japan is the only developed country with an upward trend in alcohol consumption.

Table 11: Lifestyle Factors in Japan and the United States Affecting Medical Costs -

	<u>Japan</u>	<u>United States</u>
Alcoholic Consumption (per capita in gallons)	24.6 (1989)	39.5 (1990)
Acquired Immune Deficiency Cases* (in thousands of people)	1.05 (1992)	253.4 (1992)
Cigarette Use (in population aged 18 and up for United States)	27.0% (1991)	25.5% (1991)
Drug Abuse (in thousands, of cases for Japan; people for the United States)	23.6 (1992)	351.4** (1989)
Motor Vehicle Deaths (in thousands of people)	14.6 (1990)	47.6 (1989)

*The figure for Japan includes people who are HIV positive.

**Clients in drug treatment centers.

Source: Management and Coordination Agency, *Japan Statistical Yearbook*, 1992, and Department of Commerce, *Statistical Abstract of the United States*, 1992.

Although AIDS affects a limited number of people in Japan, particularly in comparison with the United States, the government is beginning to pay more attention to educating the public about this disease (see *JEI Report No. 40B*, October 23, 1992). In 1993 Japan hopes to increase its public education budget for AIDS from the current fiscal year's 4 percent of a ¥2.1 billion (\$16.8 million) budget to 22 percent of a proposed ¥10.3 billion (\$82.4 million) budget.

What a country gives up in controls on individual behaviors may surface in health care costs. While Japan's law enforcement regulations and social norms keep crime rates low, society's acceptance of suspected detractors to good health may boost future health expenditures. Society-condoned heavy drinking, cigarette smoking and high-stress work habits soon may begin to show up in more health problems, some observers predict. If so, the public health bill may begin to expand more rapidly than it has in the past, particularly if other reasons for higher medical costs do not change.

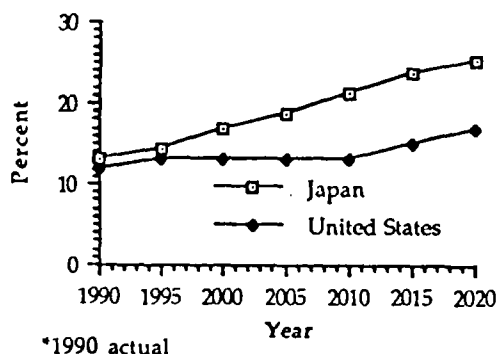
Prognosis

U.S. public health indicators do not appear to reflect money wisely spent. Had these expenditures been wise investments, few people today might be looking at reforming America's health care system. Analysts might argue that American doctors try to save lives in more marginal

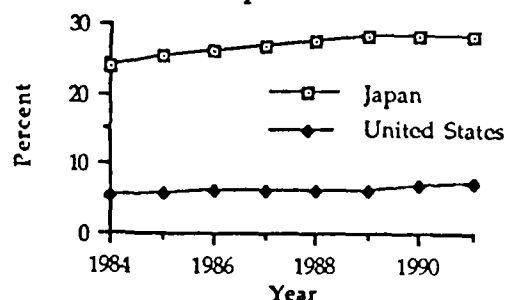
circumstances than do doctors in Japan. This argument reflects cultural differences to a degree. Americans with a "we landed a man on the moon so anything is possible" belief might urge a doctor to pursue aggressive treatments for a medical recovery with astronomical odds. Japanese doctors, however, are less likely to directly inform the patient of the severity of the problem and may be more prone to make a patient comfortable rather than attempting heroic measures. The fee-reimbursement system may be a factor in both cases, however. American doctors who get paid on a fee-for-service basis have no reasons, except for insurance-dictated spending reviews and their own good judgment, to recommend against treatment. Japanese doctors may be more assertive in determining whether a particular treatment is worthwhile if the fee system underpays them for carrying it out.

In both countries decisions about prolonging life may come more frequently as the population ages. That growth already is happening in Japan, and it will occur in the United States as more of the baby boom generation tops age 65, about the year 2015 (see Graph 1). Depending on how each country treats its long-term care policies (see *JEI Report No. 14A*, April 10, 1992), which involves, in part, the degree to which the public sector takes more responsibility for long-term care costs, the lines in Graph 2 could turn sharply upward. By 2015 significant changes could occur in the ways that both the United States and Japan handle health care.

Graph 1: Share of Projected Population Aged 65 and Up*



Graph 2: Medicare, Old-Age Insurance as Share of Personal Health Care Expenditures



Japan already has put in place a new form of price control, capitation fees, to substitute for fee-for-service reimbursement if a hospital agrees to become an approved geriatric hospital. The move toward capitation — in which a hospital is paid a certain daily rate regardless of the number of procedures — was an attempt to recognize that some hospitals actually were acting like skilled nursing facilities; many elderly stay in a hospital for long periods, a factor helping make Japan a world leader in average length of hospital stays. By going toward a capitation rate the hospital can follow new, less costly staffing regulations, including use of more aides and fewer nurses. The physician staffing ratio also is lower. (Rehabilitation continues to be paid on a fee-for-service basis in these hospitals to encourage this form of treatment.) What this new cost control might imply, however, is that policymakers see problems in Japan's fee-for-service approach, particularly in relation to the graying of society. Conversely, the new payment method may be a simple recognition that the country has too few nursing homes but an abundance of hospitals.

Japan's high number of hospitals and numerous hospital beds per population (see Table 12) contrasts somewhat ironically with the situation in the United States, where cost containment efforts in the past focused primarily on controlling practices and reimbursement rates at hospitals through Medicare. Tokyo's attempts to adjust the use of hospitals through its fee schedule appear to be less successful than Washington's, although overall cost containment remains better than in the United States.

Table 12: Number of Hospitals in Japan and the United States, 1980-90

	Japan			United States		
	1980	1985	1990	1980	1985	1990
General Hospitals* (thousands)	8,003.0	8,527.0	9,006.0	5,830.0	5,732.0	5,384.0
Beds per 100,000 People	765.0	892.7	1,014.9	436.1	420.7	373.1
Occupancy Rate	81.4%	83.7%	81.9%	75.6%	64.8%	66.7%

*Includes only hospitals, not clinics with beds, in Japan and community hospitals in the United States, which excludes federal hospitals.

Source: Health and Welfare Statistics Association, *Health and Welfare Statistics in Japan*, 1992, and Department of Commerce, *Statistical Abstract of the United States*, 1992.

Whether the United States would benefit from applying Japanese-style cost controls without addressing the other factors that help make Japan's health care system equitable is doubtful. Although President Clinton is said to be considering temporary price controls, he has called for a broad system reform. In his campaign he backed the idea of managed competition, in which managed care groups, such as HMOs (health maintenance organizations) or physician groups, compete for large group health insurance contracts by offering lower charges; the lower fees are expected to be achieved through improved efficiencies and better quality care. The concept also includes regulation by public agencies. In addition, improved administration is a possibility through public agency participation. (Administrative expenses are kept low in Japan by a uniform system for handling payments between insurers and providers.) The managed competition approach also calls for limits on the tax deductions available for health care benefits. That would help to confront employees more directly with the true cost of their health insurance as well as work to equalize costs between people insured through work, who now get tax-free benefits, and people who buy insurance on their own with after-tax dollars. The benefit to the government would be increased tax revenues, as well as an end to what essentially is a subsidy of the employees' benefits that also distorts perceptions of insurance costs.

Managed competition would have some benefits in Japan, too, since medical providers now compete for patients basically through their reputations for quality. Some analysts, concerned that price controls can squeeze expenditures only so far before a problem surfaces elsewhere, worry that Japan's current system, undifferentiated by price, may distort the long-term ability to control costs — although it does support equity. With increasing technological advances and the graying of the population, costs can be expected to keep pressuring the government, which pays a majority of health costs. Although the Japanese insurance system involves an income distribution component and broad risk-sharing, the cross-subsidization required of employees might begin to pinch hard as the ratio of workers to nonworkers in the aging population diminishes.

Picking and choosing among components of any one health care system, whether America's or Japan's, involves fine-tuning to conform to society's structures and expectations. Japan's system involves heavy public subsidies, although there are attempts by the government to shift some of these costs to the private sector. Whether Americans and their politicians have sufficient determination to change the U.S. system depends to a large extent on a willingness to look at higher taxes and possibly a variety of controls aimed eventually at holding down health care costs and treatment expectations. If the U.S. health care system keeps operating along its current lines, analysts say, costs will rise, fewer Americans will have health care insurance, and government budgets will be stretched thin to provide more of a safety net.

Kurt Healy provided research assistance.

Notes

¹Congressional Budget Office, *Economic Implications of Rising Health Care Costs* (Washington, D.C.: October 1992), p. 49.

²George Schieber, Jean-Pierre Poullier and Leslie Greenwald, "U.S. health expenditure performance: An international comparison and data update," *Health Care Financing Review*, Summer 1992, XIII, No. 4, p. 3.

³Congressional Budget Office, *op. cit.*, p. 49.

⁴Congressional Budget Office, *op. cit.*, pp. 39-40.

⁵For details about the policymaking complexities involved in this law, see John Campbell, *How Policies Change: The Japanese Government and the Aging Society* (Princeton, New Jersey: Princeton University Press, 1992), pp. 302-304.

⁶*Ibid.*, p. 294.

⁷Organization for Economic Cooperation and Development, *Health Data File 1989*, as cited in Naoki Ikegami, "Japanese Health Care: Low Cost Through Regulated Fees," *Health Affairs*, Fall 1991, X, No. 3, p. 99.

⁸*Ibid.*, p. 92.

⁹Joseph Newhouse, "Medical Care Costs: How Much Welfare Loss?" *Journal of Economic Perspectives*, VI, No. 3, Summer 1992, pp. 3-21.

¹⁰Ikegami, *op. cit.*, p. 96.

¹¹Schieber and others, *op. cit.*, p. 7.

¹²Telephone interview with John Campbell, professor of political science and director of the Japan Technology Management Program at the University of Michigan, February 18, 1993.

¹³Aki Yoshikawa, Norihiko Shirouzu and Matthew Holt, "How Does Japan Do It? Doctors and Hospitals in a Universal Health Care System," *Stanford Law & Policy Review*, Fall 1991, p. 118.

¹⁴Naoki Ikegami, "The Economics of Health Care in Japan," *Science*, CCLVIII, October 23, 1992.

¹⁵*Ibid.*, p. 617.

¹⁶Campbell (telephone interview), *op. cit.*

¹⁷Hiroko Akiyama, *Health Care Needs, Utilization and Costs: A Paradoxical Contrast of U.S. and Japan*, paper presented to the 45th Annual Scientific Meeting of the Gerontological Society of America, Washington, D.C., November 21, 1992.

¹⁸Ron Winslow, "Shortage of Primary-Care Doctors Spurs Schools, HMOs to Try to Redress Balance," *Wall Street Journal*, February 24, 1993, p. B1.

¹⁹Ikegami (*Health Affairs*), *op. cit.*, p. 103.

²⁰Personal communication from Saiichi Mishima, director of Tokyo Kosei Nenkin Hospital, February 26, 1993.

²¹James Sterngold, "Japan's Health Care: Cradle, Grave and No Frills," *The New York Times*, December 28, 1992, p. A1.

²²Ikegami (*Health Affairs*), *op. cit.*, pp. 98 and 103.

²³Yoshikawa and others, *op. cit.*, p. 118.

²⁴Ikegami (*Health Affairs*), *op. cit.*, p. 97.

²⁵Ikegami (*Health Affairs*), *op. cit.*, p. 107.

²⁶Department of Health and Human Services, Public Health Service, *Profile of State & Territorial Public Health Systems: United States, 1990* (Atlanta, Georgia: Centers for Disease Control, December 1991), pp. 2-8.

²⁷Theodore Joyce, Hope Corman and Michael Grossman, "A Cost-Effectiveness Analysis of Strategies to Reduce Infant Mortality," *Medical Care*, XXVI, No. 4, April 1988, pp. 348-360.

²⁸Stephen Chaikind and Hope Corman, "The Impact of Low Birthweight on Special Education Costs," *The Journal of Health Economics*, X, 1991, pp. 291-311.

²⁹"Court awards ¥2.4 billion to child victims of vaccination," *The Japan Times*, December 19, 1992, p. 1.

The views expressed in this report are those of the author and do not necessarily represent those of the Japan Economic Institute.

HEALTH CARE IN JAPAN
- an overview -

Nobuyuki Takakura
First Secretary
Health & Welfare
Embassy of Japan

DRAFT PREPARED FOR ORAL PRESENTATION AT THE
46TH ANNUAL MEETING OF THE SOUTHERN LEGISLATIVE
CONFERENCE, MIAMI BEACH, FLORIDA, AUGUST 10, 1992

(THERE ARE SOME EXPRESSIONS ADOPTED FROM RELEVANT
LITERATURE ALTHOUGH THEY ARE NOT ALWAYS INDICATED
AS SUCH, GIVEN THE INFORMATIONAL NATURE OF A SHORT
TIME ORAL PRESENTATION. THOSE WHO WISH TO OBTAIN THE
LITERATURE REFERENCE MAY CONTACT THE SPEAKER DIRECTLY.) -

I. INTRODUCTION

Thank you Mr. Chairman (Senator Brooks) for your introduction. It is my great pleasure and honor to address to the distinguished members of the Southern Legislative Council today about Japan's health care system.

As most of you know well, today's Japan has the world longest life expectancy at birth; 75.86 for men and 81.81 for women as of 1990. Also, Japan's infant mortality rates are among the lowest in the world.

Some people may attribute Japan's long life expectancy to so-called healthy Japanese diet. However, if you think about that the Japanese life expectancy was only 47 for men and 50 for women back in 1935, when I'm sure the Japanese diet was much less Westernized (for example, there were no McDonald or Dunkin Donuts in Japan then), you may agree that there may be more than a different diet pattern to a difference in average length of life expectancy of a nation.

What I want to suggest here is that Japan's health care system with universal coverage must have at least contributed to some extent toward improvements in overall health status in Japan.

Having said that, I would now like to give you an outline of Japan's health care system, which has three basic features; first, universal coverage, second, liberal medical practice, and third, fee-for-service reimbursement system. Let me start with universal coverage.

II. UNIVERSAL COVERAGE

(1) Overview

It was about 30 years ago, or more specifically in 1961, when the universal health insurance coverage was finally realized in Japan.

The universal coverage Japanese style is based on multiple payers, which can be broadly divided into 3 groups: employment-based insurance plans, community-based plans, and pooled funds for the elderly.

(2) Health Insurance

The largest scheme among employment-based plans has a simple official name, which translates as Health Insurance or HI. HI, which covers most of the private sector employees and their dependents, is managed either by Health Insurance Societies or by the national government.

(a) Health Insurance Societies

Large companies, generally those with more than 700 employees, can set up their own independent health insurance programs, known as Health Insurance Societies. The Health Insurance Societies can also be formed by two or more businesses employing 3000 employees or more in total.

The Societies are not-for-profit private organizations. However, they are unlike private insurance groups in the U.S. as they are only allowed to exist as an alternative to the government-managed plan, and are subject to governmental oversight and regulation by the national Ministry of Health and Welfare. There are about 1800 Health Insurance Societies providing coverage to 31 million people in Japan today. All of the 1800 Societies are required to provide the same set of statutory benefits just like the government-managed HI although Societies do have some choice in providing additional supplementary benefits, subject to approval of the Ministry. Also, Societies can operate certain health promotion programs such as health education sessions and health-resort type facilities for their members.

The Society-managed HI is financed mainly through employee-employer contributions in the form of a payroll insurance premium computed as a set percentage of an employee's monthly salary. The insurance premium rate is determined for each Society between 3% and 9.5%, again subject to approval of the Ministry. As of March 1990, the average rate for all Societies was 8.22%. In principle, the premium is to be shared equally by the employer and the employee, with employees share deducted from the monthly salary. However, if stipulated by the Society's by-laws, the employer's share can be increased. As a result in practice, the average rates for the employer and the employee were 4.65% and 3.57% respectively. There is a government subsidy on a relatively small scale to those Societies whose financial situation has deteriorated. Also, a part of the Societies' administrative costs is paid by the government.

(b) Government-managed Health Insurance

For employees at medium and small businesses, the Health Insurance scheme is managed by the national government. 36 million employees and their dependents are covered under this government-managed HI.

The premium rate for the government-managed HI is 8.4%, shared equally by the employee and the employer. The government subsidy is 100% of the administrative costs and 16.4% of the statutory health care benefits. Compared to a much smaller scale subsidy to society-managed HI, this is a cross-subsidy by which equitable access is guaranteed.

(3) Mutual Aid Associations and Seamen's Insurance

The HI scheme, society-managed and government-managed combined, covers 67 million persons or 53% of the population of Japan. Other 10% of the population is covered by the Seamen's insurance and by the Mutual Aid Associations for government officials, etc. The basic structure of the seamen's and Mutual Aid Associations insurance Programs is essentially the same as the Health Insurance.

(4) National Health Insurance

The rest of the population who are not covered by any of the afore-mentioned employment-based Insurance schemes are provided coverage under the community-based National Health Insurance, or NHI, created in 1938 and transformed in 1958. 44 million individuals are under this plan, which is run by cities, towns and villages. (A word about Japan's government structure here. It is a three-tier system. (1) national government, (2) 47 prefectural governments, (3) more than 3000 cities, towns, villages' governments. Cities, towns and villages are the local governments closest to the daily life of the people) The scope of the covered services is basically the same as that of the Health Insurance, i.e. comprehensive coverage for almost all inpatient and outpatient services.

This National Health Insurance scheme is financed through contributions from the covered persons and through government subsidy, which is slightly more than the total amount of contributions.

The contributions generally has a flat per capita component and an income or asset based component. Low income households are partly exempted from paying the full contribution. As of March 1990, the average contribution per household under this plan was 147 thousand per yen or about 11 hundred dollars per year.

III. Liberal Medical Practice System

(Now let me turn to the supply side of health care in Japan)

(1) Doctors

There are more than 200 thousand medical doctors in Japan today. About 60% of them are hospital doctors who are full-time salaried employees of the hospital which is defined as a medical care facility with more than 20 inpatient beds. Another 30% of the Japanese doctors are practicing owners of a clinic, defined as a medical care facility with less than 20 inpatient beds.

(2) Medical Care Facilities

To open a hospital or a clinic has been quite easy for doctors in Japan. There has been a so-called "liberal medical practice" principle in effect. More specifically, a doctor can open a clinic or a hospital anytime, anywhere, only with a notification to the local government in the case of a clinic, and with a facility license from the local government, in the case of a hospital.

Partly as a result of this liberal system, many private hospitals and clinics are in place in Japan today. More than 70% of the total number of inpatient beds in Japan belong to private medical care facilities.

Public and private together, there are about 170 thousand medical care facilities in Japan delivering health care services to the people under the universal coverage system. As virtually all of the medical care facilities in Japan have an accredited status to receive reimbursement from the health insurance schemes I described earlier, an insured person, i.e. virtually everybody in Japan, enjoys a free consumer choice of hospitals and clinics.

(3) Problems

Some of the problems the Japanese government has been trying to deal with in the area of medical care facilities include geographical maldistribution and under-developed functional differentiation of hospitals and clinics. Mainly as a result of

liberal medical practice system, there has been a tendency toward an excessive supply of medical care facilities in big cities inducing excessive utilization there, whereas it has been difficult for rural areas to attract doctors to hospitals and clinics. To address this problem, a planning mechanism has been introduced where the opening or expanding a medical care facility in "saturated" areas is strongly discouraged.

Also, as recently as earlier this year, a law was enacted to promote functional differentiation among so-far rather uniform medical care facilities in Japan.

IV. FEE-FOR-SERVICE REIMBURSEMENT

(In the interest of time, I would now like to move on to explain the reimbursement mechanism)

(A) General System

This is a flow-chart of general reimbursement for medical expenses in Japan.

(1) First, the insured person (or patient) pays an insurance premium to the insurer; HI Society, national or local government, depending on scheme

(2) Second, when an insured person goes to a medical facility, the facility provides necessary and sufficient medical treatment

(3) Third, the patient, in return, has to pay a copayment out-of-pocket when he/she received the treatment. The copayment is generally a set percentage ranging between 10% and 30% depending on the scheme, of the total bill. There is a limit in the amount of copayment; when it exceeds 60,000 yen or about \$470 per month, the excess will be reimbursed to the patient.

The bill is computed according to a fee schedule set by the Ministry of Health and Welfare. In establishing the fee schedule, the Ministry has to consult with the Central Social Insurance Medical Council, which is a tripartite body consisting of representatives of insurers, providers, and consumers.

The fee schedule set by the Ministry upon recommendation by the council, is known as the "point system". Every medical procedure and material like pharmaceutical products generally receives a certain amount of points, which will be converted to yen figure by multiplying by a set unit cost. As you can see, this government-forced group-negotiation process for a single fee-schedule to be used by all the multiple payers is a rather strong price control mechanism, although the volume of service is not quite controlled.

(4) Fourth, the medical facility then sends the rest of the bill that was not covered by the copayment, to one of the two payment funds that have many branch offices nationwide. If the patient was under HI, the bill is sent to the Social Insurance Medical Fee Payment Fund. If under NHI, to the Federation of NHI associations.

These two organizations were created for the sake of efficient handling of bills and payments between 170 thousand medical facilities and more than 5000 insurers.

(5) Fifth, the two organizations act as examiners of the bills and payment centers. After examining the appropriateness of the bill, they forward the bill to the insurer.

(6) Sixth; then the insurer pays the bill to the two organizations, and they in turn to medical facilities.

(7) Seventh, the insurer notifies the patient how much was paid. This is one of the cost-containment measures as it raises consciousness of the patient. ^{cost-}

(B) Special System for the Elderly

(This completes the reimbursement process. Now, I'd like to explain pooled funds for the elderly while I have this flow-chart here.)

A 1972 law entitled all Japanese citizens over the age of 70 to free medical care. In other words, the elderly were exempted from paying any copayment. The cost of this exemption was financed by government subsidy. This policy resulted in dramatic increase in elderly's utilization rate. Since the NHI scheme had a disproportionate share of elderly, it suffered a significant increase in payments.

As this situation was increasingly to be seen as "unfair", eventually in 1982, the Health and Medical Services for the Aged Law was enacted to redistribute the financial burden of caring for the elderly by requiring the national government to provide 20% of the financing of health care for the elderly, local governments 10%, and the employment based schemes to pay the rest.

The 1982 Law also required cost-sharing by the elderly, but it was of course politically very difficult to re-introduce the full copayment. Today, the elderly are required to pay only 600 yen or 4 or 5 dollars per day for inpatient care and 900 yen or \$7 per month for outpatient care.

Another important element of this 1982 Law was that it created various preventive and health promotional programs. The

cities, towns and villages are required to be the manager of these positive programs in addition to be the financial intermediary of the medical expenses for the elderly.

The statutory programs these local governments are required to provide under this law include a periodical medical check-ups for the community residents over 40 years old and a distribution of so-called Health Handbook to all the elderly in their jurisdiction. The Handbook functions as an easy and well-organized medical record keeping tool. It also contains many pieces of health advice. One piece of advice in the Handbook I like most states that its good for your health to be jolly and merry all the time.

V. HEALTH CARE EXPENDITURES

(Now, a quick look at the bottom-line, or overall costs.)

Having established the universal coverage in 1961, Japan has since experienced a rapid growth of national health care expenditures especially throughout 1960s and 70s. About 20% increase per year was not too uncommon during this period.

Although the economy as a whole grew rather impressively too, the health care expenditures outpaced the increases in the National Income. As a result, its ratio to National Income has increased from 3.1% in 1960, to above 5% from 1975, and to above 6% from 1979.

Thanks to various cost containment measures, this percentage has been somewhat stabilized at slightly above 6% for the most recent years. However, as the population of Japan is aging fast, which is certainly a significant contributor to increases in medical expenditures, cost-containment will no doubt continue to be a crucial policy goal for Japan in the coming years.

VI. CLOSING REMARKS

Up to this point, I have hopefully given you an overview of Japan's health care system. But I was requested to do more than that today. Namely, in his invitation letter, Mr. Chairman expressed his hope that I would acquaint the audience with not only how Japan deals with health care, but also which components of that system you might incorporate in your states.

Well, I would like to respond to the second half of this request not by making any specific recommendation type of comments which I am not in a position to make, but by leaving it to you all to evaluate which elements of Japan's health care system which I described today, if any, might be worthwhile for your state to consider further.

As we all know well, a country's health care system is so much intertwined with her own culture and history, that it is not readily transplantable to a different country. But still, I believe that there will be something to be gained from analyzing experiences of other countries.

In closing, I'd like to take note of the fact that health care reform is no easy task in any country. However, I am very sure that your country will overcome various challenges in health care system over time with your firm commitment and strong political will to do so, just as Japan is striving to address many shortcomings of her health care system.

In the meantime, I sincerely hope that different nations will continue to be able to benefit from exchange of various experiences as your excellent program today is aiming at.

Thank you very much for this opportunity and for your attention.

The Basic Features of Japan's Health Insurance System

1. Universal Health Insurance Coverage
(国民皆保険)
2. Fee - for - Service / Unit Price
Reimbursement System
(出費高 松制)
3. Liberal Medical Practice System
(自由開業医制)

UNIVERSAL COVERAGE

Health Insurance for the employed (健康保險)

. Society - managed (組合健保)

. Government-managed (政管健保)

Seamen's Insurance for seamen (船員保險)

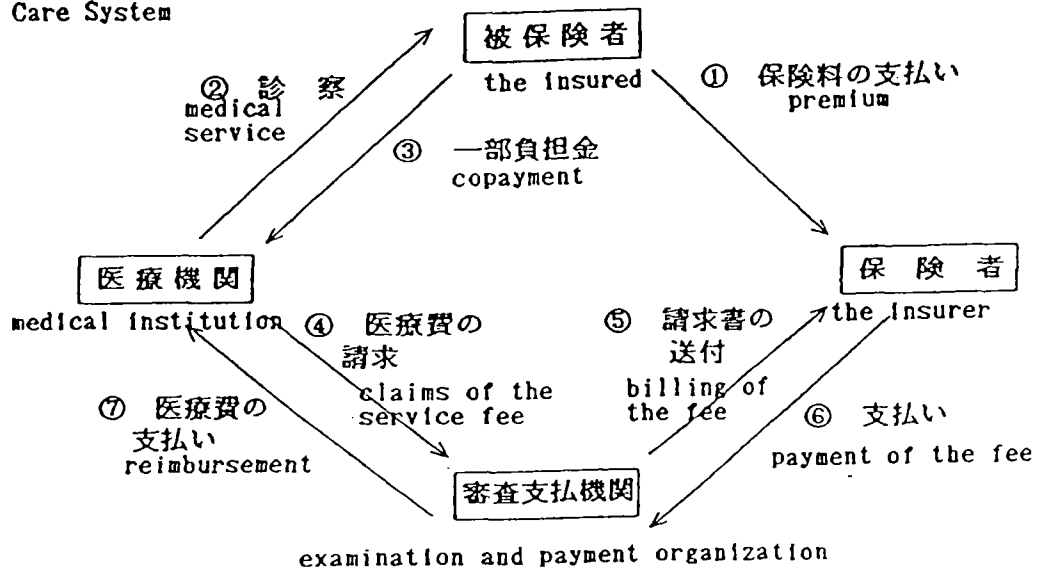
Mutual-aid Associations for government
officials, etc. (共濟組合)

National Health Insurance for the rest (國民健康保險)

. Cities, towns, villages-managed

医療費支払い等の仕組み

Flow Chart of the Medical Care System



Trends in National Medical Care Costs

(国民医療費の年次推移)

Fiscal Year (年次)	National Medical Care Costs (国民医療費)		Per-Capita Costs thousand yen (国民1人あたり 医療費、千円)	National Medical Care Costs as Percentage (国民医療費の割合%)		G.N.P. billion yen (国民総生 産品10億円)	National Income billion yen (国民所得 10億円)	Population thousand (人口、千人)
	Billion yen (10億円)	Percentage increase over previous year (前年比増減率)		of G.N.P. (国民総生産)	of N.I. (国民所得)			
1955	238.8	11.0	2.7	2.77	3.42	8,627.8	6,973.3	89,276
1956	258.3	8.2	2.9	2.67	3.27	9,670.5	7,896.3	90,172
1957	289.7	12.2	3.2	2.62	3.27	11,076.8	8,868.1	90,928
1958	323.0	11.5	3.5	2.73	3.44	11,850.3	9,382.9	91,767
1959	362.5	12.2	3.9	2.61	3.28	13,892.9	11,042.1	92,641
1960	409.5	13.0	4.4	2.46	3.03	16,662.0	13,496.7	93,419
1961	513.0	25.3	5.4	2.55	3.19	20,139.8	16,081.9	94,287
1962	613.2	19.5	6.4	2.75	3.43	22,282.7	17,893.3	95,181
1963	754.1	23.0	7.8	2.88	3.57	26,163.4	21,099.3	96,156
1964	938.9	24.5	9.7	3.10	3.90	30,301.9	24,051.4	97,182
1965	1122.4	19.5	11.4	3.33	4.18	33,673.0	26,827.0	98,275
1966	1,300.2	15.8	13.1	3.28	4.11	39,600.4	31,644.8	99,036
1967	1,511.6	16.3	15.1	3.26	4.03	46,333.0	37,547.6	100,196
1968	1,801.6	19.2	17.8	3.29	4.12	54,792.6	43,720.9	101,331
1969	2,078.0	15.3	20.3	3.20	3.99	64,890.7	52,117.8	102,536
1970	2,496.2	20.1	24.1	3.32	4.09	75,152.0	61,029.7	103,720
1971	2,725.0	9.2	25.9	3.29	4.13	82,806.3	65,910.5	105,145
1972	3,399.4	24.7	31.6	3.52	4.36	96,539.1	77,936.9	107,595
1973	3,949.6	16.2	36.2	3.39	4.12	116,679.2	95,839.6	109,104
1974	5,378.6	36.2	48.6	3.89	4.78	138,155.8	112,471.6	110,573
1975	6,477.9	20.4	57.9	4.26	5.22	152,209.4	123,990.7	111,940
1976	7,668.4	18.4	67.8	4.48	5.46	171,152.5	140,397.2	113,089
1977	8,568.6	11.7	75.1	4.51	5.50	190,034.8	155,703.2	114,154
1978	10,004.2	16.8	86.9	4.79	5.82	208,780.9	171,778.5	115,174
1979	10,951.0	9.5	94.3	4.86	6.01	225,401.8	182,206.6	116,133
1980	11,980.5	9.4	102.3	4.88	6.00	245,360.0	199,590.2	117,060
1981	12,870.9	7.4	109.2	4.94	6.14	260,334.3	209,748.9	117,884
1982	13,865.9	7.7	116.8	5.17	6.32	273,461.5	219,391.8	118,693
1983	14,543.8	4.9	121.7	5.09	6.30	285,997.3	230,805.7	119,483
1984	15,093.2	3.8	125.5	4.94	6.20	305,725.3	243,608.9	120,235
1985	16,015.9	6.1	132.3	4.92	6.17	325,370.5	259,589.8	121,049
1986	17,069.0	6.6	140.3	5.02	6.34	339,685.3	269,394.7	121,672
1987	18,075.9	5.9	147.8	5.07	6.42	356,263.6	281,737.5	122,264
1988	18,755.4	3.8	152.8	4.95	6.27	378,963.0	299,356.6	122,783
1989	19,729.0	5.2	160.1	4.86	6.20	406,244.9	318,342.4	123,255

: Ministry of Health and Welfare : Statistics and Information Department. National Medical Care Costs.



United States
General Accounting Office
Washington, D.C. 20548

Human Resources Division

B-244648

November 15, 1991

The Honorable William S. Cohen
Ranking Minority Member
Special Committee on Aging
United States Senate

The Honorable David H. Pryor
Chairman, Special Committee
on Aging
United States Senate

The Honorable John Glenn
Chairman, Committee on
Governmental Affairs
United States Senate

This report, prepared at the request of the late Senator John Heinz, reviews aspects of the health care systems of France, Germany, and Japan. The report describes these countries' methods of providing universal coverage through their health insurance and financing systems, their policies intended to restrain increases in health care spending, and the effectiveness of these policies.

Last spring we issued a report on the Canadian health care system: Canadian Health Insurance: Lessons for the United States (GAO/HRD-91-90, June 4, 1991). As in that report, we do not endorse in this report adopting the health systems of the countries we reviewed. Instead, we believe that the merits and flaws in these countries' systems provide the United States with information that may be useful in solving U.S. health care problems.

Unless you publicly announce its contents earlier, we plan no further distribution of this report for 30 days. At that time, we will send copies to interested parties. The report was prepared under the direction of Janet L. Shikles, Director, Health Care Financing and Policy Issues, who may be reached on (202) 275-5451 if you or your staff have any questions. Other major contributors to this report are listed in appendix III.

Lawrence H. Thompson

Lawrence H. Thompson
Assistant Comptroller General

Executive Summary

Purpose

For two decades, the growth of health care spending in the United States has outpaced the growth of the rest of the economy—a pattern with troubling consequences for business, consumers, and government. Persistent pressures caused by rising spending have called forth various remedies, but success in containing spending has been elusive.¹ Consequently, policymakers and analysts have sought insights from the experience of industrialized countries that appear to control spending growth better, provide universal access to health care, enjoy better health, and spend a smaller share of their national income on health care.

The Ranking Minority Member, Senate Special Committee on Aging asked GAO to report on the lessons that the United States can draw from industrialized countries that spend less on health care. The Chairmen of the Senate Governmental Affairs Committee and the Senate Special Committee on Aging later joined in this request. In response, this report (1) describes how three of these countries—France, Germany, and Japan—organize their health insurance systems, achieve universal coverage, and regulate payments to providers; (2) describes the policies used in each country to contain spending for physician and hospital care; and (3) determines whether these policies were effective in moderating the rise in health spending.

Background

A rapid escalation in spending and a noticeable narrowing of access characterize the recent experience of the U.S. health care system. Between 1970 and 1990, the share of national income spent on health care grew by more than half: from 7.3 percent of gross national product (GNP) in 1970 to 12.3 percent in 1990; projections to the year 2000 imply a share that would most likely exceed 16 percent. Notwithstanding the high and rising level of spending, more people lack ready access to health care. Between 1979 and 1987, the number of Americans without health insurance rose by a fourth—from 29.9 million to 37.4 million.

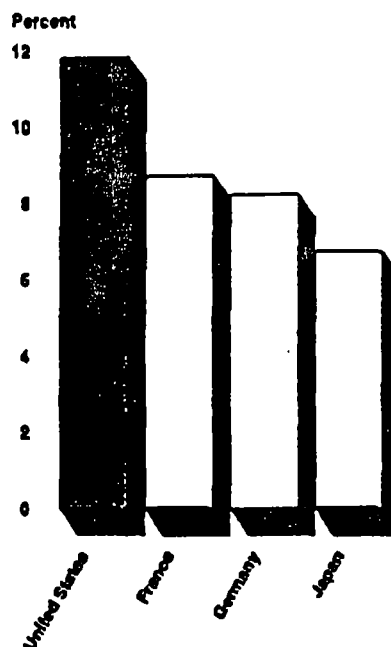
Other industrialized countries have had more success than the United States in controlling health care spending while also providing health insurance to virtually all their citizens. For example, France, Germany, and Japan each spends a significantly smaller share of its national income on health care than does the United States (see fig. 1). The lower spending in these countries has not meant less access to basic health

¹The consequences of rising health spending are described in *U.S. Health Care Spending: Trends, Contributing Factors, and Proposals for Reform* (GAO/HRD-91-102, June 7, 1991), pp. 8-11; the record of various spending control initiatives is reviewed in the same report, pp. 14-16.

Executive Summary

services or deterioration in broad measures of health status, such as life expectancy and infant mortality.

Figure 1: Health Care Spending as a Share of Gross Domestic Product (1989)



This study examines the policies that have been used in France, Germany, and Japan to control health care spending. In conducting this analysis, GAO obtained data on health expenditures and health status, reviewed literature on each country's health care system, and interviewed experts from the United States and from each of the countries reviewed. GAO also analyzed the likely effects of various spending control policies and statistically estimated the effects of several policies' effectiveness. Our statistical analysis was limited to France and Germany for technical reasons.²

Results in Brief

France, Germany, and Japan achieve near-universal health insurance coverage within health care systems that share three major traits with

²Unlike Japan, France and Germany made major changes in reimbursement policy during the 1970s and 1980s; those changes permitted the necessary before-and-after comparison between spending under the new policy and spending under the previous policy.

Executive Summary

the U.S. system: (1) medical care is provided by private physicians and by both private and public hospitals, and patients have free choice of physician; (2) most people receive health insurance coverage through their workplace; and (3) health insurance is provided by multiple third-party insurers.

These similarities to the U.S. system coexist with several notable differences that follow from the far-reaching regulations used to guarantee coverage. First, insurers—who are predominantly non-profit—are required to provide minimum coverage that includes a wide range of health care benefits. Second, insurance enrollment is compulsory (with minor exceptions) for all residents, and they have little or no choice of insurers. Third, workplace-based insurance is financed not by premiums that reflect each individual group's expected costs of care, but largely by employer and employee payroll contributions that reflect the average cost of a larger cross section of the population.

In addition to mandating insurance coverage, all three countries standardize reimbursement rates for almost all physicians and hospitals and set ceilings (price controls) on these rates.³ Virtually all payers must, when reimbursing providers, abide by the standardized rates. Reimbursement rates are not promulgated by the government unilaterally, but emerge from formal or informal negotiations between physicians, hospitals, third-party payers, and (in France and Japan) the government.

Budget controls—policies that augment price controls by setting limits on overall spending for hospital care or for physician services—can moderate spending growth, particularly when they are enforced. Each country sets limits on overall health spending as national goals, but only France and Germany have added policies with teeth to achieve compliance with the limits. GAO estimated that French budget controls, between 1984 and 1987, reduced real (inflation-adjusted) hospital spending by as much as 9 percent, compared with what would have been spent had price controls alone been used. Likewise, GAO estimated that for physician care services, German budget controls reduced real spending by as much as 17 percent between 1977 and 1987, compared with what would have been spent without the budget controls. By contrast, overall spending limits on German hospitals did not reduce spending growth;

³In addition, all three countries have some controls on spending for hospital construction or the purchase of new, high-cost medical equipment.

Executive Summary

these limits were not, however, accompanied by a mechanism to achieve compliance.

The budget controls that successfully moderated spending growth in France and Germany are not a panacea for concerns about spending. Budget controls have not relieved all pressures on spending, in part because these controls have not been applied to all segments of the health care industry. Moreover, budget controls do not assure high-quality care or efficient delivery of services. In light of these concerns, both France and Germany are exploring modifications and supplements to their current strategies for controlling the rise in health spending.

GAO's Analysis

Three Countries' Health Care Systems Retain Private Medicine, Patient Choice

In France, Germany, and Japan, as in the United States, patients generally can choose their own physician; outpatient services are provided by private physicians; and inpatient care is provided in both private and public hospitals. Physicians who provide outpatient services are paid on a fee-for-service basis—as are most U.S. physicians. (Unlike in the United States, however, physicians who deliver inpatient care are often employed by a hospital on a salaried basis.)

Countries Provide All Residents With Health Insurance Through Regulated Multipayer Systems

Each country guarantees virtually all their residents health insurance that offers a broad minimum level of benefits. Near-universal coverage is achieved by making enrollment for health insurance compulsory, with few exceptions, and virtually automatic. Health insurance is provided through a diverse mix of third-party payers that emerged from each country's particular social institutions and political history. Independent action by each payer is limited due to national regulation of enrollment, benefits, premiums, and reimbursement of providers.

Broad Package of Benefits Is Mandated

The mandated package of health benefits covers a wide range of services. Benefits generally include coverage for physician services, hospital care, laboratory tests, prescription drugs, and some dental and optical care. Patients in all three countries do not pay deductibles for health care services; copayments for physician and hospital care range from nominal amounts in Germany to as much as 20 to 30 percent of regulated fees in France and Japan.

Executive Summary

Insurance Financed by Payroll-Based Contributions From Employer and Employee

Workplace-based insurance in France, Germany, and Japan is largely financed by mandatory payroll contributions from both employees and employers. In contrast to private insurance financing in the United States, which generally reflects each individual group's expected costs of care, these mandatory contributions reflect the average cost of a larger cross section of the population than typically used by U.S. insurers in calculating premiums. (In France and Japan, payroll-based financing is supplemented by subsidies from general tax revenues.)

Countries Set National Limits on Spending and Require Uniform Payment Rates

Each country has national procedures for setting limits on health care spending and for determining standardized reimbursement rates for providers. Generally, a government agency or other authorized body sets broad targets for all or some components of health care spending. The targets may serve as guidelines or they may be binding. National laws also require that payers reimburse providers according to rates that are, for the most part, uniform; a given service is usually reimbursed at the same rate, regardless of payer.

Each country also has a formal process for setting payment rates for physicians and hospitals. The health care system's major stakeholders—third-party payers, physicians and hospitals, and (in France and Japan) the government—participate in this rate-setting process. In France and Germany, the rates are set in formal negotiations. In Japan, they are set by the government in consultation with a body that represents insurers and health care providers.

Countries Adopt Direct Controls on Prices and Overall Spending

Seeking to moderate the rise in health care spending, all three countries have imposed direct controls on health care prices and overall spending. These controls are comprehensive—applying to the entire health care industry or to a major health care sector. By use of standardized payments, mandated coverage, and mandated benefits, the three countries have alleviated a potential problem with direct controls, known as cost shifting (that is, providers offset both the cost of charity care and the lower reimbursement from some patients' insurers by raising charges to other, more generous insurers).

Executive Summary

**Budget Controls With
Teeth Work Better Than
Price Controls at
Containing Spending**

France and Germany implemented budget controls that were subject to different degrees of enforcement— Germany, starting in the late 1970s; France in the mid-1980s. These controls supplemented or replaced price controls that were already in place. Both countries set annual targets to limit total spending on hospital services, and Germany set targets and, later, caps to limit total spending on outpatient physician services. GAO's econometric analyses confirm that stringent enforcement makes budget controls more effective.

**Hospital Spending in France and
Germany**

Spending limits restrained hospital spending in France but not in Germany. Beginning in 1984, the French government replaced its fixed daily rates for hospital care with targets for total public hospital spending. To enhance compliance with the targets, the government participates in budget negotiations with each individual public hospital. GAO estimates that between 1984 and 1987, the targets reduced French spending on hospitals by about 9 percent below what would have been spent had price controls remained in place. By contrast, Germany in 1985 established targets for total hospital spending, but did not design the means to enforce them. GAO found no statistical evidence that the existence of targets affected German spending for total hospital services between 1985 and 1987.

**Physician Care Spending in
Germany**

Stringent enforcement enhanced the effectiveness of Germany's budget controls on physician spending. In 1978, Germany complemented its existing price controls with spending targets (though not with a formal enforcement mechanism). In 1986, however, Germany replaced targets with caps that were binding. GAO estimates that between 1977 and 1987, Germany's use of budget controls reduced inflation-adjusted spending by as much as 17 percent below what would have been spent on physician care under price controls alone. In addition, GAO found that caps reduced the rate of spending growth more than targets. Spending growth in the physician sector averaged 2 percent annually under caps, compared with 7 percent annually under targets; caps account for part, but not all, of this difference.

**Countries Seek Additional
Policies to Better Restrain
Spending, Assure Quality,
and Enhance Efficiency**

In the countries reviewed, budget controls that successfully tempered the pace of spending growth have not relieved all pressures on spending, nor have they attempted to address concerns about the quality and efficiency of health care. Increased spending can be attributed, in part, to sectors not controlled through budgets, such as physician services in France or prescription drugs in all three countries. Continued pressure to increase health care spending in the future is also expected, as the

Executive Summary

elderly's share of the population rises further and new, expensive medical treatments are introduced.

In addition, the continued tightening of budget controls may, over time, both create political pressures for a relaxation of the controls and make a health care system less able to provide high-quality services. In France, new proposals for stronger budget controls recently sparked widespread protests by physicians. In Germany, some controls on physician spending were relaxed in mid-1991 due to pressure applied by physicians. With respect to quality, GAO found no evidence in the countries reviewed of a decline in broad measures of health status during the relatively brief period that budget controls were in effect. Experts in France, however, believe that tight hospital budgets there are discouraging hospital maintenance and the development of innovative procedures. In other countries that have used budget controls for longer periods than France and Germany, some shortages of services have appeared, indicating the potential for problems in the long run.

Health care experts in these three countries are exploring policies that enhance efficient delivery and better assure quality. For example, efforts are being made in France and Germany to develop a prospective payment system for hospitals—following the same general principles used in the U.S. Medicare program since 1983—that offers incentives for more efficient delivery of hospital care. Germany is developing programs that enhance quality by increasing physician monitoring, formalizing quality assurance procedures, and increasing the coordination of inpatient and outpatient services.

Recommendations

GAO is not making recommendations in this report.

Agency Comments

GAO did not solicit agency comments.

**FASTEST GROWING EXPORT-ORIENTED
U.S. MANUFACTURING INDUSTRIES
1988 - 1993 (Est.)**

Industry ¹⁾	1993 U.S. Production (US\$ BIL)	Compound Annual Growth ²⁾ 1988-1993	1992 Employment ('000)	Employment Growth 1987 - 92 Annual Average	1993 Exports (US\$ BIL)	Exports as % of Production	Trade Balance (US\$ BIL)
1. <i>X Ray Appliances and Tubes (3844)</i>	3.4	16.0	13.7	10.1	0.8	25.0	-0.3
2. <i>Electromedical Equipment (3845)</i>	7.4	11.9	35.5	4.0	2.5	33.2	1.2
3. <i>Surgical and Medical Instruments (3841)</i>	13.4	10.0	96.9	5.8	2.5	19.0	1.4
4. Semiconductors (3674)	33.4	9.5	167.0	-2.0	10.7	32.1	-2.9
5. Motorcycles, Bicycles, and Parts (3751)	1.7 ³⁾	7.5	9.7	5.7	0.8	48.4	-0.7
6. <i>Surgical Appliances and Supplies (3842)</i>	13.8	6.9	91.4	3.1	1.9	14.0	1.0
7. Oil and Gas Field Machinery (3533)	5.2	6.5	25.5	2.2	4.3	83.5	4.3
8. Analytical Instruments (3826)	5.9	6.0	39.4	4.8	1.8	30.9	1.0
9. Phosphatic Fertilizers (2874)	4.9	5.7	11.2	3.6	1.6 ³⁾	33.0 ³⁾	1.0 ³⁾
10. Sporting and Athletic Goods (3949)	8.0	4.7	65.6	4.2	1.3	16.8	1.6
TOTAL	97.1	8.5	555.9	4.2	28.2	29.0	7.6

¹⁾ Exports >14% of U.S. Production

²⁾ In Constant 1987 \$

³⁾ Estimate

SOURCE: 1993 U.S. Industrial Outlook, U.S. Department of Commerce (January 1993)

U.S. INDUSTRY SHARE OF WORLD'S MEDICAL DEVICE MARKETS

	<u>Market Share of U.S. Firms</u>
World Market	52 %
U.S. Market	70 %
EC Market	40 %
Canadian Market	75 %
Australian Market	55 %
Mexican Market	65 %
Korean Market	37 %
Taiwanese Market	39 %
Japanese Market	20 %
 Average Market Share Outside of U.S. Industry's Home Market	 39 %
 Average Market Share Outside U.S. Industry's Home Market (Excluding Japan)	 47 %

Source: The Global Medical Device Market Report, prepared by HIMA, July 1992. Data based on official government trade and investment statistics, as well as other published and unpublished sources on foreign trade and investment levels.

JAPANESE INDUSTRY SHARE OF WORLD'S MEDICAL DEVICE MARKETS

	<u>Market Share of Japanese Firms</u>
World Market	18 %
U.S. Market	6 %
EC Market	5 %
Canadian Market	4 %
Australian Market	6 %
Mexican Market	6 %
Korean Market	25 %
Taiwanese Market	26 %
Japanese Market	72 %
Average Market Share Outside of Japanese Industry's Home Market	7 %

Source: The Global Medical Device Market Report, prepared by HIMA, July 1992. Data based on official government trade and investment statistics as well as other published and unpublished sources on foreign trade and investment levels.

FOR KURT TONG EAP/J

✓TPHY-5

FAX 647-4402

Health and Welfare in Japan

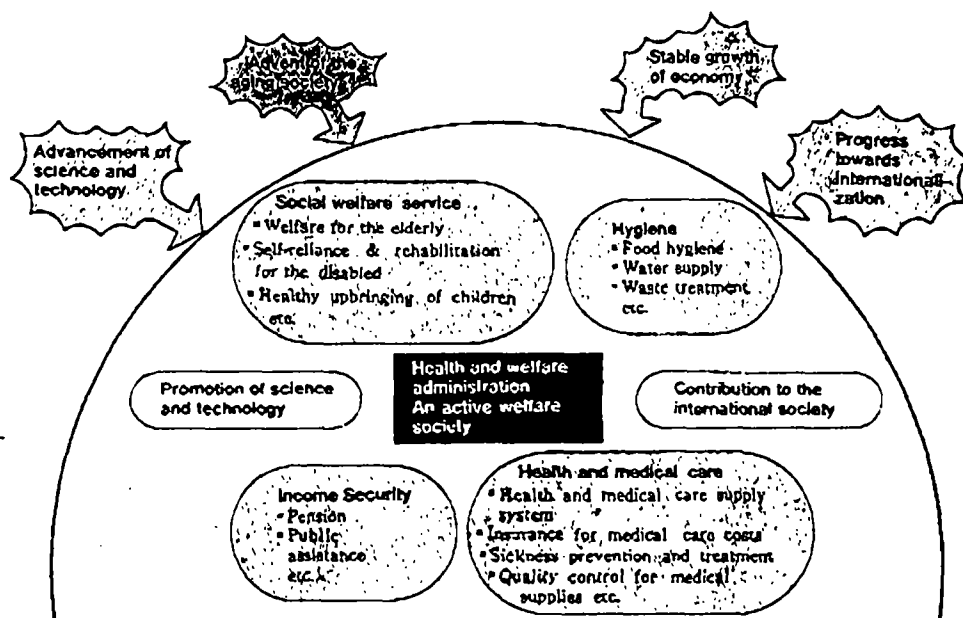
LATEST AVAILABLE
IN ENGLISH
1989

Ministry of Health and Welfare

In order to protect the health and welfare of the people, the Ministry of Health and Welfare is responsible for a wide range of administrative activities.

The task of the Ministry of Health and Welfare is to improve and enhance social welfare, social security and public health.

As such it is responsible for a wide range of administrative activities which encompass the following: welfare for the elderly, selfreliance and rehabilitation for the disabled healthy upbringing for children, public assistance, medical care insurance and pensions, the provision of medical care supply system, sickness prevention and treatment, quality control of medical supplies, food hygiene, water supply, waste treatment and relief for survivors of the war dead. These activities are mutually related and are aimed at securing the livelihood of the people in a comprehensive manner.



1. Toward a Restructuring of Social Security System	
1. Longer Life and Advancing Aging Society	2
2. Restructuring of Social Security System	2
2. Health and Medical Care	
1. Health and Medical Care Supply System	4
2. Making for a Healthy Life	5
3. Living Environment	
1. Pharmaceutical Affairs	6
2. Environmental Sanitation	7
3. Water Supply and Waste Treatment	9
4. Social Welfare Services	
1. Measures for the Elderly Requiring Care	10
2. Measures for Child Welfare	10
3. Measures for the Disabled	12
4. Public Assistance	12
5. Medical Care Security	
1. Medical Care Security	14
2. Measures for Rationalizing Medical Care Expenditure	16
3. Unification of the Medical Care Insurance System	16
6. Pension Security	
1. Pension Reform in 1985	18
2. Outline of Public Pension System	20
3. Investment of Pension Reserve Fund	21
4. Occupational Pensions	22
7. Health and Welfare Administration in the Era of Internationalization.	
1. Present Situation and Problems regarding International Health and Welfare Cooperation	24
2. Development of International Exchanges	26
3. Promotion of Market Liberalization	26
4. Measures for Japanese War 'Orphans' Remaining in China	26

Chapter 1

Toward a Restructuring of Social Security System

1. Longer Life and Advancing Aging Society

Japan has now become one of the countries in the world where people live longest, as evidenced by the fact that in 1986 the average life expectancy was 75.61 years for males and 81.39 for females. The aging of the population is thus steadily progressing, so that in 1987 the proportion of the elderly (the ratio of people aged 65 and over to the whole population) reached 10.9%. By the year 2000 the proportion will be 16.3% and this aging process will subsequently peak in 2021 at 23.6%, when one person in 4 will be at least 65 years old.

Because the speed at which aging has occurred in Japan has been markedly faster than in the advanced countries of Europe and North America, it is predicted that in the first half of the 21st century the ratio of its elderly will have surpassed the ratios in those countries and that it will have become the most advanced aging society.

Due to the growth in the elderly population in the ultra aging society of the 21st century, it can be anticipated the needs as regards social security will increase and diversify. Social security as far as the elderly are concerned embraces support and nursing, pensions and medical care, housing and employment. In order that the people be assured a stable livelihood and that a society possessed of vitality be created, it is essential that the social security system function effectively over the long term. Therefore, at this time as we approach the 21st century, it is necessary to reevaluate the whole social security system, to reform this system while having a firm grasp of what the requirements for the future are, and to aim for a restructuring so that it will be durable and reliable into the 21st century.

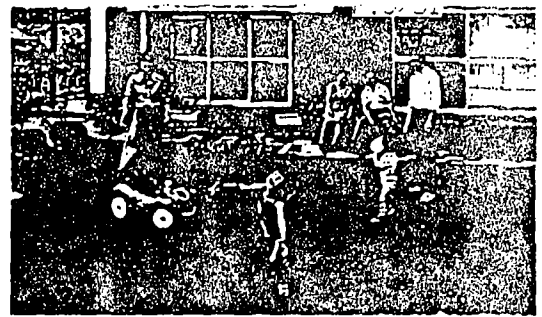
2. Restructuring of Social Security System

Accompanying the aging of the population and the maturing of the pension system, the scale of social security benefit expenditure is continuing to grow, and in fiscal 1986 total expenditure reached ¥38,594,200 million. It is foreseen that both social security benefit expenditure and social security liabilities will continue to increase rapidly in the future.

The restructuring of the social security system is to be founded on the following basic principles, which are: (1) maintaining the vitality of the economy, (2) role apportionment with regard to self-help, mutual assistance and public support, (3) guaranteeing social equality and justice, and (4) allocating roles between the public and private sectors and efficient management of the system.

For people to agree to a larger social security burden in the future, the benefits provided by the system and the liabilities have to be equitable, and for this progress must be made in making it more efficient by, among other things, rationalizing the benefit levels and giving priority to benefits as such. The reforms to the pension and medical care insurance systems which have been in progress since the beginning of the 1980's constitute the first steps in the restructuring to cope with the ultra aging society of the future, and the important problem to be dealt with from now will be the unification of all the schemes of both the public pension system and the public medical care insurance system.

Moreover, with the fast progress in aging and longer life expectancy, the needs of the people as regards the health, medical and welfare services will not only be augmented quantitatively. It is also anticipated that there will be demands for enhanced quality and greater diversification.



Therefore, it is a matter of urgency that, after the recent reform of the pension and medical care insurance systems, emphasis be given to the service supply aspects. Because these social services constitute the basis for the everyday livelihood of the people, it is necessary to create a system capable of providing multifarious services in response to their needs at places close at hand. From this point of view, the two objectives from now on are "the stratification of community services" and "improvement in the quality of the services".

Put more precisely, efforts should be made to redevelop social services on the following lines.

- (1) The supply of services in accordance with the autonomous nature of the community concerned (from services subject to guidance by the central administration to services which make the best use of the autonomous nature of each local community).
- (2) The coordination and combining of all kinds of services (the necessity for an integrated policy for the elderly and other people in need, which coordinates the health, medical care and welfare services).
- (3) The integration of residential and domiciliary services.
- (4) The establishment of new facility systems and rectifying the maldistribution of facilities among the communities (provision of intermediate health facilities and the like for the elderly and correcting the uneven distribution of hospitals, etc.)
- (5) The shift from treatment to services aimed prevention and health maintenance (promoting health maintenance to accord with the life cycle, etc.)
- (6) Introducing the vitality of the private sector (making use of the private sector in devising the supply of the appropriate services and thereby widening the scope of selection for the users).

International Comparison of Social Security Benefits, Taxation and Social Security Contribution

(Unit: %)

Country	Ratio of social security benefits to national income (1983)	Ratio of elderly (aged 65 & over) to total population (1983)	Taxation & social security contribution as ratios of national income (1983)		
			Tax burden	Social security contribution	Total
Japan	14.0	9.8	23.7	10.2	33.9
(1986)	(14.6)	(10.3)	(25.5)	(10.8)	(36.3)
U.S.A.	17.9	11.7	26.6	10.0	36.6
U.K.	25.8	14.9	41.9	11.4	53.3
West Germany	31.0	14.9	31.0	22.7	53.7
France	33.3 (1980)	14.1 (1980)	33.5	28.7	62.2
Sweden	43.3	16.9	49.1	19.9	69.0

(on ILO basis)

C

hapter 2

Health and Medical Care

1. Health and Medical Care Supply System

This system has been developed in Japan step by step since the Second World War to the present time with a view to securing the health of the people and providing them with the necessary medical care. During this period, not only have the numbers of medical care facilities and hospital beds reached quite high levels, but the medical personnel have also become more or less sufficient in quantitative terms.

This evolution of the health and medical care supply system has contributed substantially to the conspicuous improvement in the level of health of the population to a point where it is one of the highest in the world, as evidenced by the long average life expectancy and low infant mortality rate.

Nevertheless the system is encumbered by a number of problems. These include, for example, the existence of regional discrepancies in the numbers of hospital beds and doctors, a trend which is apparently spreading. On the other hand, there is a lack of organic cooperation between hospitals and clinics and health and medical care are not adequately systematized. What is more, there is the danger that in the future there will be a surplus of doctors and dentists.

In arranging for the health and medical care supply system of the future as a response to the demands raised by these problems, therefore, it is essential to allocate the available medical resources rationally, devise means of functional cooperation and promote the systematization of community medical care. For adapting to the change in the sickness structure due to the increase in chronic ailments accompanying the aging of the population, moreover, it is necessary to aim for the establishment of a comprehensive, continuous and rationalized system extending from health improvement to sickness prevention, diagnosis and treatment, and rehabilitation.

It was with these factors in mind that an amendment was made to the Medical Care Act in 1984. Pursuant to this amendment medical care plans have been drawn up by each of the prefectures, various medical facilities are being encouraged to coordinate their functions, and the attempt is being made to provide the necessary structure while curbing the disorderly increase in hospital beds. As such it constitutes the first step in the reorganization of the medical care supply system with the objective of furthering systematization at the community level.

Subsequently, by the amendment of the Health and Medical Services Act for the Elderly in 1986, the intermediate medical care facility, which provide the aged with both medical care services and regular nursing and care services, was established.

Moreover, in order to study and devise high quality and efficient medical care supply system, "the taskforce for Measures against National Medical Care" was set up in MNW in January in 1987.

In the report of 'the Taskforce for Measures against National Medical Care', which was set up in MHW in order to study and devise high quality and efficient medical care supply system, June in 1987, the Taskforce pointed out that the making of system for high quality medical care services efficiently should be a basic policy, and concretely, the correction of long-term hospitalization, the improvement of services for the patients, etc, are important.



Medical Care Facilities

(1st October, 1987)

		Description	Total	Establishment		
				State	Public	Private
Hospitals () No. of beds		20 beds and over	9,841 (1,582,393)	402 (159,805)	1,508 (377,387)	7,933 (1,045,201)
Clinics () No. of beds	General	19 beds and under	79,134 (277,958)	517 (2,417)	4,572 (5,042)	74,045 (270,499)
	Dental		48,300 (244)	2 (-)	366 (19)	47,932 (225)

Number of Medical Care Personnel

(End of 1987)

Doctors *	Dentists *	Pharmacists *	Public health nurses	Midwives	Nurses, Assistant nurses	Physical therapists	Occupational therapists
191,346 (157.3)	66,797 (54.9)	135,990 (111.8)	22,646 (18.5)	24,534 (20.1)	699,698 (573.3)	7,042 (5.8)	3,003 (2.1)

1. () Ratios per 100,000 people 2. *: End of 1986

2. Making for a Healthy Life

With the advent of the era where people live on into their eighties it is essential that they maintain their health both mentally and physically so that they can spend their time happily and actively well into their old age.

The Ministry of Health and Welfare has consequently devised a number of measures with a view to motivating individuals to maintain their health throughout their lives upon their own initiative. It is necessary to further promote these measures, and in so doing to provide a system which is capable of coping with the different needs of the people at each stage of their lives and offering services consonant with the unique requirements of each community.

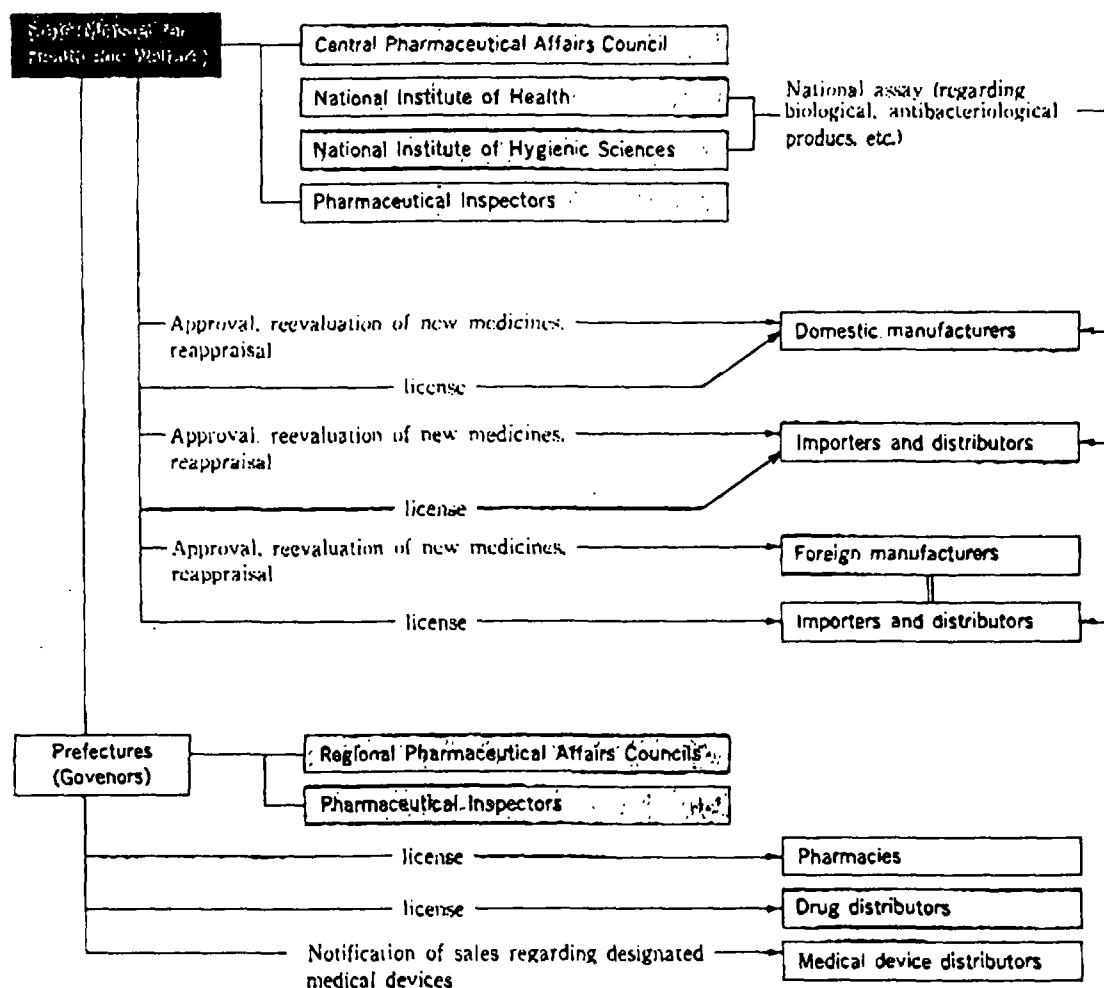
Age	0-1	2	3	4	5	6	-12	-15	-18	-24	-30	-35	-40	-45	-50	-55	-60	-65	-70
Ministry/ Agency Ministry of Health & Welfare	Baby health check																		
	1½ year old health check																		
	3 year old health check																		
	Infant health check & health guidance																		
Social Insurance Agency																			

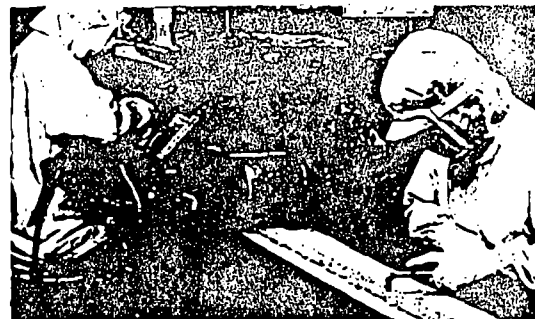
Living Environment

1. Pharmaceutical Affairs

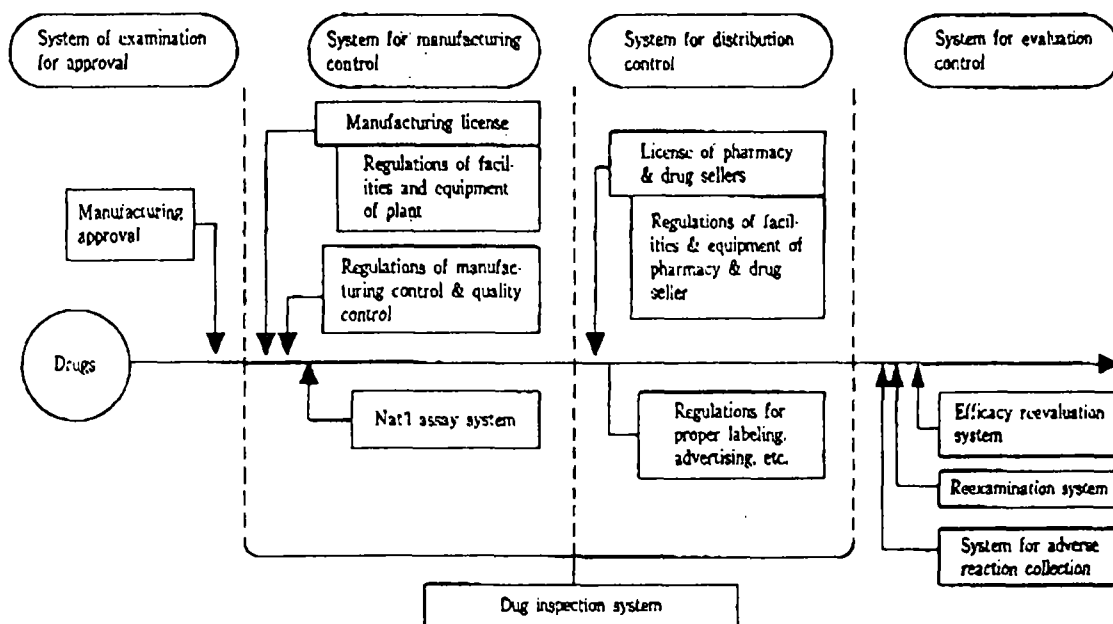
Through the Pharmaceutical Affairs Law and other statutes, regulations on manufacture, import and sales are in force in response to the national request for the stable supply of effective and safe medicinal drugs, quasi-medicines, cosmetics and medical devices, and the Ministry of Health and Welfare is endeavoring to promote the separation of dispensing from medical practice and sound growth of pharmaceutical industry particularly by research and development, and to make the circulation of medicines reasonable. Moreover measures are also positively taken for promotion of blood donation activities, supervision of poisonous and deleterious substances, narcotics and stimulant drugs.

Regulations Based on the Pharmaceutical Affairs Law





Regulation of Drugs from Manufacture to Post-marketing Stage

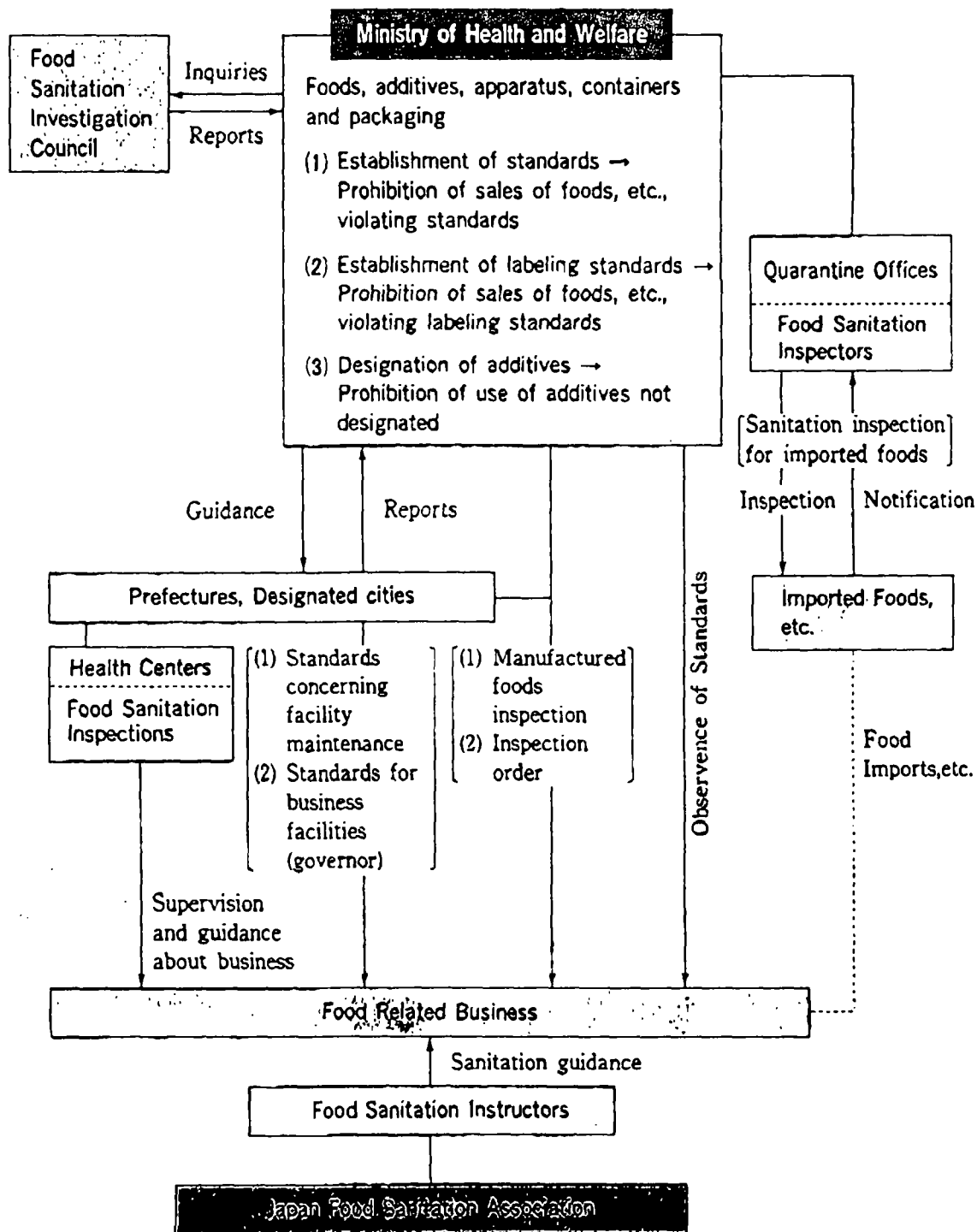


2. Environmental Sanitation

The Ministry of Health and Welfare enforces all manner of regulations in the interests of public health for improving the standard of hygiene and the living environment. For this purpose also, it provides guidance, conducts surveys and implements research.

The Ministry has set standards for guaranteeing the safety of food and exercises surveillance over the manufacture, importation and distribution. As regards chemicals, including those used in household articles, it imposes regulations for harmful substances, and it has also established general standards of hygiene which must be adhered to for buildings frequented by the public at large. In addition, there are regulations in force with respect to cremations and burials. The same is the case for businesses which can affect environmental hygiene, including hairdressers and beauty salons, laundries, public bath houses, and eating and drinking establishments, to which advice and guidance is also given regarding hygienic conditions.

Outline of Food Sanitation Administration



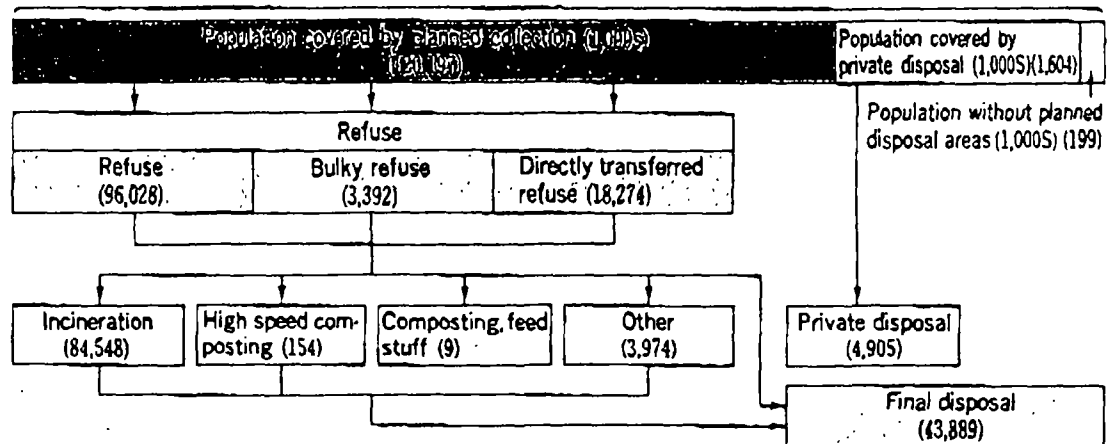
3. Water Supply and Waste Treatment

The spread of water supply and waste treatment facilities in Japan over recent times has been striking. (Coverage rate of the water supply system 1965 64.4%—1986 93.6%) However, as far as water is concerned, it is still necessary to develop new sources to meet increased demand in the future, to extend and ensure supply to areas where it is as yet insufficient and to retain standards of safety and taste. These factors, as well as the high charges, remain as issues requiring attention. A big problem for the future also will be how to treat waste, which is accumulating in quantity and taking on diverse forms. As a means of tackling this, the attempt is being made to coordinate the provision of facilities based on the 6th Improvement and Construction of Waste Treatment Facilities Plan starting from 1986. Furthermore, in order to provide sites for final disposal of waste, which has now become a problem of considerable urgency in the large urban areas, many local authorities are cooperating in the Phoenix Plan whereby waste is being used for reclamation purposes.

Situation for Refuse Disposal (Unit: t/day, Fiscal 1986)

Refuse discharge total volume 122,599t/day (per Capita 1,007 g/person/day)

122,000 (1,000s)



Social Welfare Service

(1) **Substantiation of Domiciliary Services.**

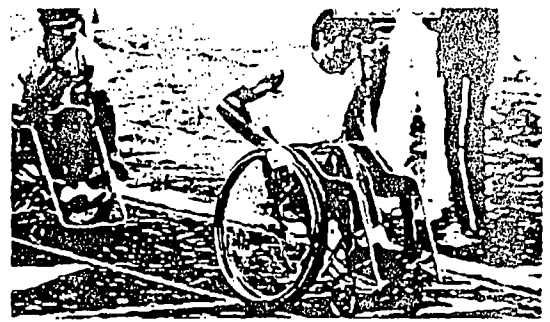
(2) Establishment of Suitable Facility Care for the Elderly.

(3) Measures for Elderly with Senile Dementia.

(4) **Development of Community Services having Depth.**

2. Measures for Child Welfare

As for mother and child health, which is the point of departure for child welfare, the whole process is integrated in a coherent system from before marriage and passing through pregnancy, the delivery period, the newborn stage and infancy. This plays an important part in ensuring the health of mother and child, preventing the occurrence of physical and mental disabilities, and early detection.



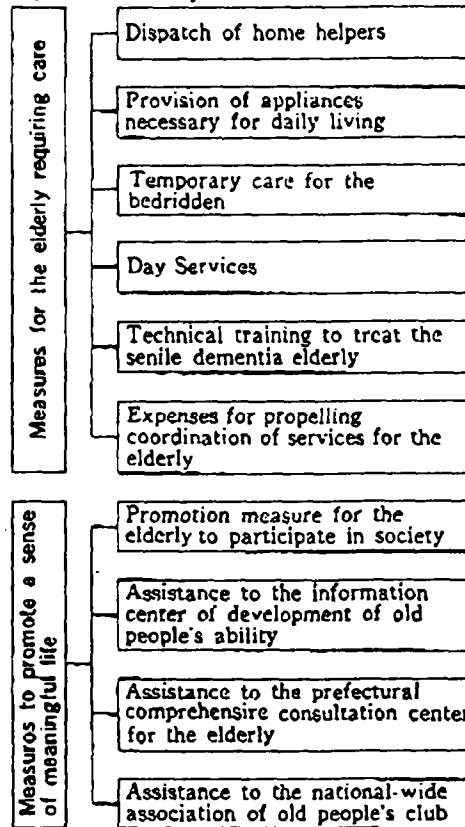
Situation of Social Welfare institutions

(1st October, 1987)

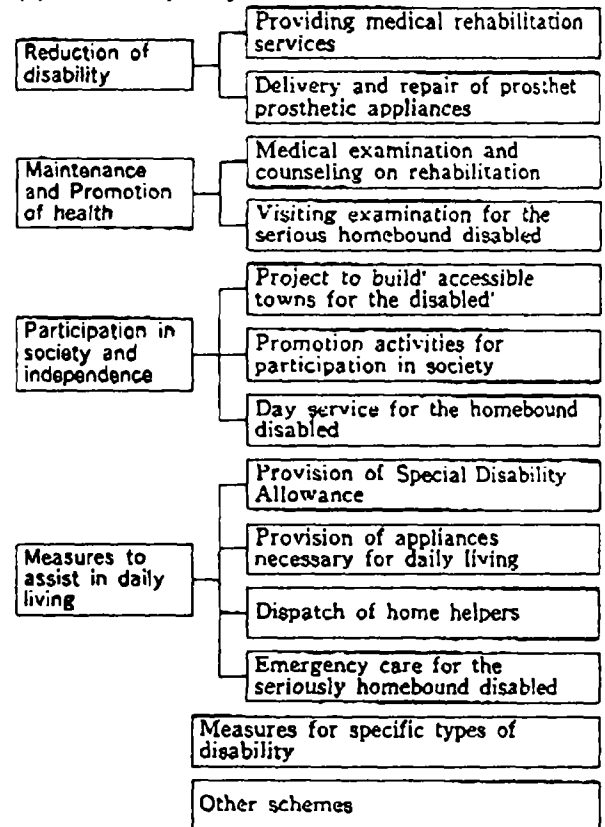
Institutions	No. of Institutions	Admission Capacity
Total	48,731	2,569,314
Public Assistance Institutions	350	22,048
Welfare Institutions for the Aged	4,972	220,559
Special Nursing Homes	(1,855)	(135,182)
Rehabilitation Institutions for the Physically Disabled	932	36,157
Protective Facilities for Women	55	1,869
Child Welfare Institutions	33,229	2,124,450
Day Nurseries	(22,326)	(2,026,138)
Residential Care Facilities for the Mentally Retarded	1,313	76,472
Maternal and Child Welfare Facilities	89	-
Other	7,791	36,739

Outline of Domiciliary Care

(1) For the Elderly



(2) For the Physically Disabled



3. Measures for the Disabled

The year of 1987 was the midway point for the United Nations Decade of Disabled Persons. In that year the government decided on the policies it would lay emphasis on for the latter period in the Long-Term Action Plan for the Disabled Persons and redoubled its efforts in furthering various policies.

According to the survey by the Ministry of Health and Welfare, it appears that the trend is towards the aging of the physically disabled and an increase in those who are seriously disabled. As for physically disabled children, although the rate of occurrence has declined, it seems that the trend is towards an increase in the number of serious cases. Based on the idea of "complete participation and equality" for the physically disabled, all kinds of services are being implemented aimed principally at providing the conditions so that they can lead their lives at home and within the community. In addition, for mentally and physically disabled children and mentally disabled adults, various policies are being developed in accordance with the nature of their disabilities.

The state of affairs with regard to mental health has changed greatly over recent years, and there has been a considerable shift away from hospital-oriented medical care to community-oriented care. Given this situation, the Mental Hygiene Law has been amended with a view to furthering the social rehabilitation of the mentally disabled while giving due consideration to safeguarding their human rights and ensuring the appropriate medical protection. As the law is also for combining these with the aim of improving the mental health of the people, in general it has been renamed as the Mental Health Law.

4. Public Assistance

In that 713,825 households (1,266,000 persons) received public assistance in 1987, there is a declining trend from the peak in 1984. Economic and social factors apart, and although there are complex factors regarding the operation of the system, etc, this was due to the substantial effect produced by the amendment of the pension system in 1986.

Moreover, because of the regional differences with regard to general households and those receiving public assistance, the standard amounts for support were revised in 1987. While the three grades have been maintained, they have each been subdivided into two with a view to securing the appropriate levels in accordance with the actual conditions.

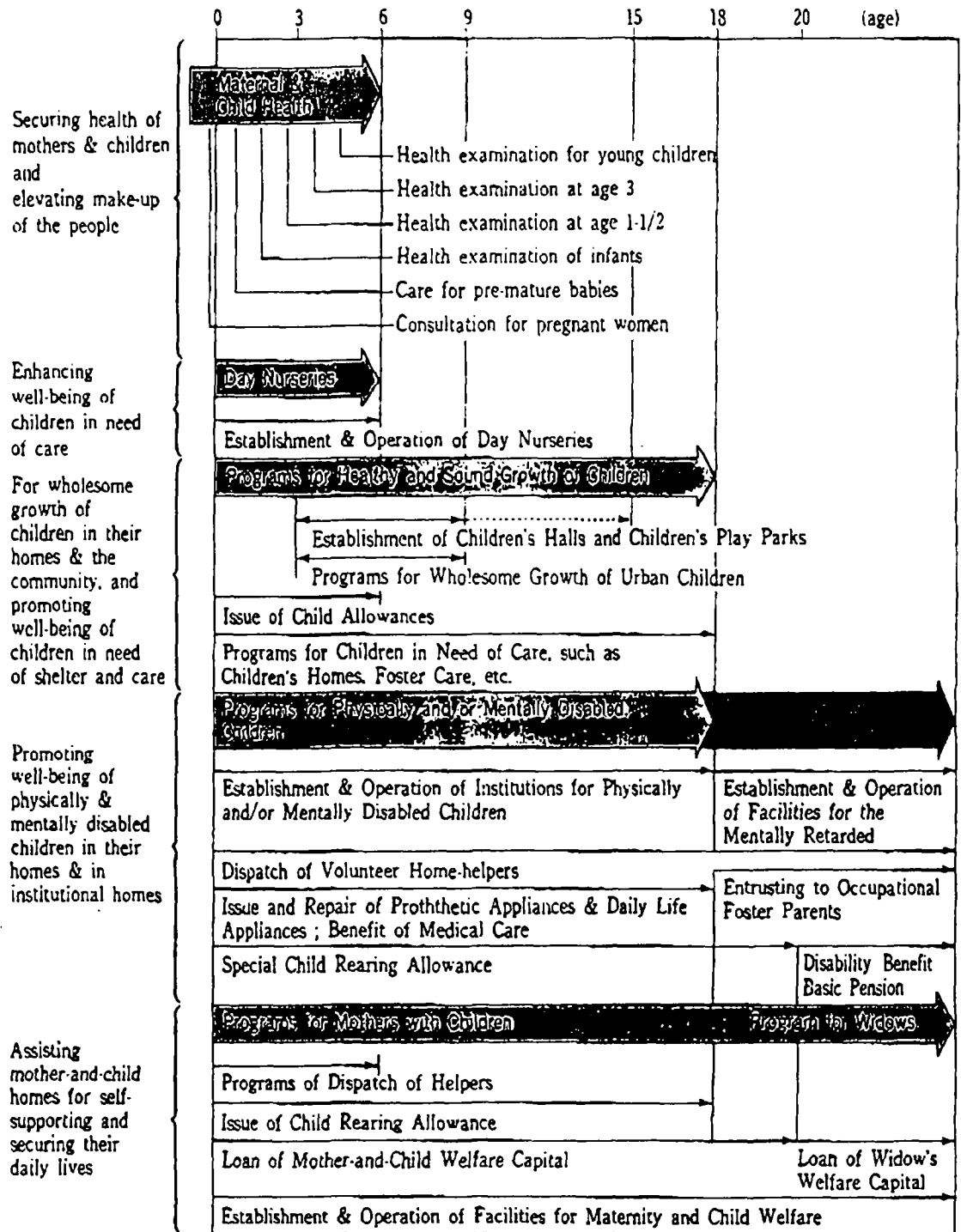
Standard Public Assistance Amounts for 3 person Household (33 year old male, 29 year old female, 4 year old child)

(Unit: ¥)

1986 Fiscal Year		1987 Fiscal Year		1988 Fiscal Year	
1 Grade	126,977	1 Grade-1	129,136 (1.7%)	130,944 (1.4%)	
		1 Grade-2	129,009 (1.6%)	129,635 (0.5%)	
2 Grade	115,555	2 Grade-1	117,519 (1.7%)	119,159 (1.4%)	
		2 Grade-2	117,404 (1.6%)	117,850 (0.4%)	
3 Grade	104,134	3 Grade-1	105,904 (1.7%)	107,374 (1.4%)	
		3 Grade-2	105,800 (1.6%)	106,065 (0.3%)	

(): percentage revised in parenthesis.

Service Programs for the Child and Family Welfare—By Age



C

Chapter 5

Medical Care Security

1. Medical Care Security

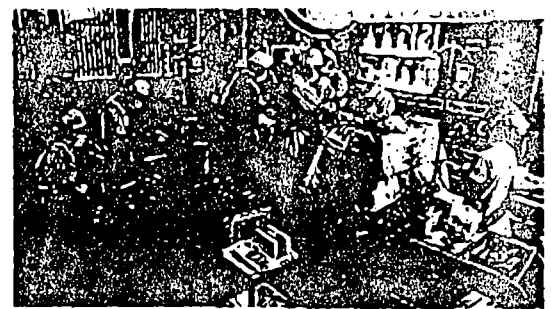
As of April 1961 the system has been operating in Japan whereby everybody is covered by some form of medical care insurance scheme.

This system can be broadly divided into two: employees' insurance (the insured persons are employees, but the dependents are also covered) and community insurance for self-employed persons, etc.

Medical Care Insurance System

				Number of Insured Persons (1st April 1961)
Medical Care Insurance	Employees' Insurance	Health Insurance	General Employees	Government-managed Health Insurance Employees at places of work (mainly small and medium size enterprises) where no Health Insurance Society established 3,322
			Society-managed Health Insurance	Employees at places of work (mainly large enterprises) where Health Insurance Society established 3,054
		Day Labourers		Persons employed on daily basis or for set period within 2 months 21
		Seamen's Insurance		Seamen (those on defined vessels) 50
		National Public Service Employees MAAs		Public service employees and employees of Japan Railways, Japan Monopoly Corporation and Nippon Telegraph and Telephone 285 (1987.3)
		Local Public Service MAAs		Local public service employees 732 (1987.3)
		Private School Teachers and Employees MAA		Private school teachers and employees 68 (1987.3)
	Community Insurance	National Health Insurance	Municipalities	Those not covered by employees insurance (farmers, self-employed, carpenters, doctors, employees of small enterprises, etc.) 4,534
			National Health Insurance Associations	
			Municipalities	Retirees formerly under employees' insurance plus dependents

N.B. Since the enforcement of the Health and Medical Services Act for the Elderly, it has been applied to both the elderly aged 70 and over and the bedridden between 65 and 70.



Medical Insurance schemes in Japan

Category			Insurer as of March 1988	Insurance benefits			Financial Resources	
				Medical care *		Cash payment	Contribution Rates	Government subsidy for insurance benefits cost
				Medical benefits	Dependents' medical benefits			
Employees' Health Insurance	Regular Employees	Government-Managed Health Insurance	Government	90%(80%from the day following the date of public notification by the Health & Welfare Minister pursuant to the Diet approval)	80% for in-patients 70% for out-patients	Injury and sickness allowance/Maternity allowance /Delivery expenses etc.	8.3% 1.0% Special insurance contribution(from March 1986)	16.4% of paid benefits etc.
		Society-Managed Health Insurance	Health Insurance Societies 1,800		The same as above(additional benefits available)	The same as above(additional benefits available)	8.137%(average of all insurance societies) as of March 1988	¥ 7.05 billion in benefits disbursed
National Health Insurance	Farmers,self-employd,etc.		Municipalities 3,262 National Health Insurance Associations 167	70%		Midwifery expenses Funeral expenses Nursing allowance etc. (Optional)	Contribution based on individual income,assets etc.	50% of paid benefits
	Retirees from employees' health insurance schemes		Municipalities	Insured person 80% Dependents 80% for inpatients,70% for outpatients				32%-52% of paid benefits
								None

*Benefit for High-cost medical care Maximum amount to be paid by patients ¥54,000 (¥30,000 for low-income patients)

Health and Medical Services for the Aged (End of fiscal 1987)	Municipalities	100% Partial payment ¥800 per month for outpatients, ¥400 per day for inpatients (¥300 per day up to two months for low-income patients)	Paid by the insurers of each medical insurance scheme	Financing shares Government 20% Prefectures 5% Municipalities 5% Insurers of each medical insurance 70%
---	----------------	--	---	---

2. Measures for Rationalizing Medical Care Expenditure

In fiscal 1986 national medical care expenditure amounted to ¥17,069 billion (6.4% of NI) for an increase of 6.1% over the previous year. The expenditure for the medical care for persons aged 70 and over has now accounted for about one fourth of the total national medical care expenditure. In fiscal 1985, the medical care expenditure for persons aged 70 and over per head was about ¥500 thousand per year, which was about five times of an average cost of 69 and under.

As the aging of population continues, the expenditure for the medical care for persons aged 70 and over is supposed to account for about 36% of total national medical care expenditure in the year 2,000.

In order to maintain the stability of the medical care security system, therefore, it is essential to eliminate wasteful spending, to utilize expenditure efficiently and to keep such increases in control. For this to be achieved, it is necessary to reassess the present system of medical fees, make the medical care supply system more effective, come to terms with the causes for the increase in demand and analyse the supply services.

3. Unification of the Medical Care Insurance System

For the medical care security system to remain in a stable condition, there is a need not only to rationalize costs but also to make both benefits and liabilities equitable. So far a number of steps have been taken to this end. With the establishment of the Health and Medical Services system for the Elderly, disparities in burdens regarding medical care expenditure for the elderly have been rectified, and, with the amendment of the Health Insurance Act in 1984, 10% patient cost-sharing for insured persons has been introduced and the Medical Care System for Retired Persons has been established. Subsequently the Health and Medical Services System for the Elderly has been revised to include an element of cost-sharing and apportionment among subscribers. In looking to the reorganization in the future, it is intended to unify the medical care insurance system with a view to making benefits and liabilities equitable while maintaining the basic framework of the system as it stands at present.

C

Chapter 6

Pension Security

1. Pension Reform in 1985

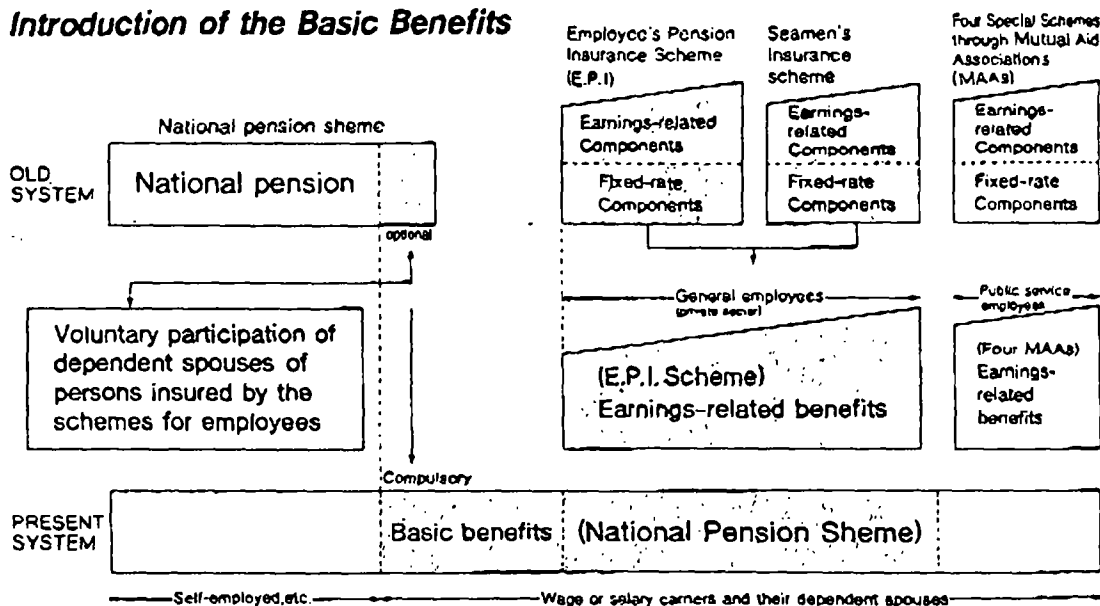
The public pension system, which forms the core of income security, provides pension coverage for the whole population in that everybody subscribes to one of the schemes. This was realized in 1961 when, in addition to Employees' Pension Insurance scheme for salaried workers in the private sector and four special schemes through Mutual Aid Associations for persons in special occupations such as public service, National Pension scheme was inaugurated for farmers, the self-employed and others not as yet covered.

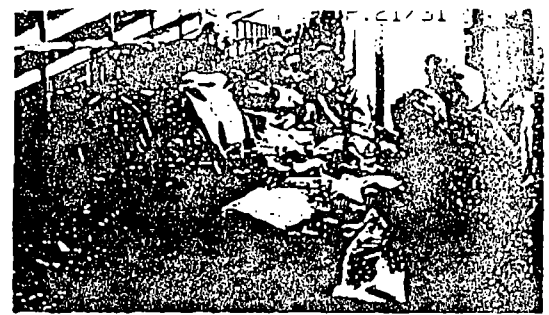
In 1985 a series of reforms, which included the establishment of a basic pension system, were carried out with a view to guaranteeing impartiality within and between generations and achieving a balance over the long term for benefits and liabilities in the light of population aging and the maturing of the system.

The details of these reforms are as follows:

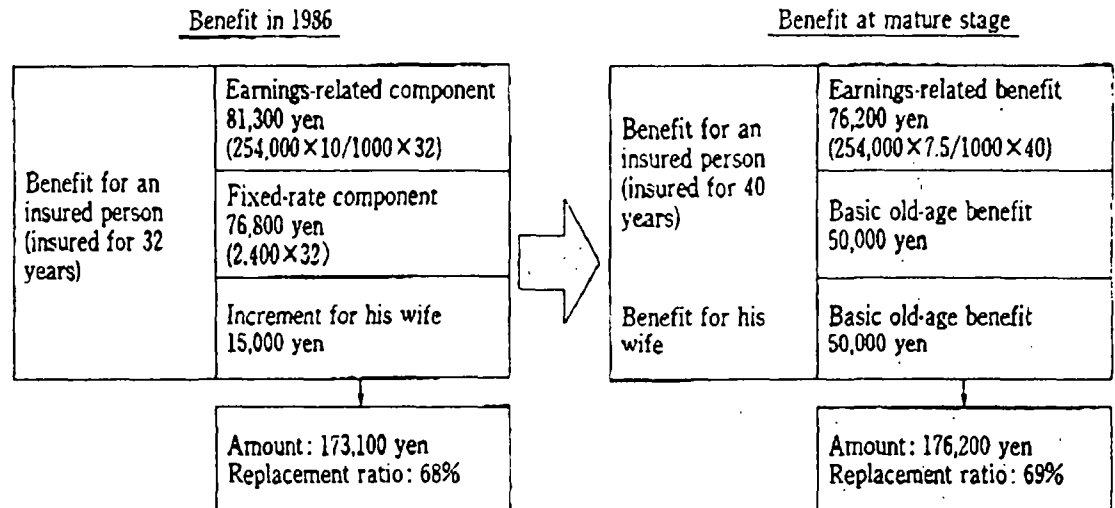
- (1) The coverage of National Pension has been expanded so that it now not only pertains to farmers and the self-employed, but also to general employees and their dependent spouses, and in this way a system has been developed whereby a basic pension common to everybody in the country is supplied. Together with this Employees' Pension, and the four mutual aid associations, are providing earning related pensions together with basic pensions. Thus, this reorganization has meant the introduction of what is referred to as a two-tiered pension system.
- (2) The pension benefit levels have been rationalized for the time in the near future when the system will have fully matured and subscription for a 40 year period will be general (nearly the same as the standard level now, that is 70% of the average annual remuneration for males excluding bonuses).
- (3) Subscription to National pension, which was hitherto optional for dependent spouses of employees, has now become compulsory insured. All wives are therefore to be provided with the basic pension of their own.

Introduction of the Basic Benefits





Standard old-age benefit under the transitional provisions (1986) and under the new system at mature stage



Note: 1. All amounts are at 1984 price.

2. Actual benefit amounts in 1988 are as follows:

total 185,125 yen

basic old-age benefit 52,267 yen

Public Pension Schemes in Japan
(As of March 1988)

Category		Number of persons covered (10,000 persons)	Insurance contributions (based on standard remuneration/April 1988)		Age of pension eligibility (1989FY)
			Insured person	Total	
National Pension		6,411	¥8,000 (1989FY)*		65
Employees' Pensions	Employees' Pension Insurance	2,768	Men 6.2% Women 5.875%	Men 12.4% Women 11.75%	Men 60 Women 56 (to be increased to 60 by the year 2000)
	Mutual Aid Associations	584	6.13%**	12.26%**	58 (to be increased to 60 by the year 1995)

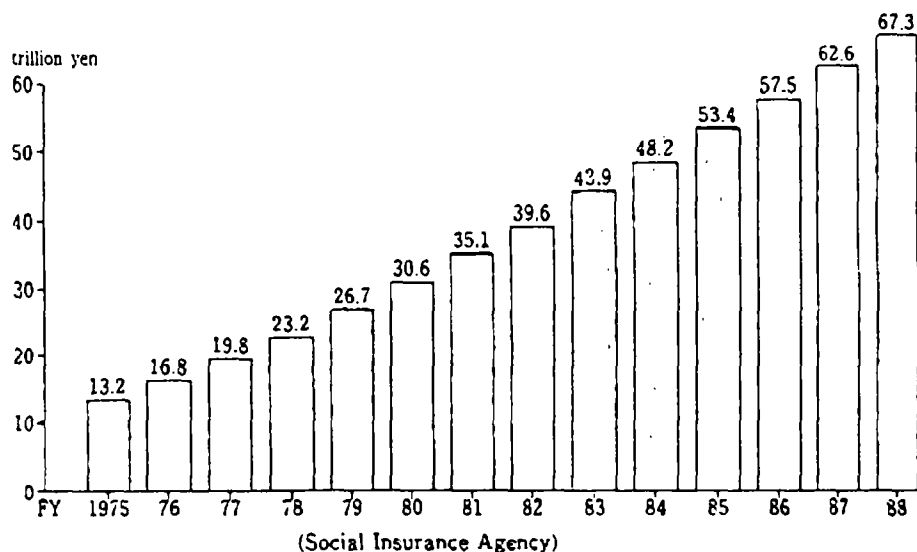
* Insurance contributions for those who do not participate in an employees' pension plan.
Insurance contributions of the National Pension for those insured in an employees' pension plan and their dependent spouses are included in the insurance contributions of employees' pensions.

** In the case of the National public Service M.M.A.

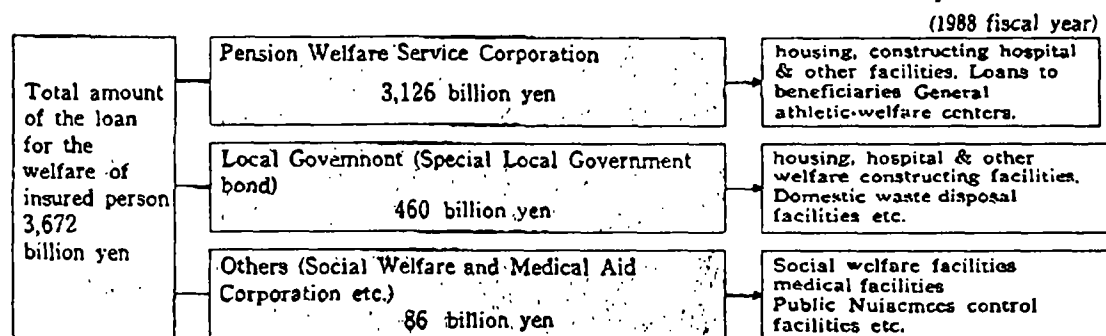
3. Investment of Pension Reserve Fund

The sum of the pension reserve fund of E. P. I. and N. P. is estimated to 67 trillion yen at the end of 1988 fiscal year. As for the investment of this fund, the most is trusted to the Trust Fund Bureau of Ministry of Finance and used as the resource of the Government Investment and Loans. A certain proportion of the amount newly trusted to the government fund is allocated to the loan for improvement of the insured people's welfare, such as construction of their housing and social welfare facilities.

Amount of Pension Reserve Fund (end of the fiscal year)



Use of Pension Reserve Fund for the Welfare of insured person



4. Occupational Pensions

Occupational Pensions in Japan are of three types. Firstly there are Employees' Pension Funds, which supply part of Old-age Employees' Pension in lieu of the state and in principle add to this life annuities from their own resources (8.27 million subscribers 1988FY). Secondly there are "Tax Qualified Pension Plans", for which defined measures in accordance with the tax act have been approved for arranging the accumulation of funds outside the company (8.46 million subscribers 1988FY). Thirdly there are pensions provided by the companies themselves emanating from saving of benefit resources.

Today the needs of life in old age are diversifying and intensifying and as such the role of Occupational Pensions notably Employees' Pension Funds, and personal pensions is arousing interest.

Because of this, a start has now been made on the investigations to determine what form Employees' Pension Fund schemes should take. The fundamental approach is as follows.

- (1) Their application should be encouraged by easing the conditions for establishment, and the benefit contents should be flexibly planned and in accordance with the needs of the subscribers' needs.
- (2) Stable systems for managing Occupational Pensions should be established for the future.

(Employees' Pension Insurance Benefits)

Old-age Employees' Pension (Excluding sliding and reevaluated part)
Old-age Employees' Pension (Sliding and reevaluated part)
Old-age Basic Pension (National Pension Scheme)

(When Employees' Pension Fund Established)

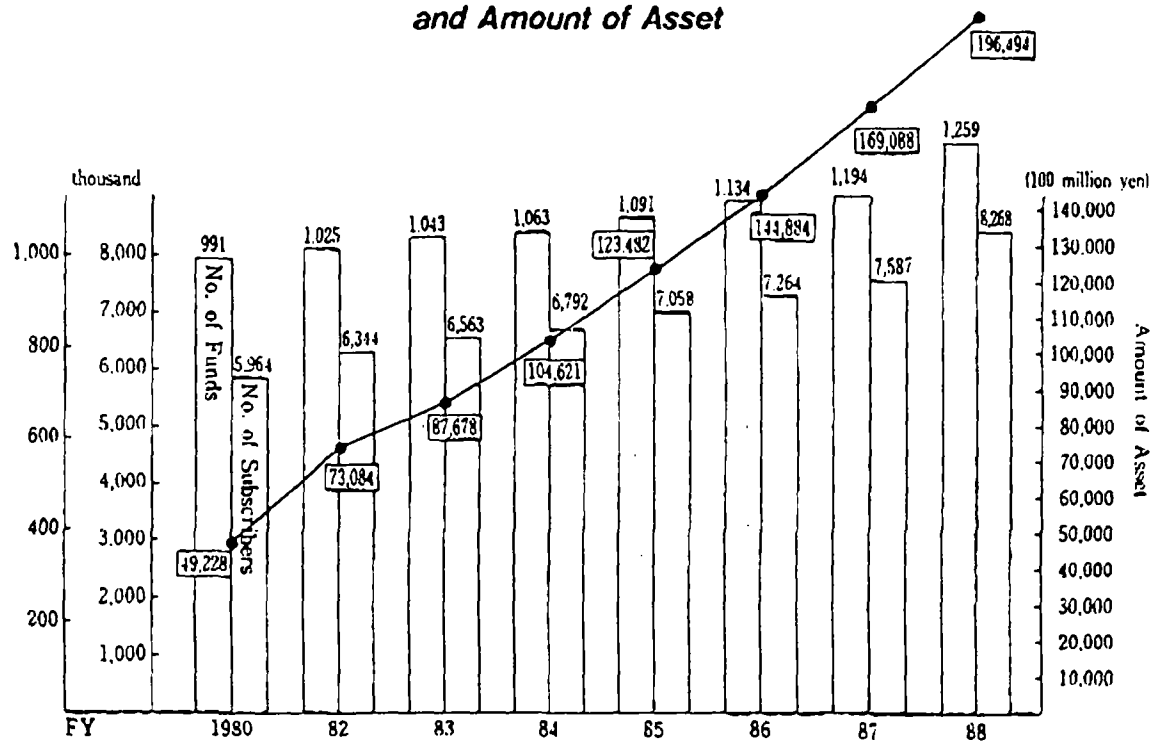
$+ a$
Old-age Employees' Pension (Excluding sliding and reevaluated part)
Old-age Employees' Pension (Sliding and reevaluated part)
Old-age Basic Pension (National Pension Scheme)



= Part supplied by the state

= Part supplied by the fund

Number of Employees' Pension Fund, Subscribers and Amount of Asset



Tax qualified pension plans (end of FY 1988)

No. of Funds	78,556
No. of Subscribers	8.46(million)
Amount of Asset	10.5(trillion yen)

C

hapter 7

Health and Welfare Administration in the Era of Internationalization.

1. Present Situation and Problems regarding International Health and Welfare Cooperation

According to the estimates made by the United Nations Fund for Population Activities, the world's population topped 5 billion in 1985. In the developing countries where the greater part of these people dwell the standard of living is low, the situation regarding nutrition is poor, and the health and medical care services are inadequate.

Health and welfare cooperation is effected either through international organizations like WHO (multilateral), or directly with specific countries (bilateral). The purpose of this cooperation is to contribute to the building of the foundations for the economic development of the countries in question in the interests of securing the basic requirements for their people and protecting their lives. As such it is felt that it is an area where substantial results can be anticipated.

Future World Population Estimates

Population (100 million people)			Year Reached	Number of Years Required	Rate of Population Increase (%)		
Total	Advanced Regions	Developing Regions			Total	Advanced Regions	Developing Regions
5	—	—	Around middle of 17th century	About one and a half centuries	—	—	—
10	—	—	After beginning of 19th century		—	—	—
20	—	—	Certain point in time between 1918 and 1927		—	—	—
30	9	21	1960	30-40 years	2.0	1.2	2.3
40	11	29	1974	14 years	2.0	0.9	2.4
50	12	38	1987	13 years	1.6	0.6	1.9
60	13	47	1999	12 years	1.5	0.5	1.8
70	13	57	2010	11 years	1.2	0.4	1.4
80	14	66	2022	12 years	1.0	0.3	1.1

Source: "World Population White Paper" (1987). United Nations



Trends in Scales of Assessment for WHO Contributions

(Unit: %)

Country \ Year	1976	1978	1980	1982	1984	1986	1988	1989
U.S.A.	25.54	25.00	25.00	25.00	25.00	25.00	25.00	25.00
Japan	7.00	8.49	8.50	9.42	10.14	10.13	10.64	10.64
U.S.S.R.	15.14	13.23	13.33	12.73	12.00	10.34	10.01	10.01
Germany, F.R.	6.90	7.52	7.58	8.17	8.39	8.38	8.10	8.10
France	5.73	5.53	5.73	6.15	6.39	6.39	6.25	6.25
U.K.	5.31	4.44	4.45	4.38	4.59	4.58	4.77	4.77

By 1984, White Russia and Ukraina were counted doubly about U.S.S.R.

Situation concerning Technical Cooperation in Health and Welfare

(Unit: person)

Program \ Fiscal year	1982	1983	1984	1985	1986	1987
Trainees accepted						
[Health and Medical Care]						
Japan International Cooperation Agency (JICA)	560	585	622	630	695	741
World Health Organization (WHO)	66	80	86	86	67	86
Japan International Corporation of Welfare Services (JICWELS), etc.	40	40	40	40	32	50
[Environmental Sanitation]						
Japan International Cooperation Agency	37	39	34	40	43	46
[Social Welfare, etc.]						
Japan International Corporation of Welfare Services	—	15	30	45	45	50
Experts dispatched						
[Health and Medical Care]						
Japan International Cooperation Agency	359	300	347	347	393	437
[Environmental Sanitation]						
Japan International Cooperation Agency	15	24	30	34	27	44

Cooperation of this kind in the field of health and medical care and other areas involves the transfer of technical information from people to people. In promoting health and welfare cooperation from now on, it is essential to place the emphasis on creating human resources through this transfer of technology.

2. Development of International Exchanges

Because of slower economic growth and increasing number of elderly population, most industrialized countries are facing fundamental reviews of their health and welfare administration. At the OECD ministerial meeting in July 1988, ministers from 24 member countries lively exchanged opinions between countries regarding policies and how to tackle problems they have in common.

3. Promotion of Market Liberalization

In order to maintain and strengthen the free trade system, efforts are being made in various ways to open the Japanese market, including by means of the MOSS discussion with the United States and the Action Program, based on the major premise that this will not cause any impediment to maintaining and ensuring the health and safety of the people.

4. Measures for Japanese War 'Orphans' Remaining in China

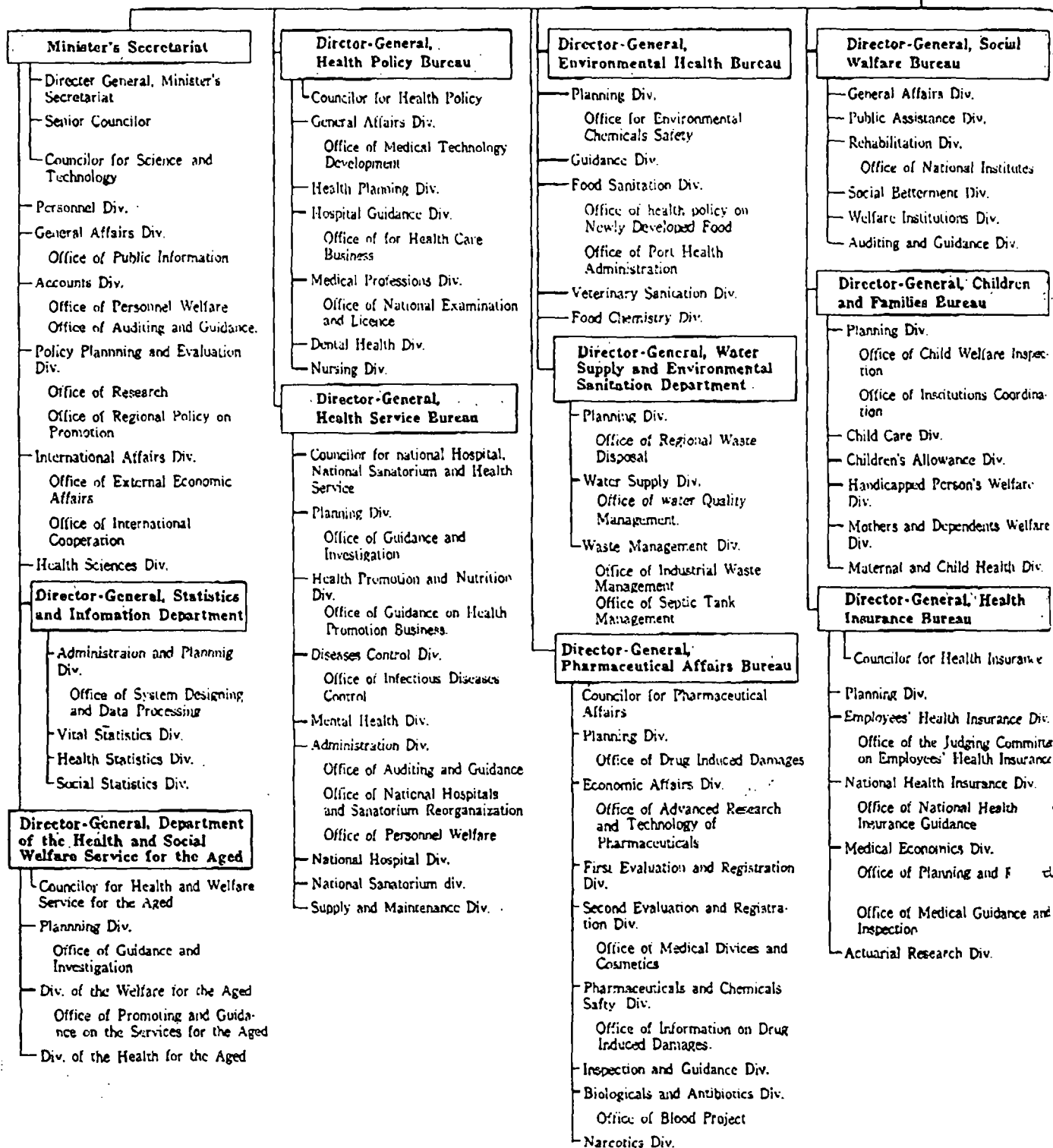
Solving the problem of Japanese 'orphans' remaining in China is a matter of urgency. The Ministry of Health and Welfare has devised a variety of measures for this which include conducting investigations into blood relationships and tracing relatives, providing a system for receiving those who return to Japan, and assisting them to settle. In recognition that this is a national issue and that priority should be given to accepting those who return and ensuring their independence once they do so, the intention is to attempt to solve this problem as quickly as possible.

As of November 30 1988

27

Minister for Health and Welfare

Vice-Minister



Parliamentary Vice-Minister

