

*A New Vision of National Welfare
toward the 21st Century :
Harmonizing Global Trends and
Traditional Values in Korea*

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Preface

The necessity to chart a new course in the policy planning of national welfare has grown out of a variety of conditions that have been generated not only from Korea's situation but also by current international trends. Korea has embarked on a globalization drive in an effort to formulate policies that will conform to the standards set by advanced countries, while at the same time tailoring these policies to the circumstances that exist within Korea herself. This paper is the first step in an attempt to build a unique Korean welfare model capable of guiding future policy directions in a way that deals with the changing economic, social and political conditions as we prepare to enter the 21st century.

Korea's well-known, meteoric economic development has put it well on its way to joining the ranks of advanced countries from the standpoint of per capita GNP. However, in terms of quality of life, Korea apparently still lags far behind in comparison to other developed countries. This situation must be addressed, particularly because the demand for more social welfare services to improve the quality of people's lives is expected to grow and become more diversified as a

result of the increasing national income level. Despite the many economic successes Korea has achieved, many people are still struggling to secure a basic livelihood, which will require a more concerted effort to provide expanded welfare services and programs aimed at assisting the underprivileged and those who are the most vulnerable.

Rapid industrialization and economic development has brought about many changes in Korean society. Due to an increased life expectancy and a reduced fertility level, the population is gradually aging. In addition, the changing family structure, and specifically the trend toward smaller-sized families, calls for welfare programs that are designed to deal with these social changes. Consequently, the new welfare model should be flexible enough to allow policy planners to target specific groups, such as children, women, and the elderly.

Certain political factors are contributing to the need to redesign the welfare system, as well. With the recent trend toward decentralization, which has given more autonomy to local governing bodies, the specific responsibilities and functions of the local and central governments must be clarified, which includes defining their roles within the welfare services delivery system. Moreover, looking into the future, we must consider the possibility of reunification of the Korean peninsula. Thus, this consideration will be expected to construct the new welfare model.

This project was undertaken by the National Welfare Planning Board, which was created by the Globalization Committee and charged with the task of carrying out President Young-Sam Kim's goal of globalizing the quality of life in Korea. The project was undertaken with four specific goals in mind as a means to realize the main goal, which is to establish a future Korean welfare model and to provide advanced welfare services. The first goal is the attainment of a balance between economic growth and social welfare. The next is the incorporation of both traditional Korean customs and the positive elements of the welfare systems found in advanced countries. The third goal is to ensure that the central government provides a minimum standard of living to those who are unable to secure a basic livelihood, while at the same time sharing the responsibility of providing other welfare services with other sectors and organizations. The last goal is to establish preventive and productive welfare services.

I would like to thank the members of the National Welfare Planning Board for their dedication to this project. It was gratifying to see professionals from both the public and private sectors working together to tackle this issue. Furthermore, this project could not have been successfully completed without the help of specialists from different areas and fields who worked on the three main issues, namely finance, insurance and welfare.

The technical and organizational aspects of this project were handled by the Korea Institute for Health and Social Affairs(KIHASA), and the financial support was provided by the Ministry of Health and Welfare (MOHW). There were twenty six issues covered over the course of fourteen meetings in which the issues were debated and discussed. The results were then collected and integrated by the members of KIHASA who worked on this project.

Writing this report required the help of many people at KIHASA, and special thanks goes to Dr. Inchul Noh, Dr. Keywon Cheong, Dr. Yongha Kim, Dr. Byongho Tchoe, and Dr. Yongchan Byun, all of whom worked on substantive issues of the text. Also helpful comments and discussions by Dr. Jaegoog Jo, Dr. Woojin Chung, Dr. Sungkee Lee, and Dr. Hyunsong Lee are appreciated. Furthermore, the time and effort that Mr. Mark Nathan and Mr. Young-Rae Kim spent editing this report was instrumental to its publication.

I hope that this report will be useful to not only the Korean government in its attempt to globalize the Korean welfare system, but also to those outside of the Korean government who may be interested in the current developments taking place within the welfare system. This report may also prove to be valuable to policy planners in other countries who are likewise trying to develop a new welfare service paradigm.

Hacheong Yeon

Chapter 1

A Vision of 21st Century National Welfare

The Present Welfare Policy Status

Until the early 1980s, Korea pursued a passive and short-sighted welfare policy which was focused on the eradication of absolute poverty through growth-oriented policies. Although this effort resulted in the continuous creation of employment opportunities, economic and social problems, such as relative deprivation, arose due to the inadequacies of the social welfare system. In the late 1980s, however, Unemployment Insurance was introduced along with National Pension, Health Insurance and Worker's Accident Compensation Insurance schemes. Furthermore, the welfare system has been stabilized with the expansion of public assistance programs and social welfare services focused on those groups and classes that are the most vulnerable and in the greatest need of assistance. Nevertheless, the scale of the welfare expenditure is still insufficient to satisfy the radically increasing demand for welfare and inadequate to

improve people's quality of life in both its spiritual and cultural aspects.

As we enter the 21st century every social class is expected to be in need of various social welfare services to help stabilize their daily life and to improve their basic quality of life as a result of the Korean people's increasing income level. Hence, it is time for Korea's welfare policy to enter a new phase. Specifically, it is time to examine the schemes for expanding welfare investment in hopes of finding a welfare model capable of harmonizing economic growth and welfare, which will necessarily entail setting priorities and increasing the productivity of the welfare expenditure.

Therefore, the next several years will be a very important period for us as we attempt to build an advanced welfare system in preparation for the 21st century. We must prepare the base of a welfare nation, one in which economic welfare, social welfare and cultural welfare are fused, in order to accomplish continuous economic growth while at the same time providing the means for everyone to lead a stable and comfortable life at a higher material and spiritual level.

The Search For a New Welfare Policy

The 21st Century Economic and Social Environment: Changes and Prospects

Korea's per capita GNP is expected to exceed \$20,000 by the year 2001, thereby joining the ranks of advanced countries, and as a result the people's demand for social welfare services will naturally be expanded and will become more diversified as people's income level increases. Thus, as the desire for a better quality of life rises and spare time increases, the demand for more recreational facilities, health care provision and various social welfare services will rapidly increase. Now that many of the material concerns of daily living have been met, a heightened demand for cultural and mental stimulation will be generated in Korean society. Moreover, people's demands for a stabilized livelihood -one in which government services and agencies are able to deal with and protect them from industrial disasters, poor working conditions, changes in the patterns of diseases and the harmful effects of polluted environments, as well as psychological stresses caused by social trends and rapid changes in society- will also be heard.

As a result of the decrease in the birth rate and the prolongation of people's average life span, Korean

society is slowly ageing. As the number of senior citizens grows, so too does the social responsibility to support the elderly. Accordingly, the role of the government in arranging livelihood assistance and encouraging self-reliance among senior citizens must be expanded. More free welfare services and subsidized services for the elderly should be made available. In addition to an increase in the number of senior citizens, there is likewise a growing number of people among the elderly population who need the government's assistance as a result of changes in the cultural tradition concerning the eldest son's responsibility to live with and care for one's parents until they pass away.

The changing family structure in Korean society and, more specifically, the conspicuous trend toward nuclear families is generating other welfare demands, as well. For example, women's increasing participation in economic activities will create a need for more day care centers and other welfare services, while an increase in the divorce rate and a decline in the strength of family bonds will require beneficial welfare policies aimed at improving the lives of children, adolescents, and families.

In accordance with the full-scale implementation of decentralization, which gives more autonomy to local governing bodies, not only is a quantitative increase in the demand for welfare services from all

levels of society expected, but the appearance of various welfare demands that reflect local characteristics is also anticipated.

The Necessity for a New Paradigm

The 21st century will be a time of new challenges, opportunities and possibilities for the Korean people. In light of the changing world order since the end of the cold war, Korea must become an active participant in the current of world events by becoming a member of the global community of nations that are focusing on social development. Moreover, it is our belief that a comprehensive social community should be established through the harmony of growth and welfare, both materially and spiritually.

Thus the creation of a new paradigm, one which is capable of blending growth and welfare harmoniously, is required for long-term balanced development, which would signify a break from the previous conception of a dichotomy between growth and welfare. Through measures focused on the development of human resources, welfare projects should function to stimulate the growth of people's potential, while at the same time attempting to fairly distribute the results of socio-economic development, which is an essential requirement for the elevation of quality of life.

Establishment of a Korean Welfare Model

Basic Principles of the Welfare Model

The Korean welfare model should be designed to produce a harmonized welfare nation. In order to maximize the quality of life for everyone, we must achieve a balance between economic growth and social welfare through the harmony of individual freedom and social equality, and we must also seek to combine the merits of Korean cultural traditions with the benefits of a modernized way of life to achieve material and spiritual satisfaction.

In establishing a Korean welfare system, the experiences of advanced countries that have already implemented social welfare systems should be properly utilized. The critical rethinking currently taking place in the developed nations of their own social welfare systems has shown up at a fairly progressed stage. As our country is in the initial stages of becoming a welfare state due to the weak investment in the social welfare field in the past, an uncritical application of current methods being used in the advanced nations is not desirable.

With the trend in Korea toward nuclear families spreading, many of the welfare functions once carried out under the extended family system have now fallen upon the government and local communities,

making it necessary for them to enhance their role in the welfare field. Rather than simply applying a method developed in advanced nations to deal with this situation, it would be more beneficial to develop a system that combines the lessons learned from their experiences with an approach designed to utilize Korean customs and traditions and tailored to Korea's current situation.

Combining ideas based on market principles and ideas that move beyond market principles

Based on the harmony of market principles emphasizing efficiency and self-reliance and non-market ideals stressing equality and community, social integration is to be accomplished by securing the minimum living standard for the entire population. At the same time, it is important to ensure that welfare expansion does not hinder economic development in the pursuit of this goal, which is to say that non-market ideals should not supercede market principles.

The search for a balance between economic growth and just distribution

In order to achieve adequate economic growth and just distribution at the same time, it will be necessary to expand the social welfare system by carefully taking into account the current economic

situation and important economic factors, thereby maintaining a balanced relation and not imposing a burden on economic growth and stability.

The harmony of global conformity and unique Korean characteristics

The welfare model should be made suitable to the real social conditions in Korea by fostering the traditional family structure, a clan-centered family welfare function, the spirit of mutual help in the community and the family-like relationship in companies, while also utilizing the lessons and merits of the advanced nations' experiences.

The pursuit of material and spiritual satisfaction

Looking at the experiences of the developed countries, some of whose citizens suffered from psychological alienation due to the focus solely on material satisfaction, it is clear that we must seek a national welfare model which pursues both material and psychological satisfaction as we prepare to become one of the leading nations in the world in the 21st century.

Forward Directions

Eliminating absolute poverty by securing a national minimum standard of living

In order to build social cohesion through the elimination of absolute poverty, a national minimum standard of living must be guaranteed. This minimum standard of living includes income security, the provision of housing facilities and the provision of medical care, as well as rehabilitation programs that are needed to promote self-reliance and improve people's work skills through job-training.

Establishing the social safety net

Ensuring the substantiality of various social security systems would minimize social risks and provide a better life for all people.

Improving the efficiency of social welfare administration systems

Inefficiency caused by massive administrative costs, which has resulted from a combination of the rapidly expanding social welfare system, the duplication of benefits and services and the lack of integration among offices, has made it necessary to reform the system. By addressing these specific problems, it will be possible to improve cost-effectiveness and systematic

integration and to properly care for people's well-being.

Diversifying the sources of welfare support

An integrated welfare scheme should be accomplished by insuring that there are a diverse number of welfare providers from both the public and private sectors. Furthermore, as major providers of welfare programs, the roles of the central and local governments in the public sector should be well-defined. Other providers in the private sector, such as families, businesses and private organizations, should be able to easily access the system so that they can play a supportive and cooperative role to the relevant government agencies.

Strengthening traditional family welfare functions

In order to prevent family bonds from weakening as a result of the progress toward an industrial society and to build up healthy family relationships as a major support for social development, preventive family welfare services are needed to strengthen important family functions, such as teaching respect for one's elders and properly guiding the youth.

Strengthening cultural welfare policies

In order to secure a culturally rich, healthy and comfortable life style, cultural welfare policies that

seek to guarantee material prosperity as well as psychological well-being should be established. Moreover, to ensure that this guarantee is extended to all areas and population groups, the benefits of these cultural welfare policies and the comforts of modern life must be equally distributed.

Reorganization of social security system for unification

Based on "Korean National Community Unification Formula", recognizing process of the social security system for unification should be prepared step by step.

In the stage of mutual cooperation, mutual trust must first be established by understanding the current situations facing both North and South. Furthermore, open contact between the social security organizations of both countries should be achieved and other types of interchange should be promoted.

In the stage of mutual reconciliation, South Korea needs to expand its social security system to include both fundamental social security and income-proportional social security. In this way, it will be possible to mitigate the systemic differences between North and South following unification.

Although North and South Korea will operate different social security systems in the financial assistance stage, South Korea should partly assist the financing of the North's security system in order to maintain stability in North Korean communities.

The unified system operation stage will entail combining the two separate social security systems so that they may operate as an integrated social system.

A Vision of Korea's 'Quality of Life'

According to the indices used to measure a country's quality of life, Korea presently ranks 29th in the world. That rank is expected to climb to 15th early in the next century as the quality of life improves in conjunction with the increasing income level in Korea. An important goal in this process is the advent of a stable society whose people are protected from accidental death and various social risks, and we can identify three specific measures aimed at achieving this goal.

The first measure concerns income security, which includes constructive income security for the poor, such as securing a national minimum standard of living allowance by 1998, the introduction of a living allowance for the disabled, and income security for the elderly. Income security for the elderly will be achieved through such steps as extending National Pension Benefits to the entire population, and this will also be accomplished by 1998.

Secondly, the problems facing underprivileged groups in trying to obtain good medical care will be reduced by expanding the benefit level of Health

Insurance and improving the quality of medical care services. In the long run, the concept of health insurance will be fixed in the minds of the people as one of the ways to improve their quality of life.

Lastly, safe working conditions will be guaranteed through the arrangement of Worker's Accident Compensation Insurance and Unemployment Insurance.

The attainment of a fruitful life guaranteed through active participation in society

The institutional foundation for healthy living will be accomplished by substantializing the National Health Promotion Program, the Elderly Health Assistance Program and the Maternal and Child Health Program. Continuous progress for women and the advancement of the senior citizen employment program will help to eliminate the employment barrier so that all members of society will have an opportunity for self-expression through active participation in society. Furthermore, those who are in the greatest need of assistance to support themselves will be provided with the opportunity to participate effectively in society by making the public welfare delivery system more practical and rational.

A better life through the attainment of cultural welfare

Laying the foundation for everyone to enjoy an enhanced cultural life style will be accomplished by

providing cultural facilities that are equally distributed throughout regional infrastructures, making the enjoyment of cultural activities a part of daily life, promoting the participation in cultural activities as a family unit and systematically providing access to cultural services for everyone.

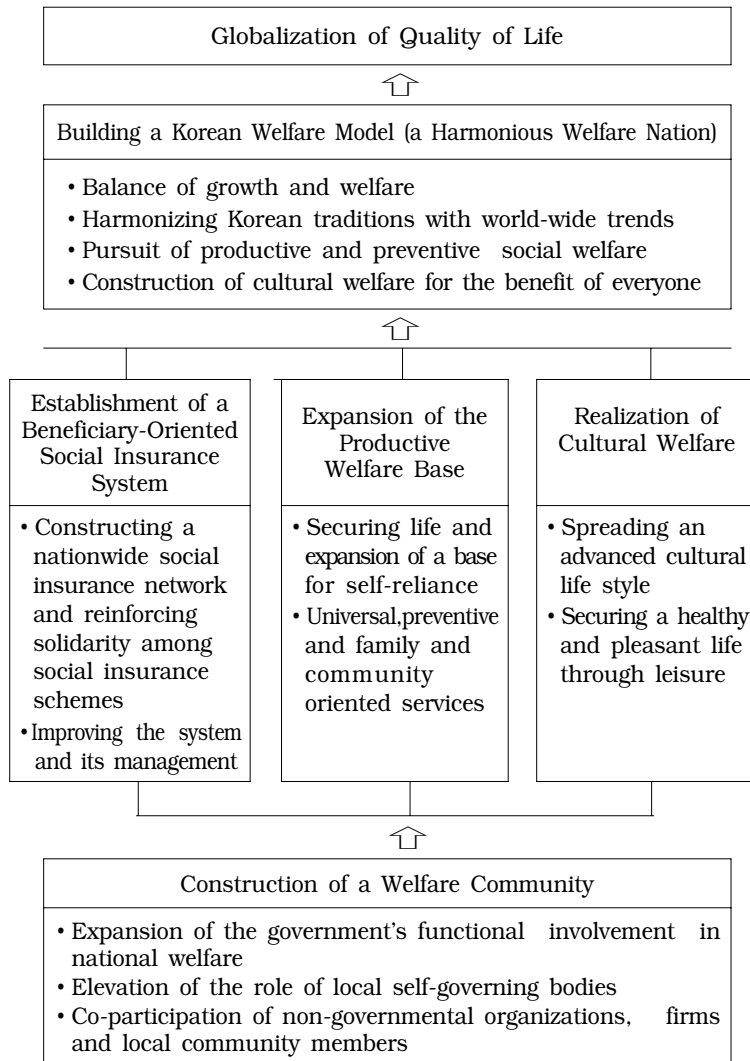
The foundation for a healthy life and abundant leisure activities for all people will be established by constructing advanced daily athletic facilities and developing other resources that are commensurate with Korea's higher income level and are similar to the level found in advanced countries.

Establishing a non-exclusive welfare community

A better community for everyone will be established through a comprehensive network of welfare services and the enhancement of equitable service provision which does not exclude any group. With the advent of multiple services for self-fulfillment within the workplace, home and local communities, a more diverse life pattern allowing individualized pursuits will be fostered in Korean society.

SUMMARY

A Vision of 21st Century National Welfare



Chapter 2

Establishment of a Beneficiary-Oriented Social Insurance System

Fundamental Directions for Maturing the Social Insurance System

The public assistance program financed by general tax revenues provides livelihood protection services to needy people, such as the elderly and the disabled. On the other hand, the social insurance system, which is financed by social insurance funds, is a preventive and comprehensive protection system against social risks facing the people.

With the introduction of Unemployment Insurance in July 1995, the social security system is at last composed of four major schemes: National Pension, Health Insurance, Worker's Accident Compensation Insurance, and Unemployment Insurance. However, the social insurance structure in Korea actually consists of many different schemes, each possessing their own group of insured and each being independently

managed. As a result, the administrative structure of social insurance is very complicated and diversified. For instance, five ministries and related organizations take part in the system independently.

Table 2.1 Social Insurance Schemes in Korea (June 1995)

Types	Risks	Benefits	Establishment Year	Coverage (1,000 persons)	Administrative Organization
National Pension	Aging, Invalidity, Death	Income Maintenance	1988	8,784	MOHW ¹⁾
Health Insurance	Injuries & Sickness	Medical Care	1977	42,860	MOHW ¹⁾
Industrial Accidents Compensation Insurance	Industrial Accidents	Medical Care & Income	1964	7,850	MOL ²⁾
Unemployment Insurance	Unemployment	Income Maintenance	1995	4,164	MOL ²⁾

Note: 1) refers to Ministry of Health and Welfare.

2) refers to the Ministry of Labor.

The increasing demand for social insurance in the 21st century will result in rising costs, and the growth of these costs is expected to exceed the anticipated growth of the GNP. The reasons for this increased demand can be traced to socio-economic changes, such as an increase in the proportion of the

elderly population, the number of nuclear families, globalization, a softening of the industrial and employment structure, efforts to achieve unification and a change in the supply pattern of civil service resulting from information intensiveness.

First, as the implementation of the National Pension Scheme moves forward, the amount of elderly pension benefits will rapidly increase due to the growing number of pension beneficiaries. Secondly, the medical care expenditure, particularly the cost of caring for the elderly, is also expected to rise. Lastly, social insurance costs are expected to increase because of a more concerted effort to protect people from social risks and economic hazards, such as industrial accidents and unemployment.

In considering development programs for the social insurance system, it is crucial to examine how to introduce and manage insurance schemes, how to set the priorities among them, and how to adjust the speed in carrying out the schemes. The next several years will be an important period in the successful progress of the system. During this period the social insurance model must be continuously built based on national consensus, taking account of lessons learned from developed countries as well as our own tradition and consciousness, and likewise considering the present socio-economic conditions as well as our vision of the future.

In order for the social insurance system in its beginning stage to move in a more desirable direction, each scheme should keep the best interests of the beneficiaries in mind. Certainly, it seems difficult to assert that the social insurance system has functioned well in the past. Now is the time to build a universal, equitable, and efficient system, one which is not only capable of providing beneficiary-oriented service but is also efficiently managed. In other words, the system should not aim to provide merely perfunctory and quantitative services, but rather it should strive to provide the insured with qualitative insurance benefits capable of meeting each individual's needs. If we can implement a beneficiary-oriented system in this way, it will be possible to strengthen national solidarity and make real progress in the social security system and its administration.

Strategies to Increase Universality, Equity and Efficiency

The Nationwide Social Insurance System

In order to attain a nationwide social insurance system, it will be necessary to gradually expand the social insurance coverage over time until universal

coverage is achieved. At this point, the Health Insurance has 100% coverage, while the National Pension covers 56.9% and the Worker's Accident Compensation Insurance 61.5% of the total population. In addition, the coverage rate of Unemployment Insurance has rapidly risen to 32.6% in just one year.

The National Pension Scheme should extend its coverage to the urban self-employed residents by 1998. In addition, the coverage of the Worker's Accident Compensation Insurance should be completely extended to all workplaces having less than five employees and to the clerical and financial industries, along with systematic amendments.

Furthermore, the Unemployment Insurance Scheme should be extended to workplaces having 10~29 employees by 1998 and, subsequently, to workplaces having 5~9 employees by the year 2000. Lastly, the Labor Standard Law should be extended and applied to workplaces having less than five employees in the event that an employee is fired or suddenly left without a job, and this ought to take priority over the extension of the social insurance schemes in terms of the timetable for implementing these various measures.

Table 2.2 Plan for Extending and Applying Social Insurance Schemes

	1996	1997	1998	1999	2000
National Pension • the urban self-employed			○		
Worker's Accident Compensation Insurance • Less than 5 employees • Clerical and financial industries				○ ○	
Unemployment Insurance • 10~29 employees • 5~ 9 employees			○		○

Equity and Coordination among Social Insurance Benefits

There needs to be a consensus concerning the optimum level of benefits in order to attain equity among the social insurance schemes because the benefit level of each scheme is different with respect to the same risk. For example, the Worker's Accident Compensation Insurance, the National Pension, and the Public Employees Pension all provide a different amount of monetary support to those who are injured on the job. The benefit level should be set according to the appropriate needs of the beneficiary and should be made to correspond to the characteristics of each

scheme.

The benefit level of social insurance should be set at the minimum amount necessary for universal coverage. Therefore, some adjustments will be needed to guard against the overlapping of benefits or the exclusion of coverage originating from the separate development of each scheme. In the case of overlapping benefits, certain benefits will be lost due to these adjustments. However, in order for the newly insured beneficiaries to keep their acquired rights, the lost benefits are to be partially compensated. The exclusion from coverage can occur when someone becomes disabled or reaches the age of a senior citizen before each social insurance scheme was introduced. In these cases, some sort of supplemental benefits will be necessary.

Financial Stabilization of the Social Insurance System

Some rural health insurance funds, as well as the Military Pension, have experienced financial difficulties. Furthermore, most public pension programs are expected to show deficits in the future. Thus, financial adjustments between schemes will be necessary in cases where the financial disparity originates from structural factors, such as the age structure, the ability to pay, and so on.

Because the National Pension and the Unemployment Insurance both play a role in partially supplying retirement benefits, the retirement allowance scheme should be reformed to alleviate the burden on employers of having to pay premiums. However, the expenditures will be increased significantly due to the structural factors, and thus a mid and long term financing plan must be prepared.

Efficient Administration of the Social Security System

It would be beneficial in terms of cost-effectiveness to develop mutual coordination among the administrative branches of social insurance schemes that share the same participants and operational methods. A system for sharing information must be built in order for the linkage among the social insurance organizations to be realized. Moreover, a social insurance training institute will be needed to educate and train the personnel working at the different social insurance organizations.

Development of Private Insurance

In order to enhance the cost-effectiveness of the social insurance system, it would be advantageous to seek a balance between social insurance and private

insurance. The following is a list of three areas in which private insurance is required to assist the cost-effectiveness of the social insurance system:

- 1) the introduction of a private pension system to supplement the National Pension Scheme;
- 2) the stabilization of the financial and banking industries, which will have a crucial impact on the development of the individual pension system;
- 3) the need for private health insurance to supplement the cost of medical services in those cases where Health Insurance cannot afford to cover the total cost of treatment.

Schemes to Develop the System and its Management

Realization of an Equitable and Adequate Pension System

A public pension system must be an impartial system capable of guaranteeing intergenerational and intragenerational equity. However, establishing an equitable pension system should not be carried out at the expense of long-term institutional stability, which means that these two goals must be concurrently

pursued. Having noted this, the fact that the pension expenditure is increasing rapidly due to the growth in the number of pension beneficiaries becomes significant as we attempt to establish an equitable pension system. Indeed, if the National Pension Scheme continues to operate the way in which it has until the present, the reserved funds will likely be exhausted by the year 2033.

A. Realization of an Equitable Pension System

Ensuring pension rights for women

Presently, the pension coverage rate for women is only 23.0% of the total number of female workers. This figure is far lower than the total pension coverage rate of 56.9%, which indicates that income security for a female worker as she grows older is poorly guaranteed. In particular, there are no measures in place to deal with circumstances in which the spouse of the insured becomes disabled.

In order to guarantee an adequate standard of income for elderly spouses of pension recipients, the beneficiary rate of the pension system should be enhanced. At the same time, the level of benefits should be adjusted. Moreover, to guarantee the pension rights of a divorced woman, the introduction of a special scheme should be considered to ensure

that the pension benefits earned while a couple is married are divided between husband and wife.

Ensuring pension rights through the linkage among the national pension systems

The pension linkage system should be introduced so that an elderly pension can be paid to those who reach the age of sixty but have no pension rights. However, this pension can be paid only when the total sum of pension coverage years in each system exceeds twenty. Furthermore, the problem of double contributions should be prevented through social security agreements between countries, and a method for adding up pension coverage years in each country should be devised.

Table 2.3 A Basic Concept for Improving the Pension System

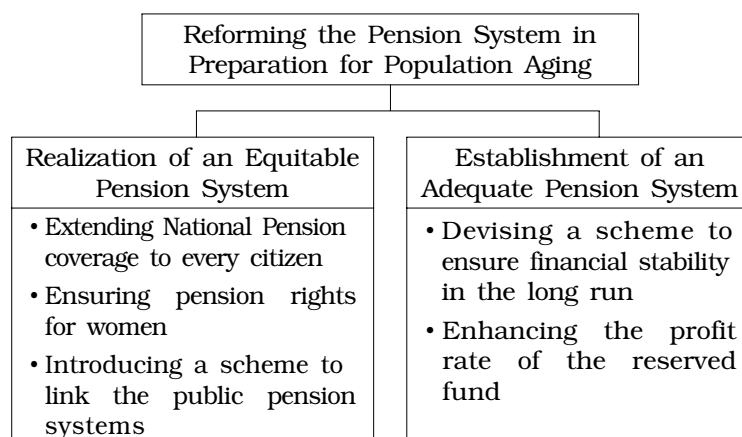


Table 2.4 Plan for Institutional Reform to Realize an Impartial Pension System

	1996	1997	1997
• Extension of National Pension Coverage to All Citizens			○
• Ensuring Pension Rights for Women		○	
• Introducing the Pension Linkage System			○

B. Establishing an Adequate Pension System

Devising a method to ensure long-term financial stability

In order to create an equitable pension system, the pension benefits have to be adjusted from a long-term perspective. In so doing, however, both the needs of the beneficiaries and the stability of premiums financing need to be considered. Thus, after the current plan for imposing pension fees has been completed, the premiums rate should be adjusted to correspond with intergenerational income distribution and the maintenance of an adequate level of reserve funds.

The normal pension age should be adjusted in accordance with demographic trends and with changes in the retirement age. In the long run, the age at

which a person begins receiving a pension should be made flexible between the ages of 55 and 65 years old, and the pension benefits should be adjusted in accordance with the age at which beneficiaries choose to start receiving their pension.

Enhancing the profit rate of the reserve funds

In order to enhance the profit rate of the reserve funds, the 'Public Funds Management Law' should be implemented elastically. At the same time, investment in the welfare sector needs to be improved.

Establishment of a Solid Health Insurance System

Korea initiated a compulsory health insurance program with a limited coverage of less than 10 per cent of its people in 1977. The national health insurance program was then gradually expanded until it finally covered the whole population by 1989. The establishment of universal coverage within 12 years was unprecedented worldwide(see Table 2.5). Undoubtedly, the development of a health insurance plan in Korea has made significant contributions to increased accessibility to health care services.

Korea's health insurance program could not, notwithstanding its noteworthy rapid expansion record,

avoid some flaws such as a low reimbursement schedule, high copayments and the exclusion of many health care benefits from reimbursement. Thus reform was planned for the further development of Korea's health insurance program.

A. Present Status of Health Insurance

The current status of the health insurance program is summarized in Table 2.6 and below are some additional details.

Organizational structure

The National Health Insurance program is composed of three different schemes: 'Industrial Health Insurance Funds' for industrial workers(145 funds); a 'government health insurance fund' for government employees and private school teachers, 'Regional Health Insurance Funds' for rural and urban self-employed workers (227 regions). Most funds are legally independent in terms of both administration and finance. The National Federation of Medical Insurance plays an important role in examining the invoices from medical care institutions and paying them.

Table 2.5 Major Development of the Health Insurance in Korea

Year	Major Development	Population Per Capita Coverage (%) ¹⁾	GNP (US\$)
1977	· initiate a compulsory health insurance for large firms with 500 workers or more. · Medicaid program for low income earners provided under public assistance scheme.	14.5	1,012
1979	· government employees, teachers and the staff of private schools are compulsorily insured. · expand coverage to firms with more than 300 workers	26.9	1,644
1981	· expand to firms with at least 100 workers	29.6	1,734
1983	· expand to firms with 16 workers or more	39.3	2,002
1987	· insurance coverage includes oriental medicine	-	3,110
1988	· rural residents compulsorily insured · expand to firms with five workers or more	79.1	4,127
1989	· urban residents compulsorily insured · coverage includes dispensed drug at pharmacy	99.9	4,994
1995	· extend coverage from 180 days to 210 days	-	10,076
1996	· extend insurance from 210 to 240 days · the elderly and disabled are covered without limit	-	-

Note: 1) Includes population under Medicaid.

Sources: Ministry of Health and Welfare Affairs; Bank of Korea; Federation of Korean Medical Insurance Societies.

Source of funds

Premiums are imposed at a proportional rate of the insured's monthly earnings for industrial and government insurance funds, while for the regional insurance funds, several factors such as income, value of real estate and family size are taken into account in calculating the premiums. For the financing of the regional funds, the government provides subsidies, most of which are allocated by capitation. Some portion of the subsidies is distributed to the funds in different amounts depending on the amount of taxable income and the elderly's dependency ratio of each fund.

Risk-sharing mechanism

There is some disparity in the financing ability among funds. Some funds have accumulated a considerable amount of financial reserves, whereas others are in a weak situation financially. To lessen these disparities, a risk-sharing mechanism was adopted in 1991 based on the simple idea that the richer insurance funds can subsidize the poorer ones.

Table 2.6 Current Status of the Health Insurance Program in Korea

Types	<p>Universal social insurance system with 373 funds nationwide.</p> <p>a. industrial workers (145 occupational funds)</p> <p>b. civil servants and private school teachers (1 fund)</p> <p>c. self-employed (227 regional funds)</p>
Population Coverage	<p>a. employees of firms with 5 or more</p> <p>b. civil servants, private school teachers, and dependents of military personnel</p> <p>c. employees of firms with less than 5, the self-employed, and pensioners</p>
Financing	<p>Contribution plus government subsidy</p> <p>a. 3%(total), 1.5% employee, 1.5% employer; no ceiling</p> <p>b. 3.8%(total),1.65% employee, 1.65% government; no ceiling</p> <p>c. premiums according to income, property, and family size, plus government subsidy (half of expenditure)</p> <p>Risk adjustment among 373 funds nationwide</p>
Benefits	<p>Statutory benefits: (mainly in-kind) medical examination, drugs, surgery, nursing, ambulance, and check-ups.</p> <p>Duration: 240 days/year (no limit for the disabled and the elderly)</p> <p>Patients copayment: 20% of hospitalization fees, and certain rates of copayment of outpatient fees (30% clinic, 40% hospital, 55% general hospital)</p> <p>Reimbursement: fee-for-service, fees under control of government, additional fees allowed (10% clinic, 15% hospital, 23% general hospital, 30% university hospital) and special consultation fees for specialists at hospitals.</p>
Organization	<p>a,b,c.-Ministry of Health and Welfare Affairs</p> <p>a,c.-National Federation of Medical Insurance</p> <p>b.-Korea Medical Insurance Corporation</p>

Reimbursement

Doctor and hospital reimbursements are largely based on a fee-for-service schedule, which is determined by the government. The government allows the scheduled prices for certain medical services to be raised, depending on the type of health care facility, according to the following classifications: raises fees for private clinics by 10%, for small hospitals by 15%, for general hospitals by 23% and for large(university) hospitals by 30%.

B. Goals of Reform

Setting reform goals

The Korean government identified its strong will to reform the national health insurance system in 1994. The main goals of the reform are to increase the equity among the insured groups of various insurance schemes, to obtain the efficient management of the health care system, and finally to improve the overall quality of health care.

Environments considered for setting reform goals

In accomplishing these goals, it is necessary to consider the many external challenges. The first challenge arises from Korea's rapid economic growth. This economic progress has raised the standard of

living and the expectation of quality health services. The second challenge is the development of medical technology. In fact, clinically applicable technologies have proliferated to make medical practice more effective, more precise, and less hazardous than once thought possible. However, this development causes health-related expenditures to rise far faster than other sectors of the economy. The third is demographic changes, which will continue to increase the number and proportion of the elderly among the total population. Progress in medical technology has made it possible to treat more diseases and prolong life expectancy, resulting in the increased proportion of elderly people. The fourth is a change in disease patterns, specifically a shift towards more chronic and multifaceted illnesses. This involves a shift from the more popular and heroic acute services towards the less prestigious and continuous care, such as rehabilitation and services for the chronically ill and disabled. These four properties constitute the main external challenges to the accomplishment of our health insurance reforms.

C. Reform Issues

It has been seven years since Korea accomplished the universal coverage of the national health insurance system in 1989. During the last two decades, the quantitative growth of the Korean

national health insurance system has been considerable. But in qualitative terms, many problems remain to be solved, such as the high level of out-of-pocket payments, the distorted health care market, and the financial disparity among funds. In these aspects, health insurance reform is now underway, and the followings are major reform issues.

High level of out-of-pocket payment

The Korean national health insurance system initially started with a high level of copayments and limited benefits for the insured. By adopting this restricted national health insurance system, Korea may well have been able to establish universal health insurance system much faster than would otherwise have been possible. However, copayments are actually higher than the official schedules. For example, patients pay the full amount for any treatments beyond the limited period per year, which now stands 240 days. In addition to high copayments, patients have to pay the treatment fees that are not covered by the fee-for-service schedule. These limits have led to financial burdens for patients, especially the poor and the elderly. Thus, low income groups can not easily access medical care, because they are burdened by heavy out-of-pocket payments. Therefore, this problem of out-of-pocket payments by patients results in inequities among the people.

Supplier-induced demand

The fee-for-service reimbursement system is connected with the physician-induced demand problem and the deterioration of health care quality. Primary care doctors and hospitals are paid mainly on a fee-for-service schedule covering several thousand items. They, therefore, have an incentive to give each patient as much treatment as possible, including even unnecessary practices such as the duplication of services and the prolongation of visits or stays in hospitals. This may lead to the excessive volume of services beyond those which would be considered optimal on purely medical grounds. Furthermore, volume expansion can lead to malpractice as physicians do not spend sufficient time with their patients.

Long waiting lines

Under the present referral system, patients first visit a doctor in clinics or hospitals of their choice in their designated region, but require a referral letter to obtain treatment in a general or university hospital without any regional restriction. This regulation obviously does not apply to emergencies, and there are exceptions allowed for certain treatments in the referral system. In practice, however, there are several ways for patients to make short-cuts if they want treatment with their preferred provider immediately, rather than via the referral process.

“Preferred provider” for patients means the nearest urban medical center, rather than the local hospital. Hospitals, which are paid according to the fee-for-service schedule, have no incentive to refuse people, either on an inpatient or an outpatient basis. The fee-for-service payment system also encourages medical centers to treat patients who do not really require treatment in a specialized hospital department. Thus, patients are often willing to travel to urban areas in order to receive what they believe to be better treatment than the primary care sector, or the rural care sector, can provide. Consequently, the demand tends to be concentrated in urban medical centers, especially large university hospitals or general hospitals, where waiting times for some services then become unnecessarily long, resulting in a deterioration of the quality of service.

Maldistribution of health resources

Another problem is the maldistribution of medical personnel and facilities. The inadequacies and maldistribution of medical personnel and facilities results in even worse imbalances in the quality of health care provision across the country, despite the government’s efforts to establish more health care facilities in some rural areas. Table 2.7 shows that the number of doctors per ten thousand persons in urban and rural areas were 13.3 and 3.2 respectively.¹⁾

There are also regional differences in the number of hospital beds: in 1994, the number of beds per ten thousand persons was 45.7 in urban areas and only 25.1 in rural areas. As a result, patients who reside in rural areas have to pay more traveling costs than urban area residents to access the health care facilities, while the overall quality of medical care is low in their region.

Table 2.7 Health Resources by Region (1994)
(Numbers per 10,000 persons)

Types	Urban	Rural	National
Beds	45.70	25.10	41.00
Hospitals	0.16	0.10	0.14
Clinics	3.60	1.50	3.10
Doctors	13.30	3.20	11.00
Oriental Medical Doctors	1.70	0.50	1.40
Pharmacists	0.68	0.11	0.55

Source: Ministry of Health and Welfare, *Yearbook of Health and Welfare Statistics*, 1995.

Financing disparity among insurance funds

The variations in the affordability of contributions across funds and the differences in the utilization rate have caused financial disparities among funds. Almost all rural insurance funds, whose members have a low income and/or characteristics that lead to high health care costs owing to the large proportion of the elderly,

1) These statistics do not include oriental medical doctor.

are troubled with budget deficit. Meanwhile, other insurance funds, whose members have above-average incomes and/or low estimated health care costs, such as industrial funds and some urban funds, have budget surpluses.

Table 2.8 Projections of Proportions of the Elderly Over 65

Year	Total	Industrial Fund	Public Officials and Teachers' Fund	Rural Area Fund	Urban Area Fund
1992	5.2	5.0	8.0	8.1	3.6
1995	5.8	6.0	8.4	9.6	3.9
1996	6.0	6.4	8.6	10.1	4.0
1997	6.2	6.8	8.7	10.7	4.1

Source: Health Care Reform Committee, *Tasks and Policy Directions of Health Security Reform*, June, 1994(in Korean).

In addition, administrative cost differences among funds deepen the financial disparity. Rural insurance funds have more administrative costs because they have a wide region compared with the population size.²⁾ Such high administrative costs in rural insurance funds deteriorates their financial stability and leads to relatively higher premiums compared to other insurance funds. If these problems are not redressed, the disparity among insurance funds will

2) Budget shares of administrative costs were reported as 16.1% in rural insurance funds, 9.6% in urban insurance funds, 8.7% in industrial workers' insurance, and 6.7% in governmental officials and teachers' insurance in 1993.

likely be increased and the social solidarity of the insured will be undermined.

D. Reform Strategies

The issues mentioned above have inspired a wide variety of reform tasks to be performed. The strategies for reform primarily address the following questions: how to attain efficiency in managing the health insurance system; how to increase the equity among the insured and the insurance funds; and how to improve the quality of health care(see Table 2.9). At this point I would like to introduce several reform strategies, some of which are currently moving forward and others that are being suggested and discussed.

Reducing out-of-pocket payments and expanding the benefits coverage

To cope with the burdensome out-of-pocket payments problem, the government has considered expanding the number of reimbursable benefits by insurance funds and reducing the rate of copayments. A more rational use of hospital facilities could be expected if more services were included in the reimbursement schedule. For example, many people are waiting for expensive tests, such as Magnetic Resonance Imaging(MRI), ultra sound testing and other electronic

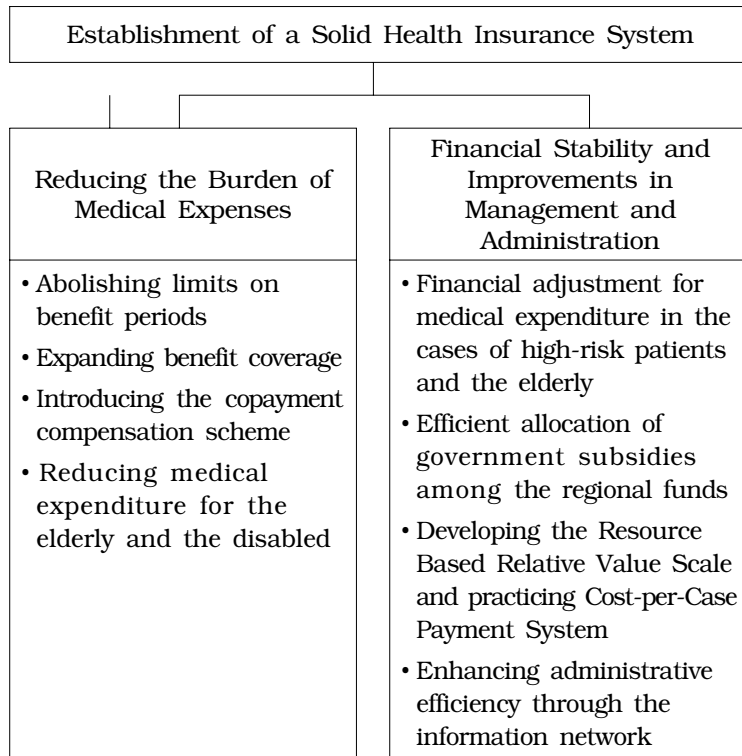
examinations, to be covered by insurance. In addition to this measure, the reimbursable treatment period per year is presently 240 days, and this will gradually be extended every year until it finally reaches 365 days by the year 2000. This extension plan will provide more treatment opportunities for the chronically ill and the elderly, who need more medical care and longer treatment. Lastly, cash benefits paid to pregnant women who must leave work to give birth are needed to supplement their paid maternity leave, which is presently a nominal amount. These benefits are to be included in women's health insurance benefits as part of the 'maternity support system'.

Insurance benefits for the disabled should be expanded to include the equipment needed to assist the disabled with their physical movement or other needs, thereby decreasing their overall medical expenses. A copayment reduction should be given to the elderly in order to decrease the burden of medical expenses when they visit hospitals and clinics. In addition, the government should review the proposal to encourage companies to continue providing health insurance benefits to employees for a certain period after retirement.

These measures would lead to restructuring health care financing. Financing the broader coverage of benefits certainly will bring about raised premiums and also increased government subsidies to regional

funds, whereas the pressure of increasing expenditures for financially weak funds has to be alleviated through a risk sharing mechanism. For the low income earners, some adjustments in the premium schedule should be arranged.

Table 2.9 The Basic Direction of Reform for the Health Insurance System



Alleviating moral hazard: Introduction of new fee schedule

To solve the physician-induced demand problem and the deterioration of health care quality, the government is now considering reformulating the fee-for-service structure into Resource Based Relative Value Scale (RBRVS) and introducing Diagnosis Related Groups (DRG) system. The former price mechanism is expected to alleviate the behavior distortion of physicians. The latter DRG system is being experimented with to see if it will be successful through a series of demonstration projects continuing until late 1997. Such a system would be phased in, starting perhaps with inpatient treatment which can be readily defined and easily calculated. However, the system might eventually be extended to most services, including some outpatient treatments provided by private clinics. Another strategy we can consider is screening medical bills more carefully. Particularly, it might be possible to give the insurance funds more leeway when it comes to screening, including the review of bills and treatment process.

Enhancing referral system

In order to reduce the long waiting lines in urban medical centers, the following remedies are suggested. To improve the efficiency of the current referral system, we can enforce patients and hospitals to

present a treatment referral letter from doctors of primary or secondary facilities when visiting general or university hospitals. The referral letter should include the details of treatment from doctors of the previous facilities.

Another measure is to improve the level of service quality in the primary health care facilities. The collective opening of clinics that jointly utilize personnel and facilities is one method to improve the health care level and to reduce investment expense at the same time. Tax alleviation and financial assistance will be needed to support group openings. Other method being considered is to encourage the patients to utilize primary care for ordinary occasions, resulting in a decreased the utilization rate of the tertiary care facilities.

Supporting health care resources in rural areas

So as to mitigate the maldistribution of physicians and health care facilities, government subsidizes local private hospitals and public 'Health Centers' through long term loans with low interest rates. In order to finance the fund, the government recently established a special tax, called "Special Tax for Agricultural Industry". Another measure is to strengthen the function and structure of the 'Health Center' for chronic disease control for the elderly. Also being considered is the development of the 'Health Center'

as a central organization taking charge of the comprehensive health promotion program including health education. Meanwhile in rural areas, two or three 'Health Posts' could be integrated into larger one to heighten the level of treatment facilities. Furthermore, it is necessary to reshape the role of Health Post according to geographic characteristics and population size and to strengthen the clinical test facility in the Health Post.

Reducing financial disparity among funds

To decrease the financial disparity between insurance funds, it will be necessary to strengthen and incorporate two kinds of financial adjustment mechanisms. The first one is an adjustment of the government's subsidy to the rural funds according to the level of taxable income and the proportion of elderly persons of each fund. The second one is to strengthen the risk sharing mechanism among overall funds. The government will increase the current risk sharing funds, which will be used to compensate the medical costs of insurance funds accruing from elderly patients over 65 years old and highly expensive treatments. In order to make the distribution effect efficient, it will be important to measure the financial status of each fund in order to assign the amount of contributions from each fund into the risk sharing funds.

Similarly, differentiated premium rates based on

income, following the system currently practiced by the National Pension Scheme, would be more beneficial for the regional health insurance system from a long-term perspective. Meanwhile, the insurance systems for industrial workers, government officials, and teachers should continue to use a fixed premium rate based on the sum total of all their wages.

Besides these measures, it will be necessary to reduce administrative costs and to realize "economies of scale" by making appropriate size of funds. One way might be to integrate a few closely located regional funds into a bigger one. The government has already tried this and reduced total number of funds from 417 in 1994 to 373 in 1996(See Table 2.10).

Table 2.10 The Number of Insurance Fund

	1994	1996	Change
Total	417	373	▼44
Industrial Funds	150	145	▼ 5
Regional Funds	266	227	▼39
KMIC ¹⁾	1	1	—

Note: 1) refers to the Korea Medical Insurance Corporation.
Source: National Federation of Medical Insurance.

Improving health insurance management

So as to improve the health insurance management system, both the advantages and disadvantages of decentralized management of health insurance

organizations and integrated management should first be analyzed. The current decentralized system utilized by Korea's health insurance organizations follows the health reform trends found in most countries around the world, which are attempting to maximize efficiency through competition, to improve the quality of health services and to achieve equity. Furthermore, the decentralized management of health insurance organizations complies with the national administration's agenda, which aims to increase national competitiveness through autonomy and localization.

On the other hand, integrated management could possibly solve the financial gap among regional organizations and decrease management costs, but it does have some problems. Under the integrated management system, the insured tend to increase their health care utilization opportunities without increasing their insurance premiums, and thus the insurance payments will expand drastically. Insurance premiums under one integrated insurance system would have to be set according to public guidelines, which would be controlled by the authorities in charge of consumer prices. In this instance, the financing of insurance payments could become a problem.

Moreover, after the integration of the health insurance system, regional offices on the front lines will not be able to collect insurance premiums as easily because the public will trust that the government can

cover the health service costs under the integrated insurance system. Hence, the collection of insurance fees will become more difficult(The collection rate for insurance fees is presently 98.1%, while the national tax collection rate is 90.7%).

Therefore, it is recommended that the future health insurance management system utilize the beneficial aspects of the current management techniques by giving some autonomy and incentives to regional offices, but at the same time, it should also try to improve the current decentralized organizational system by reflecting the advantages of the integrated management system. Through the construction of a network not only capable of connecting the insurance organizations themselves but also capable of establishing a connection between the organizations and the health facilities, insurance premiums can be individually determined, imposed and collected. It will also have the advantage of greatly reducing the time it takes to process insurance related paperwork, such as filing claims, monitoring claims and paying treatment expenses.

Table 2.11 Comparison of Insurance Management Systems

	Independent Management System	Integrated Management System
Advantages	<ul style="list-style-type: none"> • Increases efficiency through competition among organizations. • Appropriate to the current localization, autonomy, and decentralization trends and effectuates regional health care system. • Insurance premiums set by independent organizations does not cause dramatic increase in insurance payments. 	<ul style="list-style-type: none"> • Helps to solve financial difference among organizations (financial adjustment system to make them financially stable would not be necessary). • Decreases management costs, when similar organizations are integrated.
Disadvantages	<ul style="list-style-type: none"> • Differing risks among organizations creates financial differences between insurance organizations. • Because the financial base of a small-sized organization is small, the risk-pooling function is low and the management costs tend to be high. 	<ul style="list-style-type: none"> • Due to weakened awareness of real costs health expenditure would increase. • Insurance premiums become controlled by central authority, which makes it difficult to independently increase premiums. • Decrease in premium collection is expected due to a lack of active insurance premium collection at front line offices. • As a result, financing the cost of health expenditure will be difficult. • With bureaucratization, efficiency will decrease.

Construction of an Efficient Worker's Accident Compensation Insurance System

The Industrial Accident Insurance System should be improved so that fair, efficient and rapid services can be provided to insurance recipients.

Table 2.7 Major Targets for the Improvement of
Industrial Accident Insurance System

Improving the Evaluation Method of Insurance Premiums
<ul style="list-style-type: none"> • Specifying the criteria for insurance qualification • Enlarging the scope of insurance coverage • Stabilizing the insurance fund • Strengthening industrial accident prevention activities and supporting the rehabilitation process for injured workers.

Improving the method of evaluating insurance premiums

Currently, insurance premium rates are divided into 65 grades depending upon the extent of accident risk for each industrial grouping. This rate system should be adjusted in consideration of the principles of sharing social responsibility and of risk pooling.

Specifying the criteria for insurance qualification

In order to efficiently cope with various kinds of industrial accidents occurring as a result of industrial development, the grading system of physical injury and the evaluation procedure of occupational illnesses should be realistically improved and specified.

Enlarging the scope of insurance coverage

The scope and amount of insurance coverage should be enlarged effectively by taking into consideration the budget constraints of the insurance fund. Possible measures include curtailing non-payment categories and increasing the coverage of equipment used to aid the rehabilitation of an injured worker.

Stabilizing the insurance fund

Because the proportion of injury compensation payments among insurance payments is expected to continue increasing, which will make the financial burden on following generations even greater, a long-term plan for the insurance fund should be prepared concerning insurance payments and fund management.

Strengthening accident prevention activities and supporting the rehabilitation of injured workers

The current bi-polar system for industrial accidents,

that is, Industrial Accident Prevention Activities (charged by the Industrial Safety Corporation) and Industrial Insurance Operations(charged by the Workers Welfare Corporation), should be interconnected in an efficient way in order to stimulate research on industrial accidents and illness. Support for occupational return as well as physical and psychological treatment for injured workers should be made effective.

Realization of an Unemployment Insurance System for Occupational Stability

By being combined with a progressive manpower policy, the unemployment insurance system will hopefully contribute to the realization of productive labor welfare for the prevention of unemployment, the achievement of a streamlined labor force in terms of supply and demand, the amelioration of the employment structure, etc.

Stabilizing employment and establishing efficient employment information networks

Employment information networks should be established by the year 2000, thus bringing Korea up to the level of advanced countries in this area.

Stabilizing the unemployment insurance fund

The 'Employment Stability and Job Skill Operation Fund'(charged by employers) and the 'Unemployment Payment Fund'(charged by both employers and employees) should be operated separately from each other.

Table 2.8 Major Targets for the Improvement of Unemployment Insurance

Realization of an Unemployment Insurance for a Stable Working Life
<ul style="list-style-type: none">• Stabilizing employment and establishing efficient employment information networks• Stabilizing the Unemployment Insurance Fund• Strengthening progressive labor market policies• Enlarging the scope of business establishments which qualify for child-care leave subsidy

Strengthening progressive labor market policies

'Job Skill Development' programs should be operated by integrating the support for occupational and educational training inclusively.

Enlarging the scope of businesses which qualify for child-care leave subsidy

The scope of businesses qualified to receive a child-care leave subsidy should be enlarged to include

businesses with 50 or more employees from the current criteria of 70 or more employees, ultimately reaching those with 5 or more employees.

Increasing the amount of elderly unemployment subsidies

The amount of unemployment subsidies should be increased and should vary according to the ages of the elderly.

SUMMARY

Establishment of a Beneficiary-Oriented Social Insurance System

Goals	To establish an universal, equitable, and efficient social insurance system			
	To consolidate nationwide solidarity To utilize the positive aspects of different schemes and the management precedents they have set			
Strategies	<ul style="list-style-type: none"> • Bringing about universal coverage in the near future • Preserving equitable benefits and enhance the interrelationship among schemes • Maintaining a sound and well thought-out financing • Raising the managerial efficiency of the social security system • Encouraging the development of private insurance markets 			
Methods	National Pension	Health Insurance	Worker's Accident Compensation Insurance	Unemployment Insurance
	<ul style="list-style-type: none"> • Establish women's pension benefits • Introduce an integrated system among public pension schemes • Stabilize the financial structure of the public pension schemes 	<ul style="list-style-type: none"> • Extend the number of granted treatment days and the list of reimbursable items • Provide effective aid to the elderly and the disabled • Maintain financial balance 	<ul style="list-style-type: none"> • Improve the method of calculating the premium rate • Maintain financial balance • Reinforce safety measures to prevent industrial accidents 	<ul style="list-style-type: none"> • Establish an employment information network • Strengthen active policies for labor markets • Provide incentives for maternity leave

Chapter 3

Securing a National Minimum Standard of Living

Fundamental Directions for the Poverty Alleviation Policy

Although quantitative economic growth was achieved in the last generation, the amount of governmental welfare investment for underprivileged groups has been so inadequate that their basic living needs, medical treatment, education and housing have not been guaranteed to meet the minimum standard of living.

Indeed, according to an international comparison of governmental payments for living protection based on the proportion of each country's GNP per capita, Korea(11.4% in 1993) has reached a level which is only half of Japan's(25.6% in 1988), USA's(21.4% in 1992), and England's(21.8% in 1989) investment. In 1995 there were 1,755,000 recipients of livelihood aid, which amounts to 3.9% of the total population. Of this number, 385,000 were institutional care and homecare recipients, and 1.37 million were self-reliance

aid recipients.

Although direct monetary aid for low income groups would be helpful in the short term, the expansion of the self-supporting base is the best policy from a long-term perspective.

Basic livelihood security for low income groups

Public assistance must be substantialized so that even the people who are incapable of working can possess the basic elements of a sound livelihood, particularly with respect to education, medical care and housing.

Expanding the productive preparatory welfare base for self-reliance

Everyone needs to be able to support themselves as much as possible. In order to be given such a chance, they must be actively assisted in acquiring education, retraining, employment and small-business management skills. The focus needs to be on the expansion of productive and preparatory welfare programs to cut the vicious cycle of poverty in its economic, psychological and social dimensions. Self-support programs must also be linked together so that they can coordinate programs and support each other.

Strategies for Positive Action Plans against Poverty

Securing the Minimum Standard of Living

Complete security of the minimum standard of living

The present level of livelihood aid, which covers 70% of the minimum cost of living, will be raised by a rate of 10% annually, leading to 100% security of the minimum standard of living by 1998. Beginning in 1998 the recipients of livelihood aid will be given additional benefits to cover the additional costs of living according to family characteristics. First, however, it will be necessary to classify families as belonging to one of the following groups: elderly, disabled, single parent, homeless, or a family with children in need of educational aid.

Introducing a supplementary benefit system

After conducting a means test, the present livelihood aid system, which gives equal aid to all recipients, will be changed to a supplementary benefit system. The new system will enable the government to provide only the deficient portion of living costs depending on region and family size. The computer networks of the National Pension Corporation, which

contain information about national taxes and housing, will be used to identify people's income in order to develop and conduct an objective means test based on the scientific method.

Enlarging and Improving Medicaid Programs

Shortening the payment period for medical treatment

Because medicaid payments are currently delayed for three months or more from the time at which medicaid patients are treated, medical institutions are avoiding medicaid patients. The delays are being caused by the combination of insufficient funds allocated to the Ministry of Health and Welfare and the rising number of payments, resulting in budget shortages that make it difficult to pay promptly. Every year the funds budgeted for medicaid should be increased in an attempt to make up for the shortages from the previous year, thus shortening the payment period in the process.

Different medicaid payment rates for different types of medical institutions

Another important source of the discrimination faced by medicaid patients in trying to obtain medical treatment stems from the fact that the payment rates

for medicaid patients and other insured patients is different. Specifically, medical institutions are unable to earn as much money treating medicaid patients as they can treating other patients. Therefore, by making the medicaid payment system similar to the medical insurance rates, the problem of unequal treatment of the medicaid patients by some medical institutions will be solved.

Gradual enlargement of medicaid payment levels

Expensive test fees for costly equipment (such as CT), which are indispensable for an accurate diagnosis, will be included in the items covered by medicaid payments beginning in 1996. Items which have gradually been added to medical insurance benefits will also be included in the medicaid payment items.

The operation of the pharmaceutical medicaid payment system will be studied in hopes of solving the problems related to medicaid recipients' overusage of medical institutions for conditions that could be treated simply by visiting a pharmacy.

Enlarging and Improving Educational Aid Programs

Enlarging the beneficiary base and improving the content of the educational aid programs

Presently, the type of student eligible for educational aid is limited to vocational high school students. The number of beneficiaries will be increased, however, by extending eligibility to academic high school students in need of educational aid beginning in 1998. The educational fee loan program for science and engineering professional college students who have outstanding scholastic records will be introduced in 1997.

The content of educational aid programs, presently limited only to entrance fees and lesson fees, will be gradually enlarged each year to cover the other school supporting fees, lunch expenses and lesson material expenses.

Setting up the youth cultural centers

Setting up the youth cultural centers within the social welfare institutions in low income areas will provide economically disadvantaged students with access to libraries, counselling rooms, audio-visual teaching rooms and various kinds of education information and materials, which in turn should improve their scholastic performance and achievements. The

youth cultural centers will also run the pre-school children education programs(Head Start Programs) and the after-school guidance programs.

Building Up the Aid System for Self-Reliance

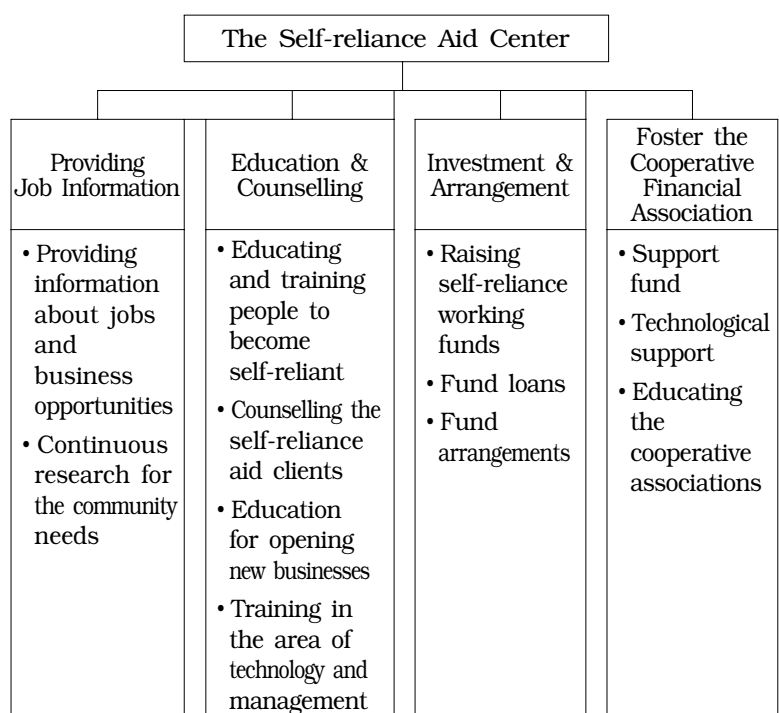
Operating 'Self-reliance Aid Centers'

To aid those who are trying to become self-supportive, a 'Self-reliance Aid Center' will be established and operated within the social welfare institutions. The centers will provide systematic and integrated programs concerning small business management training, employment information and cooperative financial associations.

The Self-reliance Aid Center will function to provide information for the personal needs, education and disciplines of the self-reliance aid clients, including giving instructions on technology and management in relation to self-supporting employment opportunities, and it will also be charged with the functions of giving fund loans or fund arrangements and also fostering cooperative financial associations.

In 1996, five model centers will be established to carry out the above functions in low-income areas of major cities as well as farming and fishing communities, and the model areas will then be gradually enlarged.

Table 3.1 Main Functions of the Self-reliance Aid Center



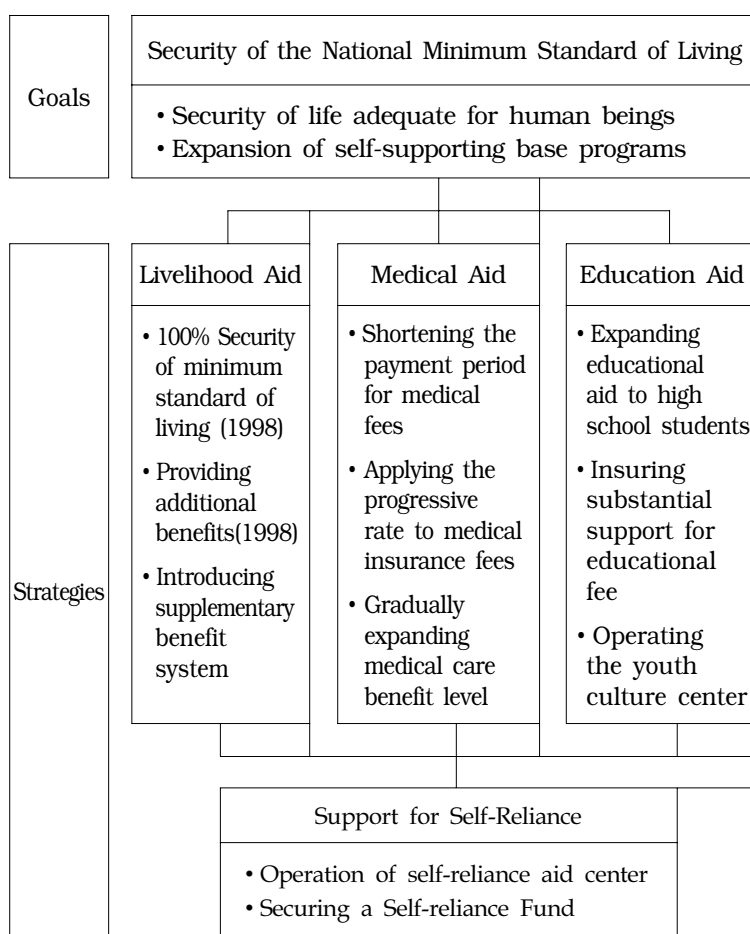
Stable maintenance of the self-reliance fund

In addition to teaching small-business management skills at the Self-reliance Aid Centers, the founding of independently owned and operated shops or stores will be encouraged by enlarging the small-business loans. However, a plan must be devised to establish a fund system for these loans, which will be operated in connection with the Self-reliance Aid Center's programs.

It would be better if the livelihood protection funds, which are presently collected and operated by the cities and provinces, were raised at the regional level along with the support of private donations stimulated by the 'Law of Community Chest'. At the national level, on the other hand, loans used to vitalize the self-reliance aid funds should come from three sources: the national treasury, special finance loans and private donations stimulated by the above community chest law.

SUMMARY

Securing a National Minimum Standard of Living



Chapter 4

Expansion of Universal Social Welfare Services

Fundamental Directions for the Expansion of Social Welfare Services

According to the principles of universal welfare, communal welfare and productive welfare, people will be offered various social welfare services to guarantee a comfortable, healthy and stable life. In order to actively meet the various welfare demands of the people, the government should establish a policy to develop two types of welfare services. The first is selective welfare services, focusing on those groups that are the most vulnerable, and the other is universal welfare services, which target the rest of the population.

In the process of developing welfare services, certain goals must be identified so that efforts can be directed toward the realization of those goals. In this case, efforts need to be made to improve institutional care, while the policy of homecare welfare services

needs to be strengthened in order to provide welfare services to those who are unable to travel to welfare facilities. Lastly, in order to strive for a cost-effective welfare system, post-curative services need to be perfected and the focus on preventive and rehabilitative services need to be developed and strengthened.

Practical ideas for expanding social welfare services in general

- 1) Communal welfare will be established to connect families, neighborhoods, communities and the country as a whole under the traditional familism.
- 2) Elderly citizens who have low income or no income will be guaranteed protection of their livelihood, and other elderly citizens will be guaranteed the opportunity to work if they wish.
- 3) For improving the welfare and social participation of the disabled, the concept of a disorder should be corrected and comprehensive welfare should be supplied so that those with physical disabilities will be able to support themselves.
- 4) Steps should be taken to prevent the breakup of families, particularly because they tend to produce children in need of care. However, in cases where children are in need of care, support should be given to ensure that they grow up in a homelike environment and that they learn the

skills necessary to support themselves later in life.

- 5) Those who live in institutional facilities should be provided with the basic necessities essential for a comfortable, healthy and stable life, and one way this can be achieved is by improving the management of those institutional facilities.
- 6) The public welfare delivery system will be established to supply comprehensive and effective welfare services.
- 7) It is important to look at culture in the proper light and to understand that the concept of culture includes welfare.

Strategies for Providing Diversified Welfare Services

Strengthening Welfare Services by Focusing on the Family and Community

Expansion of homecare welfare service

There are currently 334 welfare centers that provide homecare welfare services, 178 of which receive budget support. The operation of these services will be enlarged and executed by the social welfare center,

elderly welfare centers, the disabled welfare centers and the women's social centers each year. Institutional facilities, which supply homecare welfare service providers, will be reorganized so that they can add more homecare welfare services each year.

Beginning in 1998 welfare centers with homecare service will be supplied with vehicles yearly so that the elderly suffering from dementia and those with severe disabilities can be transported from home to clinic, short-term day care facility, or the welfare center.

Offering a financial incentive for family maintenance

Income tax deductions and preference in buying a house under installment sales terms will be given to families that take care of elderly parents, disabled family members or foster children.

Introduction of a foster-care system focused on communal support

Under the enlarged concept of community as a communal family, the 'community-family' will be encouraged to care for the elderly members who are living alone, elderly persons who are financially supported by the government and children who are in need of care in the community. Foster homes will be given support for the cost of care and a communal care network will be established to ensure a smoothly operating foster-care system.

Offering general family counselling services

Presently, counselling services specifically for women and children are provided by the local and central governments while the private sector takes charge of counselling services for the youth, women and family problems. In order to improve the efficiency of family counselling services, however, a system for connecting these separate offices and a network for sharing information will be established by 1998.

Developing and distributing a model of the traditional family

To guide the function and values of families, which are changing in today's society, in a desirable direction, a sound family ethic needs to be established. This can be accomplished by developing and distributing a sound family model. Furthermore, policies aimed at the prevention of child abuse, abuse of the elderly, domestic violence and family abandonment must be reinforced, and a system designed to deal with these problems, such as counselling and the establishment of care facilities, needs to be developed.

Expanding the functions of welfare centers and similar facilities

In order to meet the diverse welfare needs of community residents and to deliver social welfare

services efficiently, social welfare centers should be fostered as places offering specialized welfare services that reflect the specific characteristics of the community.

The establishment and operation of youth cultural centers, self-reliance aid centers, homecare welfare service centers and volunteer service centers supported by the government are also recommended. A scheme should be developed to bring additional programs commissioned and operated by the government to the 17 facilities.

Expanding Welfare for the Elderly

Extending the allowances given to the elderly

Presently, there is no income security system for the elderly who are not covered by the National Pension Scheme. Although an elderly allowance and a cost-of-living allowance is provided for the elderly aged 70 or older who are covered by livelihood assistance, there is no income security system for other low income elderly persons.

Most developed countries cover all senior citizens in their public pension systems, having adopted a lump-sum payment system when they restructured their systems. Japan, which started with a revised reserving system similar to the Korean system, adopted a welfare pension plan which provides a

pension to the elderly and the disabled from the national fund.

Expanding opportunities for employment

Making it mandatory for primarily public institutes to provide adequate jobs(20 different kinds of jobs) for the elderly and to hire a minimum proportion(3%) of elderly employees is one way to create job opportunities for the elderly. It would also be beneficial to gradually expand the number of employment opportunity information offices(60 offices for elderly persons with general capabilities and 25 offices for elderly persons with specialized capabilities) under the Ministry of Labor.

Establishing a comprehensive elderly welfare center oriented to the community

The government plans to establish and operate 5 demonstration centers, after that it will develop different models of the comprehensive elderly welfare centers based on big city, medium to small city, and rural area types in 1996. After this has been accomplished, the centers will be expanded, starting with the areas in which there is the greatest demand, by considering the characteristics of the regions.

The development of various programs, such as recreation, community service and health counselling, that can be linked to the social welfare centers

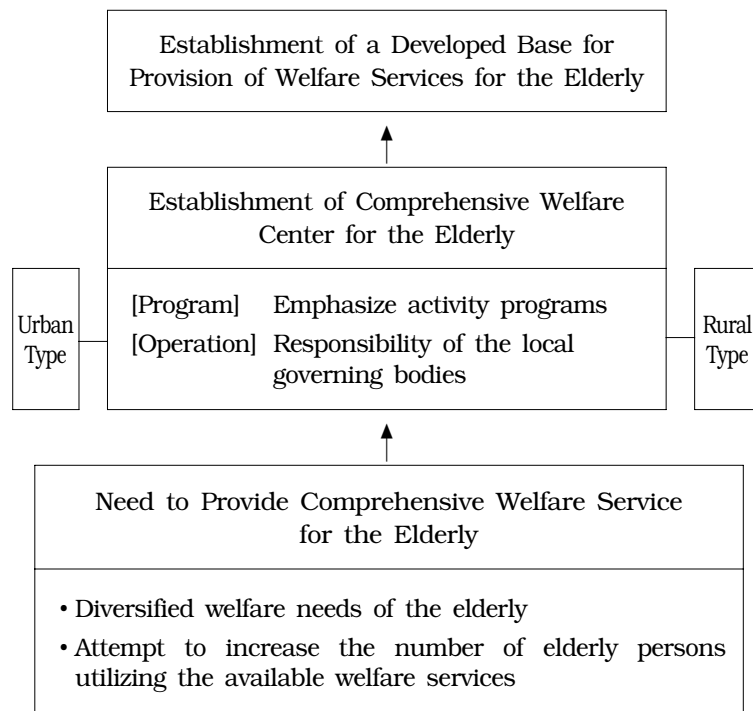
(comprehensive, elderly, disabled, etc.) as well as to the health and welfare centers is recommended. In addition, the support of operational and heating costs given to the 23,000 elderly centers or more should be increased every year.

Extending health protection programs for the elderly

Exams for detecting cancer, such as liver and stomach cancer, should be added to the list of free-fee exams for people receiving livelihood assistance who are aged 65 years or older. Furthermore, health centers should be reorganized so that they may be used as primary care centers for geriatric diseases by adding the necessary personnel and equipment for rehabilitation rooms and by creating centers for counselling and registration for those suffering from dementia.

Presently there are only six nursing facilities used specifically to treat the elderly who suffer from dementia or palsy. This number should be increased to 16 by 1998, and the establishment of private hospitals specializing in geriatric diseases should also be induced so that there are at least 15 by the same year. Lastly, the establishment and operation of a comprehensive dementia center and telemedicine system by 1997 is recommended, for which the training of doctors, nurses, tending personnel, and counsellors specializing in dementia will be necessary.

Table 4.1 Conceptual Framework for the
Establishment of the Comprehensive
Elderly Welfare Center



***Promoting Welfare for the Disabled and
Inducing their Active Participation
in Society***

*Extending the livelihood assistance allowance for
the disabled*

The existing allowance of livelihood assistance will be extended to first and second level disabled persons beginning in 1998. The amount of each monthly payment will be annually increased from 30,000 won to 60,000 won for those who are first level and to 50,000 won for those who are second level disabled persons. In addition, the allowances will also be extended to all other persons suffering from disabilities around the year 2000.

*Enacting a 'Convenience Facility Installation Law' for
the disabled*

An installation law is expected to be enacted by 1997, at which time the installation of convenience facilities that provide access to buildings for the disabled will become mandatory. By the year 2000 the existing facilities will also have been fully equipped based on a certain standard. In order to promote awareness of the need for convenience facilities and to foster people's understanding of the disabled, a national athletic competition for disabled

people will be held by cities and provinces in turn starting in 1998. Furthermore, permits allowing the utilization of exclusive bus lanes will be given to all vehicles of disabled people in 1996, and exclusive parking spaces will be arranged in all parking lots.

Enlarging the employment opportunities for the disabled

The subsidy given to companies for the obligatory employment of the disabled should be raised annually from the current 60% of the minimum wage level provided to disabled employees. The extent to which obligatory employment is applicable, which is based on the total number of employees in the company, will be enlarged by stages, and support for the installation fee of convenience facilities will be increased to promote disabled people's employment at smaller businesses.

Expanding provisions for rehabilitation services

By 1997 the scope and standard of equipment and instruments are used to aid the disabled will have been established and then operated by enacting the relevant regulations about the detailed scope of physical aid instruments.

Adjusting the categories of disabilities

A plan to include backbone deformation in physical

disability and chronic heart disease in intestinal disorders will be prepared by 1998.

Intensifying the Welfare Support for Children

Expanding counselling for children through social work at school

As a way of introducing effective social work at schools aimed at guiding young people who need counselling, six schools will be chosen to implement the first model project. The second model project will be operated between the years 2000 and 2002.

Developing a protection system with a type of group home

Children living below the poverty line who are under the age of 16 and who cannot be brought up in a relative's or neighbor's home, should be nurtured under the protection of adults in the form of group homes.

The quantitative expansion and the qualitative improvement of day care facilities

Public and private day care facilities will be expanded to 4,800 areas and 8,900 areas respectively, and the

establishment of evaluation procedures will be introduced in order to bring about the qualitative improvement of the facilities. Moreover, the job benefits provided to day care teachers will be improved step by step until they reach the same level as national and public teachers.

In order to maintain the continuous operation of day care facilities located in farming and fishing areas, governmental support for facilities will be differentiated between urban and rural areas. The extent of autonomous appropriation of the fees charged by private day care facilities in rural areas will be magnified.

Improvement of the Corporation of Accommodating Facilities for Social Welfare

Full financial support of accommodating facilities for social welfare

Currently, accommodating facilities for the mentally ill, the elderly, the disabled, and other similar facilities must financially support themselves. However, the burden of labor costs and operational expenses are to be taken off the facilities themselves and transferred to the government. In other words, the minimum living expenses, the expenses of educational training, and the labor cost of the employees will be paid

solely by the central government.

The subsidy paid in proportion to the number of persons to be accommodated will be differentially supported according to certain criteria, including the type, size and location of the facilities, starting in 1997. Meanwhile, the unit cost of living expenses paid to the accommodated persons will be raised annually to the minimum level of living expenses around 1998.

The salaries for the employees of private facilities will also be raised by 1998 to the level of employees working at national and public facilities. The number of employees at these facilities will be fixed by the government in accordance with certain regulations.

Openness and modernization of accommodating facilities for social welfare

The areas and equipment owned by the facilities (auditorium, playground, physical therapy instruments, etc.) will be made available for use by the community at cost, prime cost or free of charge. Hence, when new facilities are constructed, the community residents will be inspired to take good care of these facilities so that they can utilize them in the future.

Functional reconstruction projects will be continuously carried out on 5.9% of the total number of facilities. The reconstruction projects will entail the repair and mending of dilapidated buildings, while other facilities

will be modernized by expanding subsidiary facilities in stages.

Fire-prevention instruments, such as sprinkler, will be installed in the facilities for mental disorders, infants, the elderly, and the disabled by 1996, and fire insurance will be provided for all facilities by 1998.

Five thousand seven hundred and four persons, who have been residing in 293 unauthorized facilities, will be transferred to authorized accommodation facilities.

Appropriate size of social welfare facilities

Group homes and other small sized living units will be introduced in cases where the rebuilding or enlargement of buildings is needed or new buildings are constructed. The buildings will be composed of independent households, each containing both professional counsellors and residents.

The Establishment of a Public Welfare Delivery System

Developing the office of health and welfare

The office for health and welfare will provide efficient and comprehensive health care and social welfare services, which up to this point have been operating separately in a dual system. Based on an

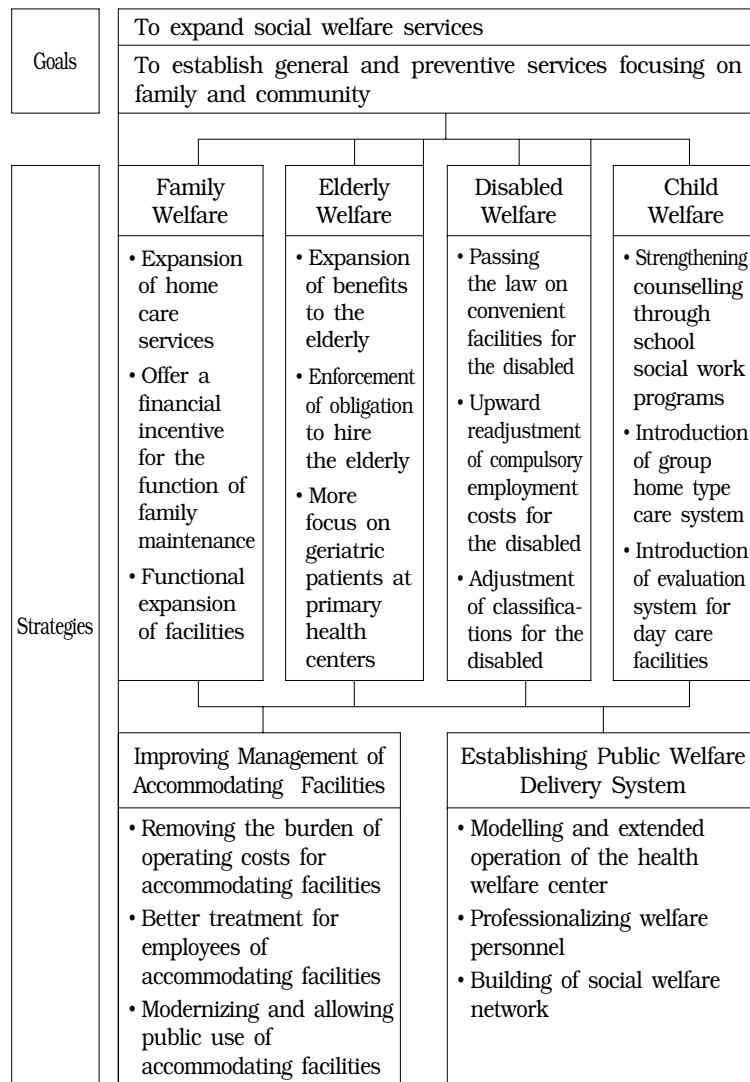
evaluation of the operation of exemplary offices, various office models will be developed in accordance with the actual circumstances of a community.

Professionalization of social welfare personnel

A system for evaluating the work results and social welfare employee skills will be introduced.

Constructing computer networks for social welfare

Because the establishment of an information system is needed in the sectors of health and welfare, certain programs should be developed for activating both the construction of a data base as well as its management and utilization.

SUMMARY***Expansion of Universal Social Welfare Services***

Chapter 5

Spreading an Enhanced Cultural Life Style

Fundamental Directions for Spreading a Cultural Life Style

A harmonious welfare state, toward which we are heading, can be established by pursuing the provision of cultural welfare in addition to securing socio-economic well-being. The right of individuals and families to enjoy culture and the arts and to live culturally rich lives can be defined as one of the cultural rights of human life. Moreover, in so far as culture is an index of quality of life, it is now time for the government to provide the necessary conditions for the entire nation to enjoy an enhanced cultural life style -one which corresponds to the current national income level of more than 10,000 dollars per capita GNP- as we move into the twenty-first century. The following is a list of some of the practical steps that will be necessary to achieve this goal.

- 1) Cultural facilities should be constructed so as to meet the rapidly exploding emotional and cultural needs of the population. Particularly, cultural facilities should be diversified and made easily accessible to community residents.
- 2) Cultural facilities should be specialized by taking into account regional and environmental characteristics.
- 3) Cultural facilities should be constructed by local governments with strong support by the central government and the active participation of the private sector.

The ultimate purpose of these strategies is to equally distribute and popularize culture and the arts among the general public. Outlined below is a list of the basic direction of these strategies.

- 1) The popularization of culture and the arts should be pursued so that the general public can enjoy a more culturally rich life, thus making culture a part of people's daily life.
- 2) Cultural benefits should be enjoyed not only by privileged groups but by the whole population, which means that equal possession of an enhanced cultural life is possible for everyone.
- 3) Armed with a long-term perspective and profound insight, preventive welfare for families and groups should be pursued in order to achieve

social integration through the cultural treatment of social problems, such as the drug use of adolescents, the alienation of the elderly and the breakup of families. For individual's integral welfare should be provided to fulfill self-realization needs and social needs through cultural and artistic activities.

Strategies and Schemes for Spreading a Cultural Life Style

Establishment of a Cultural Infrastructure Through the Construction of Basic Cultural Facilities

Constructing basic cultural facilities

Because the number of basic cultural facilities in community areas, which includes libraries, museums, art galleries, arenas and cultural centers, is far less than the number found in developed countries, cultural facilities should be proliferated considering the emerging needs of community residents. The construction of cultural facilities should be accomplished by taking into account population, environmental, and regional characteristics. The following is a list of specific

recommendations with respect to these considerations.

- 1) The government should increase the number of local cultural centers and culture and art halls gradually till 2015, in the process constructing one cultural center and more than one culture and art hall per city, county, and district.
- 2) The government should also construct more than one national museum, gallery, and public arena per each city and province.
- 3) The 182 specific museums and galleries that currently exist should be gradually increased in number.
- 4) The government should decrease the population per public library from the current 146,000 to 50,000 by constructing more libraries, thus adding to the 318 libraries presently found throughout the country.

It will be necessary to develop a representative model for each public facility and to select demonstration areas in order to increase the utilization of the currently established public facilities, such as Gun and Gu-hall, gymnasium, welfare center, youth center, etc., throughout the country as cultural space.

Establishing advanced, high-tech cultural facilities and spaces

People's desire to participate in cultural activities can

be satisfied with the full support of cultural facilities and spaces, such as natural history museums, aerospace museums, a high-tech multimedia theme park or city, etc., which would bring the level of cultural facility resources in Korea to an advanced level approaching what is found in developed countries.

The plan to develop the area around Yongsan in Seoul, which is presently occupied by the U.S. military, calls for the construction of various cultural facilities and space, resulting in the creation of a culturally concentrated area that can be placed on the list of culturally representative areas in Korea. This site, which already contains the recently completed war memorial museum, is being considered for the location of the new national museum, due in part to the amount of space that will be available after the U.S. military relocates.

Enhancing culturally-centered city environment

The development of cities and particularly the construction of buildings and high rises have been carried out without thoughtful consideration of the cultural needs of the city residents. This has resulted in the creation of cities full of buildings that do not harmonize with the city itself, and from a long-term perspective the construction of buildings needs to be improved with better urban planning.

This planning should begin with the realization

that a healthy and pleasant life can be attained by supplying residents with a cultural environment in their communities and the knowledge that this environment should be developed in accordance with the specific characteristics of each community area. Culture districts can be selected for the community area through collaboration with each local self-governing body.

In addition, introducing a cultural and environmental impact evaluation program will be crucial in the process of evaluating the effects of advertisements, city aesthetics, the location of buildings, the design of sign boards, the height of buildings, and other influential variables by means of a comprehensive perspective.

Basic cultural facilities should be constructed in the cities that are now beginning to sprout up as well as in residential areas, industrial areas, etc., through the enforcement of already existing laws. Furthermore, the government needs to choose and support a representative and demonstrative cultural city in order to induce the expansion of cultural activities throughout the country. The government should also review legislation concerning regional cultural environment promotion as a basis for inducing and supporting the establishment of basic cultural facilities and a comfortable environment in which to live.

Systematic development of culture and welfare indicators

The systematic development of culture and welfare indicators can be used by each local self-governing body to support the long-term goals of providing access to a spiritually and culturally satisfying life and of mutually harmonizing the level of cultural life and cultural welfare in their communities. In addition, they will be utilized as appropriate criteria to legislate and administer the national promotion policies as well as people's mental and cultural welfare policies.

They will also make up the current criteria for evaluating the qualitative and psychological aspects of culture and welfare, which cannot be explained simply by examining the current economic and social indicators.

Increasing the Number of Participants in Cultural Activities

Developing cultural environments to induce cultural participation

Various cultural and artistic organizations should support high quality cultural programs and services and create convenient facilities in order to increase the number of people who visit these places. Moreover, all cultural organizations need to be systematically

connected by a computer program network, which would allow all households to have access to information concerning cultural and artistic programs and events by establishing a link between the cultural organizations' on-line ticketing and information system and the super-highway information network.

Multiple discount admission tickets and cards, which offer discounts on both cultural and sporting events to the person who purchases them, can be produced to increase the understanding between people who enjoy cultural events and people who enjoy sporting events, as well as to expand the number of people who participate in cultural activities. The current practice of offering gift certificates or vouchers for the purchase of books can be slightly modified for the utilization of cultural gift certificates or vouchers, which would allow people to buy various cultural goods, such as albums and videos, or to be admitted to cultural events, such as performances and exhibitions.

Increasing people's participation in cultural activities

One of the strategies for promoting people's participation in cultural activities is to advertise the goal of having everyone participate in at least one cultural activity, which is a public campaign that can be directed at every individual, and it can be implemented by providing cultural activities to small

units, such as a region, sector or workplace.

Public halls and welfare halls should be used as a central meeting place for those who are interested in participating in cultural and artistic activities. The halls would provide continuous cultural programs and make it easier for those who have formed groups in the workplace or throughout different regions to meet.

Improving education to cultivate cultural and artistic appreciation

Students need to have frequent exposure to and opportunities to participate in cultural and artistic activities in order to increase their ability to enjoy culture and art at an early age. Therefore, the expansion of cultural and artistic subjects in school curriculums needs to be implemented in elementary, middle and high schools. Furthermore, middle, high school and university students who do volunteer work at the culture and art facilities should receive credit on their school record.

Increasing people's participation in social organizations, which provide people with educational programs related to culture, is another method of expanding the appreciation of culture and art within society. It would be beneficial for those who are not employed (housewives and the elderly, for example) to participate in volunteer activities at these social organizations. Moreover, elderly culture classes held

in art galleries and museums would not only help cultivate an appreciation of culture and art among the elderly but would also possibly increase their volunteer activities as it relates to culture, which can then be accredited to them and their work experience in a systematic way.

Popularizing the application of culture and art

It would be desirable for the government to support both art and the application of art in people's daily lives (fashion design, industrial art, interior decorating, photography, flower arrangement), the practice of which plays a role in helping people increase their understanding and enjoyment of culture and art. Furthermore, the government should support industries which are related to culture in order to induce and activate the people's cultural satisfaction.

Development of Cultural Activities for the Family

Implementing family-oriented cultural activities

Promoting cultural awareness in the family and implementing family-oriented cultural activities is one way to diminish problems that arise in the family, which can be considered the basic social unit. The campaign to enhance cultural awareness in the family

should be carried out by a grass roots organization composed of family members in various communities and work places nationwide under the leadership of non-profit organizations. In addition, this campaign will need the support and patronage of the media, public organizations, private organizations and private enterprises. The campaign will focus on supplying information about cultural events to family members in order to promote their participation and can help by recommending books, movies, performances, exhibitions, and T.V. programs that are suitable for families and by informing the media about them.

In addition to this campaign to increase cultural awareness, cultural and artistic performances and sports programs that are geared to support the meaning of family and family cohesion within the framework of our country's traditional family system should be developed and distributed. Family-oriented cultural activities should also be promoted by supporting the development of performances (for example, the 'silver music festival') and sports programs which three generations can enjoy together and by giving special discounts to family members, such as the 'love ticket system', when they attend these activities together. Lastly, private playhouses and theaters should be exclusively designated for family use.

Enhancing the quality and increasing the supply of media-generated cultural programs

By monitoring, analyzing, and evaluating the current cultural programs appearing on television, radio and cable T.V., and by announcing the constituent percentages and broadcasting hours, the quality of cultural programs developed for public broadcasting systems can be improved.

In these times of highly developed information networks, the development of cultural programs for families that can be executed through the mutual cooperation of broadcasting systems, super-highway information networks and home computers should be supported.

Expansion of Cultural Services for the People

Establishing and operating a 'Cultural House'

A 'Cultural House' is a comprehensive cultural place containing a mini-sized library as well as a video and music hall that can be used as a place to rest, relieve stress, or calm one's mind. It is designed to provide cultural information to young people and cultural experiences through books, records, videotapes rather than to hold cultural events directly. The idea of the 'Cultural House' is an altered form of the

'Culture House', which France attempted to use for their mass culture movement.

Cultural houses should be established and made easily accessible to residents in each area and should be staffed by cultural-promotion officers to help area residents approach diversified cultural programs more easily. Furthermore, in order to help tailor the cultural house to the type of area in which it is located, the central government should develop various models of representative cultural houses, such as a newly built model, an applied cultural center model, an applied elderly home model and an applied industrial complex cultural facility model. Local self-governing bodies and private businesses should be active in the effort to bring cultural activities that are well matched to the particular characteristics of their own areas.

Expansion and equal allotment of cultural welfare through volunteer organizations

Utilizing volunteer organizations is one way to help expand cultural program services all over the country as we strive to establish a cultural welfare society. Therefore, it will be necessary to actively assist the formation of nationwide private volunteer organizations, such as a 'Volunteers Who Love Culture' group and a 'Cultivation of Good Culture Meeting', which is a meeting for those who would like to help develop

cultural activities. The participation of the private sector and religious organizations should be encouraged, and the volunteer activities of college students in cultural events should be made systematic.

Cultivation of a Sound Culture for the Youth

Guaranteeing training facilities for the youth that match those in developed countries

The number of national youth training facilities and residential youth training facilities should be expanded. A 'Korea Youth Training Town' in the city of Pyungchang in Kangwon Province should be established by 1997, along with a 'Korea Youth Park' in Chunan of Choongchung Nam Province by 2000, as well as three national youth training facilities. Moreover, the local municipalities should be encouraged to establish at least one youth training facility through the subsidy of the Local Government Concession Fund, and the private sector should be encouraged to establish youth training facilities by giving loans to those who undertake such projects.

All public youth hostels, which are now operated by each local municipality, should be expanded, and ways should be devised to reduce the financial burden on those who establish youth hostels in order

to induce the participation of the private sector.

Establishing a cultural space for the youth

Various youth culture services should be provided by designating areas where culture and sports facilities are concentrated (known as 'youth culture street') and by utilizing comprehensive youth training areas in large cities, which are easily accessible to young people. For example, consider the possible utilization of the 'Misari boat race complex' as a comprehensive youth training area for water sports, track and field events and aviation by designating it as a 'training area' for young people living in the Seoul area.

Distributing and supporting the youth training program

A standardized youth training program, which would be distributed to schools, youth organizations and adolescents' facilities, should be developed in order to train young people in the areas of physical training and emotional cultivation and to provide an education in manners, volunteerism and traditional virtues. A 'Youth Volunteers Center' should likewise be established in each community in order to provide opportunities for adolescents to achieve self-realization and self-identification through volunteer work. In 1996 the government plans to establish five model centers in Seoul and 4 other metropolitan cities, thereafter

increasing their number throughout the country.

A 'Youth Information Center' should be established so as to provide an integrated information service system for adolescents. A 'Youth Card' should also be introduced to support adolescents' cultural activities, such as arts and sports, and to allow adolescents to buy certain goods and transportation tickets at a discounted price. Discounts should also be given to adolescents and their family members when they participate together in various programs, such as the family camping program, family music festivals and the family climbing program.

Establishing a youth counselling and guidance system

Counselling materials should be developed and special counsellors trained in order to help adolescents deal with the increasing number of problems they face. A 'Korea Youth Counselling Center' should be established at the central level, and youth counselling offices should be operated at the local level to provide guidance and counselling to adolescents concerning their difficulties.

Various programs and services should be provided to protect adolescents in difficult situations and to guide troubled youths. Governmental support should be prepared for the adolescents who failed to go on to high school and/or have no job. In addition, shelters for runaway teenagers should be constructed and

physical support through the use of public facilities, by preparing study rooms in public offices, for example, should be continued for the youths of low-income families in poor urban areas.

Guidance and training programs should be implemented continuously for troubled youths, and certain hospitals should be designated to treat drug abuse among adolescents.

Cultural Welfare for Those Who Have the Greatest Difficulty Accessing Culture

Cultural welfare for the disabled

Diversified services for the visually impaired should be secured, including financial support for the construction of braille libraries, the publication of literature in braille, the integration of braille letters and the publication of books in braille.

Convenience facilities should be constructed in order to provide access to cultural facilities, gymnasiums and resort areas, which includes the construction of parking lots and the preparation of seats for the exclusive use of the disabled.

For the hearing impaired, a model program of the sign language system should be operated, beginning in Seoul and other metropolitan cities and expanding to the rest of the country gradually.

Sports programs should be designed and cultural athletic programs for the disabled should be held with governmental support.

Supporting culture and the arts for people confined to remote areas and special places

Model programs should be devised in accordance with the characteristics of each region and each institution. In particular, mobile cultural programs should be dispatched to different regions. Through cultural and artistic activities, social cohesion can be enhanced and social pathology can be mitigated and further prevented.

Mobile cultural programs, including libraries, museums, galleries, theaters and a national art center, should be enforced so as to provide cultural services to culturally deprived areas, such as remote mountain areas, agricultural and fishery areas, and mining areas. Furthermore, voluntary activities by various groups, such as the 'Volunteers Who Love Culture' group, should be encouraged to give an opportunity for cultural experience to elderly people's homes, hospitals, mining villages, isolated islands, and remote mountain areas. Indeed, specific cultural space and cultural programs will need to be developed for the social welfare facilities in those areas as well as for hospitals and jails.

Cultural welfare for laborers in industrial complexes

Culture and art space and public areas should first be secured in industrial complexes, and subsequently culture and art group activities as they relate to industrial culture should be encouraged. A model case which represents industrial culture should be found, and the spread of this model throughout the country should be considered for encouraging industrial culture expansion.

More stage and display programs in industrial complexes should be planned and discounts given to working adolescents at films and plays. Joint fund systems, such as a Culture and Art Promotion Fund and a Youth Fostering Fund, should be devised with support from owners of enterprises. In addition, a 'prioritization card' for the working youth should be introduced

SUMMARY***Spreading an Enhanced Cultural Life Style***

Goals	<p>To spread an enhanced cultural life</p> <ul style="list-style-type: none"> • To ensure a cultural life • To provide a cultural environment for all to enjoy
Strategies	<ul style="list-style-type: none"> • Diversity and equal allotment of cultural infrastructure among different regions • Popularization of culture and the arts • Promotion of cultural life for everyone to enjoy together
Methods	<ul style="list-style-type: none"> • Constructing a cultural infrastructure in residential areas • Enlarging the base of participants in cultural activities • Unfolding of home cultural campaign • Systemitizing national cultural services • Fostering a sound adolescent culture • Securing of cultural welfare for alienated groups in remote areas

Chapter 6

Securing a Healthy and Pleasant Life through Leisure

Fundamental Directions for Guaranteeing a Healthy and Pleasant Life

Despite the fact that people's need for health promotion and a pleasant leisure life is expected to increase and become more diversified as a result of their improved income and increased leisure time, the proper conditions have not been prepared to effectively meet these needs. In order to ensure that citizens have the possibility to enjoy a healthy and pleasant leisure life, the following policy directions are recommended.

First, in order to promote a healthier life style, sports activities will be encouraged by securing space for physical exercise in residential areas and establishing diversified sports facilities in each region. Local Self-governing Bodies will take the responsibility of constructing public sports centers, but the central government's support and the private sector's

participation will be encouraged.

Moreover, regular physical exercise will be encouraged, through which people's participation rate in physical exercise will be increased to 60% or more. Such advanced types of sports as swimming, skating, tennis and aerobic will be popularized, and various kinds of physical exercise programs will be provided to improve the quality of physical activities.

Comprehensive rest areas will be established in each region so that people can enjoy their leisure time at a low cost and rest with their families in their own communities. Moreover, sightseeing resources will be efficiently developed throughout the country and an easy and convenient system through which people can enjoy their leisure time will be organized, leading to a qualitative improvement in terms of the leisure activities available to every citizen corresponding to the economic and social growth of the nation as well as people's spiritual development.

Welfare in its cultural aspects, which includes the pursuit of mental satisfaction and wholesome leisure, provides people with an opportunity for revitalization in their daily life and work while stimulating their will to work at the same time. This, in turn, leads to increased productivity and vitality in society, which means that cultural welfare can be both a productive and preventive type of welfare.

Strategies and Schemes for Guaranteeing a Healthy and Pleasant Life

Establishment of Diversified Public Sports Facilities

Constructing sports facilities that are open to the public

Shi, gu and gun (city and township) athletic fields and sports centers which can be used by local residents for various sports activities should be constructed annually. Each year more than 10 athletic fields and sports facilities should be constructed so that more than 90% of the cities and townships have their own public facilities by the year 2001. At the moment, 74% of all cities and townships have public athletic fields and only 65% have public sports centers.

The construction of a 'Rural Culture and Sports Center' will encourage rural residents to pursue leisure activities. A total of 17 centers -two in each province and one in Cheju Province- should first be constructed by the end of 1997.

Each city and province should also have at least one indoor skating rink, which is the basic facility needed for the enjoyment of winter sports. As of the end of 1995, only 6 cities and provinces had indoor skating rinks, and thus the construction of additional indoor skating rinks in 9 cities and provinces by the

year 2001 is recommended.

Constructing a public sports park

A public sports park should be built in each shi, gun or gu to accommodate various groups, such as sports classes, area sports clubs, etc. Each sports park, with an area of about 10,000 pyung (approximately 8 acres), will be equipped with facilities for all popular sports and physical exercises.

- 1) Park model: sports facilities, center for physical exercise advice, sports clubs
- 2) Types of sports facilities: indoor swimming pool, tennis courts, soccer field, badminton courts, physical exercise center, aerobic center, taekwondo center, and facilities for other locally favored sports.

Expanding neighborhood sports facilities

At least one neighborhood sports park, which is to be built by improving the pre-existing neighborhood sports parks and equipped with tennis courts, badminton courts and an athletic field, should be built in each eup, myun, or dong (district) by the year 2001 in order to encourage neighborhood residents to participate in sports activities and physical exercise. Each year about 300 neighborhood sports parks will be built.

Developing the private sports facilities industry

Currently, about 42,000 private firms are engaged in building and operating private sports facilities. The private sports facilities industry should be developed by inducing private investment in those sports in which public investment is not feasible (e.g., ski slopes). Inducements can include financial support and tax reduction, simplification of legal procedures for establishing and managing private sports facilities, and a loan program for private sports facilities firms using the National Sports Promotion Fund.

Promotion of Active Participation in Daily Sports Activities

Expanding services for various sports classes

Various sports class services should be provided nationwide in order to help citizens participate in daily sports activities and to give lessons on sports skills and programs. Sports and physical exercise classes should be classified according to participants, type of activity and methods, and the number of classes should be increased from about 4,000 classes in 1985 to about 10,000 classes in 2001.

Participation in sports classes should be made as easy as possible by using neighborhood parks, civic halls, and other public facilities that are near people's

homes. A special effort should be made to expand related services for those groups which tend to be alienated from sports activities, such as rural residents and elderly persons.

*Providing the conditions for
'Each Citizen's Participation in One Sports Club'*

A campaign for 'Each Citizen's Participation in One Sports Club' should be implemented to facilitate every citizen's participation in various sports clubs and sports activities. Sports clubs and their members should be increased from approximately 1.3 million persons in about 28 thousand clubs in 1995 to somewhere around 3 million persons in about 40 thousand clubs by 2001.

Participants in daily sports activities and sports classes should be encouraged to join sports clubs. Moreover, the activities of sports clubs should be supported by allowing the use of public sports facilities and providing sports programs and instructors.

Training and dispatching instructors of daily sports activities

Professional sports instructors need to be trained so that they can organize participation in daily sports activities and teach sports skills to people in different areas. Presently there are about 32,000 sports instructors, and that number should be increased to

at least about 60,000 persons in 2001. Furthermore, programs for job training and retraining should be strengthened, and strict observance of the law for assigning sports instructors should be emphasized in order to increase the dispatchment of sports instructors to sports facilities.

Nationwide expansion of the service for managing citizens' physical fitness

The National Physical Fitness Center was established in 1994 and has provided model services in recommending appropriate sports programs for people based upon health examinations and a physical fitness test and evaluation. Under the leadership of the National Physical Fitness Center, local physical fitness centers should be established at the levels of shi/do (city/province) and shi/gun/gu (city/township) so that they can systematically manage every citizen's physical fitness program. Shi/do-level physical fitness centers should be established by 2001, after that shi/gun/gu-level physical fitness centers should be established.

The method of prescribing a physical fitness program for disease prevention and health improvement based on recent scientific studies should be strengthened by promoting cooperation among sports centers, sports clubs, the sports facilities industry, and medical clinics.

The Construction of National Rest Areas

Constructing rest areas for families

Family rest areas should be constructed in five culturally significant areas, such as Shin-La, Bak-Jae, Gua-Ya, and Young-San River areas. The rest areas would include facilities for relaxation, sightseeing, sports and camping, and they would also contain cheap lodging houses. Expenses can be reduced if the rest areas are jointly constructed by both the central and local governments and subsequently managed by a public corporation.

Constructing rest areas for local residents

Rest areas should also be constructed for the use of local residents and should be adapted to each region's characteristics. There are different ways to construct rest areas at the city or national level, including the designation of auto camping parks as well as the utilization of community parks, forests, and training areas for youths. Moreover, in each residential area the government should designate more hiking trails, install various kinds of facilities along the trails and provide relaxation programs.

The Creation of More Convenient Sightseeing Conditions

Developing various sightseeing belts throughout the country

The development of 24 sightseeing locations in 5 large zones is recommended, and these well-connected sightseeing zones would be comprised of a Middle Belt, Choong-Chung Province Belt, South-West Belt, South-East Coastal Belt, and Che-Ju Island Belt.

Developing culturally historic spots and abandoned mines as sightseeing resources

The development of culturally historic sites can be accomplished through the revitalization of the preexisting sightseeing complex(Bo-Moon and Guam-Po) in the Shilla historic zone and by placing special emphasis on the under-developed Baek-Jae historic zone.

Sightseeing resources and places for studying nature can also be created by developing abandoned mine areas in the mountains, which can then be used to establish multipurpose resort areas for skiing, hunting and spas. This can be accomplished under the provisions laid out in the 'Special Law for the Development of Abandoned Mine Areas,' which was passed on December 29, 1995.

Developing cultural sightseeing tours and various events

The development of various historic and cultural sightseeing tours, including the exhibition of traditional folklore, culturally historic events and related leisure activities, should be supported. Various materials need to be provided to support such events as the Youndung [Lantern] festival in the Jindo area, the Ginseng festival in the Kum-San area, the Daecheop [Great Victory] festival in the Han-San area and the Dojagi [Pottery] festival in the Icheon area.

Constructing a guide and information service system for sightseeing and leisure activities

The utilization of a sightseeing information system and resort facilities is necessary to offer tourists the opportunity to enjoy comfortable leisure activities. The establishment of a general information service system through computer communication systems and cable TV would allow tourists to get information on planned tours, characteristics of the tourist resorts, weather, transportation, lodging and restaurants.

The expansion of tourism information offices from 100 to 500 and the establishment of a comprehensive tourist center at every sightseeing complex, international airport, port, train station and bus terminal would provide tourists with better access to sightseeing information and more convenient ways to enjoy their

vacation. Both the information offices and tourist centers will be able to inform tourists about cultural events, make lodging reservations and sell souvenirs.

The improvement of roadmaps and sightseeing guidemaps would allow tourists to find their destinations more easily and conveniently. One way to improve the roadmaps and guidemaps would be to mark the route names and route numbers rather than the place names, thus focusing on the touring courses. Enhancing the effectiveness of the sightseeing guidemaps can be accomplished not only by enlarging the programs and improving the colors and markings, but also by combining the sightseeing guidemaps with the tourist maps.

Expanding the parking lots around sightseeing areas and improving the transportation system, such as the shuttle buses from airports, ports and bus terminals to the sightseeing areas, are also measures that can be taken to make travelling easier and more convenient for tourists.

SUMMARY***Securing a Healthy and Pleasant Life through Leisure***

Goals	<p>To assure that citizens have a healthy and pleasant leisure life corresponding to their improved income</p> <p>To prepare an environment conducive to a healthy life and a pleasant leisure life</p>
Strategies	<ul style="list-style-type: none"> • Building many diversified citizen-friendly sports centers in each region. • Developing various kinds of sightseeing resources and providing citizens with sufficient resting places • Promoting the enjoyment of leisure time for all citizens
Methods	<ul style="list-style-type: none"> • Building many diversified citizen-friendly sports centers • Promoting the active participation of citizens in daily sports activities • Building many public parks • Making sightseeing conditions convenient enough for citizens to enjoy

Chapter 7

Establishment of a Welfare Community

Schemes to Expand the Central and Local Government's Function and Involvement in National Welfare

Amplifying the Scale of Welfare Expenditure

A. Extension of the Social Welfare Investment Increasing Rate

The social welfare budget of the central government for 1994 was equal to 1.9% of the nation's GNP. Approximately 3/4 of the social security expenditure is appropriated from the social insurance expenditure, including the pensions of public officials, the military, and medical insurance. Moreover, considering the fact that public assistance and welfare service budgets amount to only 0.1% and 0.3% of the GNP respectively, it is obvious that public finance investment on the part of the government in the area of social welfare

is simply not sufficient for the task of properly administering social security.

In addition, the structure of the social security policy itself has been concentrated on the contributory social insurance system rather than on supporting underprivileged or vulnerable social groups. The insurance payments of individuals and businesses to the contributory social insurance system was 3.0% of the GNP in 1994, and the total contribution to the nation's social security system, including the contribution to the social insurance system, was 5.1% of the GNP.

Regression results from international data have shown that the nation's social welfare expenditure is lower than the average international rate of expenditure. If the social welfare expenditure is compared with countries where the national average wage is similar to that of the Republic of Korea, the central government's average social security expenditure by item is 29% less than the calculated average of these countries.

As evidenced by these kinds of statistics, the central and local governments' welfare expenditure and the participation of the private sectors in the area of social welfare are relatively lower than those in advanced countries, and it is lower than the current national average income status would suggest. Hence, there is a rapidly growing need for social and cultural welfare expenditure as the national average income increases. Future changes in the nation's

social and economic conditions may stimulate welfare needs. In order to eliminate the disparity in expenditures for social security items, enlarged investment in the area of social welfare will be necessary.

Table 7.1 Current Social Security Contributions (1994)

			Expenses (in billions of won)	Proportion in GNP (%)
Public Sector	General (Net Total)	Total	6,288	2.1
		C e n t r a l Government	5,624	1.9
		L o c a l Government ¹⁾	664	0.2
Private Sector	Contributions to Social Security	Total	8,956	3.0
		Pensions	4,406	1.5
		M e d i c a l Insurance	3,177	1.1
		W o r k e r s ' Compensation Insurance	1,406	0.4
Total			15,244	5.1

Notes: 1) The cost of social security of local governments is a deduction of central government's expenditure from the overall governmental expenditure

Source: The Bank of Korea, *Economic Statistic Yearbook*, 1994.

Considering the limited source of funds available for social security and the inadequate social welfare budgets, the rate of increase for social welfare expenditure should be higher than the government's financial increase rate. Furthermore, by maintaining

this policy the welfare expenditure can be expanded gradually. Raising the social welfare expenditure increase rate by 1.2 times the government's financial increase rate annually until the year 2010 may bring about 100% of the expected international average expenditure. Lastly, to provide adequate support for impoverished households, the government's finance rate in the area of public assistance and social welfare should be increased between 1996 and 2000.

B. Annual Supply of Cultural and Social Welfare Budget

The budget share of the Ministry of Culture and Sports from the total government budget is 0.73%, and the share of the cultural budget from the total is only 0.56%. In order to realize a cultural and welfare state, it will be necessary to procure an adequate share of the budget to support the expansion of basic facilities and the concrete participatory programs, such as plays, exhibitions, conventions and festivals.

Table 7.2 The Budget Share of Culture from the Total Government Budget
(unit: won)

	1993	1994	1995	1996
MCS ¹⁾ budget	237.7 billion	301.2 billion	383.8 billion	459.1 billion
Share	0.60%	0.64%	0.70%	0.73%
Culture budget	168.0 billion	236.1 billion	299.3 billion	350.8 billion
Share	0.42%	0.50%	0.55%	0.56%

Note: 1) refers to the Ministry of Culture and Sports.

Source: Ministry of Culture and Sports, *Annual Plan of Ministry of Culture and Sports*, 1996.

To satisfy people's expected demands for social and cultural welfare programs as the per capita GNP reaches just over \$20,000 in the next century, the government must take the initiative and play the role of an investor. Accordingly, the budget share of MCS and culture from the total government budget should be raised to 1% and 0.76% respectively by 1998. In order to reach the level of 1.3% and 1% early in the next century, the government should consider the annual investment demands required to achieve this goal.

Improving Budget Financing and Management

A. Optimizing the Taxation Rate

In 1993 our tax burden was over 4% below the average taxation level of other developed countries with a similar GNP. Furthermore, based on empirical evidence our tax burden is more than 2% below the average tax rate of developing countries. The distinctive difference in our tax system is that the share of income tax and social security tax is far too low.

Improving the tax system

In order to improve the tax system, it will be necessary to increase the share of income tax, especially the share of personal income tax, to implement a comprehensive land tax and to reduce the tax exemptions related to value added and special consumption taxes. As a way to help finance the rapid increases in the National Pension and social insurance budgets, increases in insurance premiums will be imposed in conjunction with these changes to the taxation system.

Preventing tax evasion

In order to achieve the goal of optimizing the taxation rate, it will be necessary to close many of the existing loopholes in the system by enlarging the taxable sources, reducing or abolishing tax exemption provisions, changing quasi-tax to normal tax, preventing tax evasion, and eliminating the underground economy.

B. Increasing the Flexibility of the Local Welfare Budget

Increasing the local welfare budget in the long run

No matter how difficult it is to accomplish in the short run, local governments' independent welfare budgets need to be expanded in order to strengthen their role in providing welfare. To this end, certain steps should be considered, such as increasing local government's tax revenue (local tax and non tax revenue), transferring taxable sources and activating the central government's grants to local governments, including the welfare program.

Therefore, we strongly recommend strengthening the local government's expertise in welfare administration, reducing regional selfishness, and constructing favorable environments, while at the same time carrying out the long-term goal of expanding local governments' independent welfare budgets.

Increasing local governments' self financing of the welfare budget.

In order to increase local governments' financing of the welfare budget, the flexibility of the local welfare budget should be increased while the current financial support level in the mid-and short-term is sustained. Moreover, in order to increase administrative efficiency, the differing economic situations and welfare demands of each local government must be considered before increasing the local governments' welfare budget. One of the methods that can be used to achieve this goal is to expand the range and flexibility of the central government's welfare grant to local governments, that is to say, to give local self-governing bodies more power to decide how to shape their welfare budgets to the needs of their communities. Enlarging this plan should also be considered if the results prove to be beneficial.

C. Enlarging the Financing Sources of Cultural Welfare Investment

It is impossible for the government to bear all of the investment expenses for developing cultural welfare. Therefore, a matching fund system should be established through various financing sources, and policies that induce investment should be introduced. In order to achieve this goal, the government will

need to pass a law that will bring about the construction of regional cultural facilities, which will require a special act for periodically establishing and operating a special fund, tentatively referred to as, 'Special Fund for the Construction of Regional Cultural Facilities'. In addition to this, the government should attach a special provision to this law in order to enlarge the fund for culture and the arts.

It will also be necessary to stipulate provisions for categorizing the basic facilities required by each local governing body and for outlining the central government's financial support and local governments' investment obligations.

Another way of enlarging the financial sources of cultural welfare investment is by institutionalizing the financial, administrative and technical support given to public physical fitness centers from the National Physical Exercise Development Fund.

D. Increasing Operational Efficiency

Reducing wasteful spending in welfare administration

In order to increase the efficiency of welfare expenditure, it will be necessary to study the efficient means of administering social welfare, to remove unnecessary spending factors by the clear means test criteria and its objective application and to exclude duplicated benefits by connecting the welfare system

with social insurance.

Ensuring returns on pension fund investments

The pension funds that can be invested freely must be distinguished from usual loanable funds or investment funds due to the fact that the money has to be returned to its contributors. Establishing a special financial account for pension deposits and issuing a bond for the deposit that is linked with the real market interest rate is one way to ensure that contributors' money is returned. However, rather than adopting compulsory deposit at this point, it would be better to admit temporary exceptions through an enforcement ordinance that would allow pension funds to be invested in a more profitable way.

Schemes to Encourage the Participation of the Private Sector

Inducing Welfare Investment in the Private Sector

Creating private welfare investment incentives

In order to encourage general and designated donations,

it is necessary to raise the upper limit of tax exemptions for private enterprises' donations to social welfare from the current 7% level and full tax exemption for corporations' mutual fund raising. In the same context, the maximum tax exemption for individual income taxpayers should also be raised from the current 7% of one's total income, and the exemption procedure must be simplified. Furthermore, in order to ensure that private financial welfare resources are efficiently allocated on the basis of local residents' needs, systematic procedures for allocating those funds should be implemented. In addition to this, the central and local governments' mutual funds should be invested to reduce regional disparities and to encourage the development of national welfare.

To strengthen the private participation inducement policy for the elderly and the disabled as well as infants and children, it is will be important to adopt a plan to provide tax exemptions and subsidies to the silver industry, private day care centers and the nursing home service industry. Similarly, to induce private participation in the construction of training facilities for young boys and girls, the provision of loans from the Supporting Fund for Young Boys and Girls is recommended. Easing the financial burden and providing financial loans are especially needed in order to encourage the participation of the private

sector in the construction of youth hostels.

Inducing cultural welfare investment and relaxing regulations

Loans and tax exemptions should be granted to individuals and companies that construct museums, art galleries, libraries and mobile libraries, which transport books to remote regions. Loans from the National Sports Promotion Fund should also be provided to private businesses that construct sports facilities. Moreover, the relaxation of regulations currently underway concerning the construction of public leisure and sports facilities should be accelerated, and financial support should additionally be provided to help stimulate the construction of these facilities. Lastly, loans and other forms of financial support should be made available so as to encourage the private sector to participate in the construction of youth training facilities or youth hostels.

Establishing joint fund raising organizations

Joint fund raising organizations between the central and local governments should be established, and fund raising measures should be devised to maximize the collection of funds from available financial resources. Moreover, professional fund raising personnel should be utilized to collect money and to distribute information.

Facilitation of Volunteer Activities

Establishing volunteer centers

The Korea National Council on Social Welfare should be restructured so that it can become a key player in the private sector's welfare services, which includes the promotion of volunteer activities. Regional volunteer centers, which are associated with the Korea National Council on Social Welfare, should be established in each of the 297 social welfare centers in order to meet the needs of communities and become a focal point in the private sector's welfare activities.

This arrangement would afford greater cooperation between the volunteer activities of the private sector and the administrative structure of the public sector's social welfare services. In order to make this relationship more integral, a network connecting the 'volunteer information center' of the central and local bodies of the Korea National Council on Social Welfare and the regional volunteer centers located in the social welfare centers should be established. In addition, a publication dealing with welfare news should also be introduced in order to facilitate the volunteer activities of this network.

These volunteer centers should recruit, train and assign volunteers, and they will also be able to coordinate the volunteer work of various religious groups and companies. The budget needed to support

volunteer activities should be drawn from a joint fund of the central and local governments.

A plan for systematizing the volunteer activities of salaried professional workers should be introduced for cases in which psychological treatment or legal advising is needed.

Systematically managing cultural welfare volunteer work

The 'Volunteers Who Love Culture' group and the 'Meeting of Cultivating Good Culture' both of which would be organized by private groups and would operate at the national level, should be supported. The active participation of companies and religious groups should be encouraged in culturally-related volunteer activities, and particularly college students' volunteer work should be systematically organized.

The 'Culture and Family Movement,' which is driven by small-sized group members with similar interests, should be expanded to regions, companies and cultural and artistic areas. The government should distribute program information and prepare space for the exclusive use of this program.

The government should also support various services for sports clubs, including the construction of public sports complexes, the development of sports programs and the allocation of sports trainers. Furthermore, the government plans to increase the number of sports clubs from the current 28,000 with

1.3 million members to 40,000 with 3 million members by the year 2001.

A cultural welfare course should be included in the educational curriculum of social workers in order to help professionalize the cultural welfare system in the short-term. In the long-term a system for ensuring that social workers are trained professionals should be introduced.

Introducing compensation for volunteer work

Various methods of compensation should be made available to encourage people to participate in volunteer work, such as offering accident insurance, tax exemption or loans, and accredited work experience that can be used to advance one's career. In addition, a course in volunteer work should be included in the curriculums of elementary, middle and high schools.

Such incentives as job introduction for volunteers who possess specialized knowledge and are given a salary for their volunteer activities should also be provided. In order to encourage family participation in volunteer work, transportation costs should be reimbursed and the total hours of volunteer work done by all family members should be considered as a part of the volunteer work course at school and placed on the student's transcript.

SUMMARY*Establishing a Welfare Community*

Goals	<p>To establish a welfare community sharing prosperity</p> <p>To extend the welfare function of the central and local governments and induce the active participation of the private sector</p>			
Strategies	<ul style="list-style-type: none"> • Satisfying welfare needs through the active and responsible role of the government • Providing an environment to induce the active participation of the private sector • Promoting a national welfare spirit through volunteer activities 			
Methods	<p>Increasing the Welfare Expenditure</p> <ul style="list-style-type: none"> • Maintain the increasing rate of social welfare investment at 1.2 times the increasing rate of general finances. • Appropriate a range of 1% of the government budget to be spent on culture and welfare annually. 	<p>Improving Management & Providing Financial Sources</p> <ul style="list-style-type: none"> • Reasonable taxation • Increase the flexibility of local welfare finances 	<p>Encouraging Private Investment in Welfare</p> <ul style="list-style-type: none"> • Ease regulations, increase tax credits, and make monetary credit policies flexible to induce private investment in welfare • Establish a private fund raising association 	<p>Promoting Volunteer Activities</p> <ul style="list-style-type: none"> • Establish volunteer service centers • Establish a system for voluntary culture and welfare activities • Initiate a program to pay compensation for volunteer services.

Conclusion

The international and the domestic environments of Korea are now experiencing a wave of changes as the world moves into the 21st century. In preparing a new national development strategy, these changes are presenting both challenges as well as opportunities. For the coming 21st century, the vision for Korean society should be a productive and mature society with a high quality of life. Productive society refers to a robust society which generates a high quality of life and stores intellectual assets through the opportunity of education/retraining and the active involvement of the people in social affairs. During the last generation, Korea accomplished national development in a very short period of time. However, a distorted sense of value was developed during that period that could be expressed as 'the more and faster the better'. Therefore, Korea as "is now faced with" a huge gap between peoples' way of thinking and their material life. In other words, Koreans' material standard has been improved toward an industrialized country level, while their way of thinking has remained at the level of a developing country. Thus, the Korean 'Quality of Life Indicator' lags behind most countries in the

world. This phenomenon could be a critical obstacle to continuous national development in the 21st century-globalization era.

According to the quality of life indicator measured by a composite index developed by considering economy, education, health, and cultural factors of individual countries, Korea is ranked 29th in the world (174 countries). By specific areas, Korea ranked 59th in health of population, 57th in participation in economic activities, and 99th in employment and education of women, which indicate a relative lag in these areas. Furthermore, considering the maldistribution of wealth, low government expenditure in social welfare, high traffic accident rate, and environmental pollution, the actual level of Korean quality of life can be considered to be lower.

The environmental factors that will affect Korean quality of life in the 21st century can be reasonably predicted. First, as the globalization of the world advances through the rapid development and application of information technology, each country will engage in the global game in order to maximize its population's quality of life by accumulating and improving its human capital, adopting 'human security' - the concept suggested at the World Summit for Social Development held last year in Copenhagen. Second, productivity, which is related to the quality of life, will be emphasized in terms of 'quality' rather than 'quantity'. Third, the aging population structure and nuclear

family trend will transfer the responsibility of family support to the society at large. Also, as the localization of the government system settles in, the demand for various social welfare services, arising from the specific local environments, will surface. Fourth, a nation's level of development will be measured by giving more weight to the personal quality of life. Fifth, assuming unification of North and South Korea occurs, the demand for welfare expenditure will be increased as the government attempts to level off the differences between the factors that effect South and North Korean quality of life.

On the basis of the prospects of the 21st century, the establishment of a new paradigm of national development is needed. This paradigm should improve the level of welfare and the quality of life of our communities, as well as strengthen the nation's competitive power. In order to achieve these goals, we need to consider a radical change in policy orientation. The development strategy should focus on the establishment of a coexisting market economy system in which the national resources allocation priority aims at balancing continuous growth and improvement of quality of life.

Several detailed policy tasks for advancing quality of life need to be laid out. First, as a development model that maximizes the synergy effect of the interaction between the quality of life and the enhancement of competitive power, the government

should strengthen the client-centered administration services and relinquish those sectors that are considered to be inefficient to the private sector. In the welfare sector, the government should strengthen the frame of policy intervention as well as financial support and consider structural changes to government policy in order to efficiently induce private resources. Second, in order to increase the participation of women in social affairs, a flexible work-hour system and work-at-home system should be introduced. Further, priority should be placed on efforts to remove such barriers as the age-based seniority system in order to expand the employment opportunities for senior citizens. Third, the improvement of the distribution of wealth should be comprehensively approached as a way of establishing equality in opportunities for education, expanding opportunities of economic activities for women and the senior citizens, and developing the foundation for fair competition. At the same time, the aid programs for the poor should consider not only volume increase but also the productivity and prevention aspects of the programs. Fourth, to improve the quality of people's health conditions, the current concept guiding the medical insurance scheme, mostly reimbursing curative services, should be transformed into a health insurance that provides disease prevention and health maintenance services for all people. Fifth, to achieve continuous socio-economic development, social costs of environmental deterioration

should be internalized and the environmental industry should be nurtured into high value-added industry. In addition, to pursue the improvement of cultural welfare, national land development policies should be systematically linked to the development of facilities for cultural and artistic activities, daily athletic facilities, and resort areas. In a process toward further advancement of the country, the aims of government policies should be transformed from partially inclined quantitative growth oriented development strategies into well-balanced development strategies to improve the 'quality of life' for all people. In order to do so, the current quantity oriented value system should be transformed to the quality oriented value system. Also, each economic entity should be equipped with moral ethics of public servants, a code of conduct of entrepreneurship, diligence of workers and thriftiness of the people. Based upon these foundations, our country could be rebuilt under coexisting market principles. In conclusion, we need to establish a new paradigm of 'win-win' long-term national development strategy which strengthens the social safety net by improving distribution of wealth and social welfare programs. Also, the strategy should aim to pursue health promotion, environmental reformation, and cultural advancement and accomplish economic growth all at the same time.

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