AN ECONOMIC MIRACLE – A COMPARISON

GRADES: High School **AUTHOR:** Lucy Danny

SUBJECT: History, Economics

TIME REQUIRED: One to three class periods

OBJECTIVES:
1. Compare and contrast how Japan and South Korea are similar in prospering economically so quickly.
2. Students will create a table for a debate illustrating the similarities and differences between Japan and South Korea in becoming an "Economic Miracle."

STANDARDS:

National Council of Social Studies:
Standard 1: Culture
Standard 2: Time, Continuity, and Change
Standard 5: Individuals, Groups, and Institutions
Standard 7: Production, Distribution, and Consumption

Common Core Standards:
RH 1 Cite specific textual evidence to support analysis of primary and secondary sources
RH 2 Determine the central ideas of information of a primary or secondary source; provide an accurate summary of how key events or ideas develop….
SL 1 Initiate and participate effectively in a range of collaborative discussions.
SL 4 Present information, findings and supporting evidence clearly, concisely, and logically….

MATERIALS REQUIRED:
- Handouts of Japan's and South Korea's Economic Progress or computers (see website references below)
- Paper to make charts

BACKGROUND:
The government, businesses, and the people themselves, especially their work ethic, played a crucial role in helping South Korea and Japan rapidly recover their economies after a time of devastation. Both countries although differing in some ways, in many ways they were similar in their rise to economic power.

PROCEDURE:
1. Introduce students to the definition of economic miracle. Ask students if the United States economy would be considered an economic miracle? Why or why not?

2. Divide the class evenly into two groups. If needed, one group can have one more person.
3. Give students of one group the information on South Korea's economy and the other group information on Japan's economy. You may have the students use the website if you would like.
4. Students read silently for 20 minutes and jot down - What events or things allowed their country to become an economic miracle.
5. The teacher walks around and when she noticed that all of the students are done. She tells the Japan group to pair up and the Korea group to pair up and discuss their findings. Allow students five minutes before telling them to find another partner that has their same country information.
6. After several rotations, divide the board into two – Japan and South Korea and call on students to write on the board a list of the reasons for the economic miracle of their country.
7. After this have an entire class discussion as to the similarities between the two and have students write them down in their notebooks.
8. The next class period give the group that had South Korea the Japan information and the Japan group the information on South Korea. They will be able to find the differences between the country they explored and will now explore.
9. Ask students to read silently for 20 minutes and jot down how South Korea's economic miracle differed from Japan's.
10. Follow step 5 from above.
11. After several rotations, divide the board into two – Japan and South Korea and call on students to write on the board a list of the reasons for differences and have a class discussion.
12. For homework have students look at recent online newspaper articles concerning the economies of South Korea and Japan.
13. The next day have students debate which country's policies worked the best, taking into consideration what they know about the current state of those economies based on their homework reading. Have students justify their arguments.

EVALUATION:
Students will be assessed on the tables that they produce for homework and the comments during the debate session.

ENRICHMENT:
Students can explore another country whose economic rose rapidly.

RESOURCES:
Source: U.S. Library of Congress
http://countrystudies.us/south-korea/47.htm

Japan Patterns of Development
http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field(DOCID+jp0135), 1994.

Korea

The Government Role in Economic Development

In 1961 General Park Chung Hee overthrew the popularly elected regime of Prime Minister Chang Myon. A nationalist, Park wanted to transform South Korea from a backward agricultural nation into a modern industrial nation that would provide a decent way of life for its citizens while at the same time defending itself from outside aggression. Lacking the anti-Japanese nationalist credentials of Syngman Rhee, for example, Park sought both legitimacy for his regime and greater independence for South Korea in a vigorous program of economic development that would transform the country from an agricultural backwater into a modern industrial nation.

Park's government was the beneficiary of the Syngman Rhee administration's decision to use foreign aid from the United States during the 1950s to build an infrastructure that included a nationwide network of primary and secondary schools, modern roads, and a modern communications network. The result was that by 1961, South Korea had a well-educated young work force and a modern infrastructure that provided Park with a solid foundation for economic growth.

The Park administration decided that the central government must play the key role in economic development because no other South Korean institution had the capacity or resources to direct such drastic change in a short time. The resulting economic system incorporated elements of both state capitalism and free enterprise. The economy was dominated by a group of *chaebol*, large private conglomerates, and also was supported by a significant number of public corporations in such areas as iron and steel, utilities, communications, fertilizers, chemicals, and other heavy industries. The government guided private industry through a series of export and production targets utilizing the control of credit, informal means of pressure and persuasion, and traditional monetary and fiscal policies.

The government hoped to take advantage of existing technology to become competitive in areas where other advanced industrial nations had already achieved success. Seoul presumed that the well-educated and highly motivated work force would produce low-cost , high-quality goods that would find ready markets in the United States and the rest of the industrial world. Profits generated from the sale of exports would be used to further expand capital, provide new jobs, and eventually pay off loans.

In 1961 Park extended government control over business by nationalizing the banks and merging the agricultural cooperative movement with the agricultural bank. The government's direct control over all institutional credit further extended Park's command over the business community. The Economic Planning Board was created in 1961 and became the nerve center of Park's plan to promote economic development. It was headed by a deputy prime minister and staffed by bureaucrats known for their high intellectual capability and educational background in business and economics. Beginning in the 1960s, the board allocated resources, directed the flow of credit, and formulated all of

South Korea's economic plans. In the late 1980s, the power to allocate resources and credit was restored to the functional ministries. In 1990 the Economic Planning Board primarily was charged with economic planning; it also coordinated and often directed the economic functions of other government ministries, including the Ministry of Finance. The board was complemented by the Korea Development Institute, an independent economic research organization funded by the government. Other government bodies directing the economy included the Office of the President, which included a senior secretary for economic affairs; the Ministry of Finance; the Ministry of Trade and Industry; the Ministry of Labor; and the Bank of Korea, which was controlled by the Ministry of Finance.

Park's first major goal, which was immediately successful, was to establish a self-reliant industrial economy independent of the massive waves of United States aid that had kept South Korea afloat during the Rhee years. Modernizing the economy and maintaining overall sustained growth were additional goals in the 1970s. Significant economic policies included strengthening key industries, increasing employment, and developing more effective management systems. Because South Korea was dependent on imports of raw materials, such as oil, a major government objective was to significantly increase the level of exports, which meant stressing greater international competitiveness and higher productivity. The early economic plans emphasized agriculture and infrastructure, the latter were closely tied to construction. Later, the emphasis shifted consecutively to light industry, electronics, and heavy and chemical industries. Using these strategies, an export-driven economy developed.

The government combined a policy of import substitution with the export-led approach. Policy planners selected a group of strategic industries to back, including electronics, shipbuilding, and automobiles. New industries were nurtured by making the importation of such goods difficult. When the new industry was on its feet, the government worked to create good conditions for its export. Incentives for exports included a reduction of corporate and private income taxes for exporters, tariff exemptions for raw materials imported for export production, business tax exemptions, and accelerated depreciation allowances.

The export-led program took off in the 1960s; during the 1970s, some estimates indicate, Seoul had the world's most productive economy. The annual industrial production growth rate was about 25 percent; there was a fivefold increase in the GNP from 1965 to 1978. In the mid-1970s, exports increased by an average of 45 percent a year.

Industrial Policies

The major issue facing the Park regime in the early 1960s was the grinding poverty of the nation and the need for economic policies to overcome this poverty. A critical problem was raising funds to foster needed industrial development. Domestic savings were very low, and there was little available domestic capital. This obstacle was overcome by introducing foreign loans and inaugurating attractive domestic interest rates that enticed local capital into production. Of South Korea, Taiwan, Hong Kong, and Singapore, only

South Korea financed its economic development with a dramatic build-up of foreign debt, debt that totaled US$46.8 billion in 1985, making it the fourth largest Third World debtor. Foreign corporate investments were primarily of Japanese origin.

As noted by consultant David I. Steinberg, Seoul administered a series of economic development plans. The government mobilized domestic capital by encouraging savings, determined what kinds of plants could be constructed with these funds, and reviewed the potential of the products for export. In this sense, the will of the government to undertake economic development played a crucial role; the role of the government, however, was not limited to such measures as mobilizing capital and allocating investments.

Steinberg also pointed out that Park's government restructured industries, such as defense and construction, sometimes to stimulate competition and other times to reduce or eliminate it. The Economic Planning Board established export targets that, if met, yielded additional government-subsidized credit and further access to the growing domestic market. Failure to meet such targets led to Seoul's withdrawal of credit.

Economic Plans

Economic programs were based on a series of five-year plans that began in 1962. The First Five-Year Economic Development Plan (1962-66) consisted of initial steps toward the building of a self-sufficient industrial structure that was neither consumption oriented nor over-dependent on oil. Such areas as electrification, fertilizers, oil refining, synthetic fibers, and cement were emphasized. The Second Five-Year Economic Development Plan (1967- 71) stressed modernizing the industrial structure and rapidly building import-substitution industries, including steel, machinery, and chemical industries. The Third Five-Year Economic Development Plan (1972-76) achieved rapid progress in building an export-oriented structure by promoting heavy and chemical industries. Industries receiving particular attention included iron and steel, transport machinery, household electronics, shipbuilding, and petrochemicals. The developers of heavy and chemical industries sought to supply new industries with raw materials and capital goods and to reduce or even eliminate dependence on foreign capital. New (and critical) industries were to be constructed in the southern part of the peninsula, far from the border with North Korea, thus encouraging economic development and industrialization outside the Seoul area and providing new employment opportunities for residents of the less developed areas.

The Fourth Five-Year Economic Development Plan (1977-81) fostered the development of industries designed to compete effectively in the world's industrial export markets. These major strategic industries consisted of technology-intensive and skilled labor-intensive industries such as machinery, electronics, and shipbuilding. The plan stressed large heavy and chemical industries, such as iron and steel, petrochemicals, and nonferrous metal. As a result, heavy and chemical industries grew by an impressive 51.8 percent in 1981; their exports increased to 45.3 percent of total output. These developments can be ascribed to a favorable turn in the export performance of iron, steel, and shipbuilding, which occurred because high-quality, low-cost products could be produced in South Korea. By contrast, the heavy and chemical industries of advanced countries slumped during the late 1970s. In the machinery industries, investments were doubled in electric power generation, integrated machinery, diesel engines, and heavy construction equipment; the increase clearly showed that the industries benefited from the government's generous financial assistance program.

The late 1970s, however, witnessed worldwide recession, rising fuel costs, and growing inflation. South Korea's industrial structure became somewhat imbalanced, and the economy suffered from acute inflation because of an overemphasis on investment in heavy industry at a time when many potential customers were not in a position to buy heavy industrial goods.

The Fifth Five-Year Economic and Social Development Plan (1982-86) sought to shift the emphasis away from heavy and chemical industries, to technology-intensive industries, such as precision machinery, electronics (televisions, videocassette recorders, and semiconductor-related products), and information. More attention was to be devoted to building high-technology products in greater demand on the world market.

The Sixth Five-Year Economic and Social Development Plan (1987-91) to a large extent continued to emphasize the goals of the previous plan. The government intended to accelerate import liberalization and to remove various types of restrictions and nontariff barriers on imports. These moves were designed to mitigate adverse effects, such as monetary expansion and delays in industrial structural adjustment, which can arise because of a large surplus of funds. Seoul pledged to continue phasing out direct assistance to specific industries and instead to expand manpower training and research and development in all industries, especially the small and medium-sized firms that had not received much government attention previously. Seoul hoped to accelerate the development of science and technology by raising the ratio of research and development investment from 2.4 percent of the GNP to over 3 percent by 1991.

The goal of the Seventh Five-Year Economic and Social Development Plan (1992-96), formulated in 1989, was to develop high-technology fields, such as microelectronics, new materials, fine chemicals, bioengineering, optics, and aerospace. Government and industry would work together to build high-technology facilities in seven provincial cities to better balance the geographic distribution of industry throughout South Korea.

Revenues and Expenditures

The central government budget has generally expanded, both in real terms and as a proportion of real GNP, since the end of the Korean War, stabilizing at between 20 and 21 percent of GNP during most of the 1980s. Government spending in South Korea has been less than that for most countries in the world (excepting the other rapidly growing Asian economies of Japan, Taiwan, and Singapore). The share of government spending devoted to investment and other capital formation activities increased steadily through the periods of the first and second five-year plans (1962-1971), peaking at more than 41 percent of the budget in 1969. Since 1971 investment expenditures have remained at less than 30 percent of the budget, while the share of the budget occupied by direct government consumption and transfer payments has continued to increase, averaging more than 70 percent during the 1980s.

During the 1980s, the largest areas of government expenditure were economic services (including infrastructural projects and research and development), national defense, and education. Economic expenditures averaged several percentage points higher than defense expenditures, which remained stable at about 22 to 23 percent of the budget (about 6 percent of GNP) during the decade. In 1990 the government was studying plans to lower defense expenditures to 5 percent of GNP. Some observers noted a trend toward a slight increase in the portion of the budget devoted to social spending during the 1980s. In 1987 expenditures for social services--including health, housing, and welfare--were 16.4 percent of the budget, up from 13.9 percent in 1980, and slightly higher than 1987 government outlays for education.

The government revenue structure was virtually totally dependent on taxes. By the early 1980s, nearly two-thirds of tax money was collected in the form of indirect taxes. Revenues collected by the central government in 1987 rose to 19,270.3 billion won, up from 13.197.5 billion won in 1984.

Source: *U.S. Library of Congress*
http://countrystudies.us/south-korea/47.htm

Japan

Patterns of Development

Revolutionary Change

Since the mid-nineteenth century, when the Tokugawa government first opened the country to Western commerce and influence, Japan has gone through two periods of economic development (see Decline of the Tokugawa; The Emergence of Modern Japan, 1868-1919; World War II and the Occupation, 1941-52 , ch. 1). The first began in earnest in 1868 and extended through World War II; the second began in 1945 and continued into mid-1990s. In both periods, the Japanese opened themselves to Western ideas and influence; experienced revolutionary social, political, and economic changes; and became a world power with carefully developed spheres of influence. During both periods, the Japanese government encouraged economic change by fostering a national revolution from above and by planning and advising in every aspect of society. The national goal each time was to make Japan so powerful and wealthy that its independence would never again be threatened.

In the Meiji period (1868-1912), leaders inaugurated a new Western-based education system for all young people, sent thousands of students to the United States and Europe, and hired more than 3,000 Westerners to teach modern science, mathematics, technology, and foreign languages in Japan (see Historical Background , ch. 3). The government also built railroads, improved roads, and inaugurated a land reform program to prepare the country for further development.

To promote industrialization, the government decided that, while it should help private business to allocate resources and to plan, the private sector was best equipped to stimulate economic growth. The greatest role of government was to help provide the economic conditions in which business could flourish. In short, government was to be the guide and business the producer. In the early Meiji period, the government built factories and shipyards that were sold to entrepreneurs at a fraction of their value. Many of these businesses grew rapidly into the larger conglomerates that still dominate much of the business world. Government emerged as chief promoter of private enterprise, enacting a series of probusiness policies, including low corporate taxes.

Before World War II, Japan built an extensive empire that included Taiwan, Korea, Manchuria, and parts of northern China (see Diplomacy , ch. 1). The Japanese regarded this sphere of influence as a political and economic necessity, preventing foreign states from strangling Japan by blocking its access to raw materials and crucial sea-lanes. Japan's large military force was regarded as essential to the empire's defense. Japan's colonies were lost as a result of World War II, but since then the Japanese have extended their economic influence throughout Asia and beyond. Japan's Constitution, promulgated in 1947, forbids an offensive military force, but Japan still maintained its formidable

Self-Defense Forces and ranked third in the world in military spending behind the United States and the Soviet Union in the late 1980s (see The Postwar Constitution , ch. 6; Defense Spending , ch. 8).

Rapid growth and structural change characterized Japan's two periods of economic development since 1868. In the first period, the economy grew only moderately at first and relied heavily on traditional agriculture to finance modern industrial infrastructure. By the time the Russo-Japanese War (1904-5) began, 65 percent of employment and 38 percent of the gross domestic product (GDP--see Glossary) was still based on agriculture, but modern industry had begun to expand substantially. By the late 1920s, manufacturing and mining contributed 23 percent of GDP, compared with 21 percent for all of agriculture. Transportation and communications had developed to sustain heavy industrial development.

In the 1930s, the Japanese economy suffered less from the Great Depression than most of the other industrialized nations, expanding at the rapid rate of 5 percent of GDP per year. Manufacturing and mining came to account for more than 30 percent of GDP, more than twice the value for the agricultural sector. Most industrial growth, however, was geared toward expanding the nation's military power.

World War II wiped out many of the gains Japan had made since 1868. About 40 percent of the nation's industrial plants and infrastructure were destroyed, and production reverted to levels of about fifteen years earlier. The people were shocked by the devastation and swung into action. New factories were equipped with the best modern machines, giving Japan an initial competitive advantage over the victor states, who now had older factories. As Japan's second period of economic development began, millions of former soldiers joined a well-disciplined and highly educated work force to rebuild Japan.

Japan's highly acclaimed postwar education system contributed strongly to the modernizing process. The world's highest literacy rate and high education standards were major reasons for Japan's success in achieving a technologically advanced economy. Japanese schools also encouraged discipline, another benefit in forming an effective work force.

The early postwar years were devoted to rebuilding lost industrial capacity: major investments were made in electric power, coal, iron and steel, and chemical fertilizers. By the mid-1950s, production matched prewar levels. Released from the demands of military-dominated government, the economy not only recovered its lost momentum but also surpassed the growth rates of earlier periods. Between 1953 and 1965, GDP expanded by more than 9 percent per year, manufacturing and mining by 13 percent, construction by 11 percent, and infrastructure by 12 percent. In 1965 these sectors employed more than 41 percent of the labor force, whereas only 26 percent remained in agriculture.

The mid-1960s ushered in a new type of industrial development as the economy opened itself to international competition in some industries and developed heavy and chemical manufactures. Whereas textiles and light manufactures maintained their profitability internationally, other products, such as automobiles, ships, and machine tools, assumed new importance. The value added to manufacturing and mining grew at the rate of 17 percent per year between 1965 and 1970. Growth rates moderated to about 8 percent and evened out between the industrial and service sectors between 1970 and 1973, as retail trade, finance, real estate, information, and other service industries streamlined their operations.

Japan faced a severe economic challenge in the mid-1970s. The world oil crisis in 1973 shocked an economy that had become virtually dependent on foreign petroleum (see The Value of the Yen , ch. 5). Japan experienced its first postwar decline in industrial production, together with severe price inflation. The recovery that followed the first oil crisis revived the optimism of most business leaders, but the maintenance of industrial growth in the face of high energy costs required shifts in the industrial structure.

Changing price conditions favored conservation and alternative sources of industrial energy. Although the investment costs were high, many energy-intensive industries successfully reduced their dependence on oil during the late 1970s and 1980s and enhanced their productivity. Advances in microcircuitry and semiconductors in the late 1970s and 1980s also led to new growth industries in consumer electronics and computers and to higher productivity in already established industries. The net result of these adjustments was to increase the energy efficiency of manufacturing and to expand so-called knowledge-intensive industry. The service industries expanded in an increasingly postindustrial economy.

Structural economic changes, however, were unable to check the slowing of economic growth as the economy matured in the late 1970s and 1980s, attaining annual growth rates no better than 4 to 6 percent. But these rates were remarkable in a world of expensive petroleum and in a nation of few domestic resources. Japan's average growth rate of 5 percent in the late 1980s, for example, was far higher than the 3.8 percent growth rate of the United States.

Despite more petroleum price increases in 1979, the strength of the Japanese economy was apparent. It expanded without the double- digit inflation that afflicted other industrial nations and that had bothered Japan itself after the first oil crisis in 1973. Japan experienced slower growth in the mid-1980s, but its demand- sustained economic boom of the late 1980s revived many troubled industries.

Complex economic and institutional factors affected Japan's postwar growth. First, the nation's prewar experience provided several important legacies. The Tokugawa period (1600-1867) bequeathed a vital commercial sector in burgeoning urban centers, a relatively well-educated elite (although one with limited knowledge of European science), a sophisticated government bureaucracy, productive agriculture, a closely unified nation with highly developed financial and marketing systems, and a national infrastructure of roads. The buildup of industry during the Meiji period to the point where Japan could vie for world power was an important prelude to postwar growth and provided a pool of experienced labor following World War II.

Second, and more important, was the level and quality of investment that persisted through the 1980s. Investment in capital equipment, which averaged more than 11 percent of GNP during the prewar period, rose to some 20 percent of GNP during the 1950s and to more than 30 percent in the late 1960s and 1970s. During the economic boom of the late 1980s, the rate still kept to around 20 percent. Japanese businesses imported the latest technologies to develop the industrial base. As a latecomer to modernization, Japan was able to avoid some of the trial and error earlier needed by other nations to develop industrial processes. In the 1970s and 1980s, Japan improved its industrial base through technology licensing, patent purchases, and imitation and improvement of foreign inventions. In the 1980s, industry stepped up its research and development, and many firms became famous for their innovations and creativity.

Japan's labor force contributed significantly to economic growth, not only because of its availability and literacy but also because of its reasonable wage demands. Before and immediately after World War II, the transfer of numerous agricultural workers to modern industry resulted in rising productivity and only moderate wage increases. As population growth slowed and the nation became increasingly industrialized in the mid-1960s, wages rose significantly. But labor union cooperation generally kept salary increases within the range of gains in productivity (see table 9, Appendix).

High productivity growth played a key role in postwar economic growth. The highly skilled and educated labor force, extraordinary savings rates and accompanying levels of investment, and the low growth of Japan's labor force were major factors in the high rate of productivity growth.

The nation has also benefited from economies of scale. Although medium-sized and small enterprises generated much of the nation's employment, large facilities were the most productive. Many industrial enterprises consolidated to form larger, more efficient units. Before World War II, large holding companies formed wealth groups, or *zaibatsu* (see Glossary), which dominated most industry. The *zaibatsu* were dissolved after the war, but *keiretsu*--large, modern industrial enterprise groupings-- emerged. The coordination of activities within these groupings and the integration of smaller subcontractors into the groups enhanced industrial efficiency.

Japanese corporations developed strategies that contributed to their immense growth. Growth-oriented corporations that took chances competed successfully. Product diversification became an essential ingredient of the growth patterns of many *keiretsu*. Japanese companies added plant and human capacity ahead of demand. Seeking market share rather than quick profit was another powerful strategy.

Finally, circumstances beyond Japan's direct control contributed to its success. International conflicts tended to stimulate the Japanese economy until the devastation at the end of World War II. The Russo-Japanese War (1904-5), World War I (1914- 18), the Korean War (1950-53), and the Second Indochina War (1954- 75) brought economic booms to Japan. In addition, benign treatment from the United States after World War II facilitated the nation's reconstruction and growth.

The United States occupation of Japan (1945-52) resulted in the rebuilding of the nation and the creation of a democratic state. United States assistance totaled about US$1.9 billion during the occupation, or about 15 percent of the nation's imports and 4 percent of GNP in that period. About 59 percent of this aid was in the form of food, 15 percent in industrial materials, and 12 percent in transportation equipment. United States grant assistance, however, tapered off quickly in the mid-1950s. United States military procurement from Japan peaked at a level equivalent to 7 percent of Japan's GNP in 1953 and fell below 1 percent after 1960. A variety of United States-sponsored measures during the occupation, such as land reform, contributed to the economy's later performance by increasing competition. In particular, the postwar purge of industrial leaders allowed new talent to rise in the management of the nation's rebuilt industries. Finally, the economy benefited from foreign trade because it was able to expand exports rapidly enough to pay for imports of equipment and technology without falling into debt, as had a number of developing nations in the 1980s (see Level and Commodity Composition of Trade , ch. 5).

The consequences of Japan's economic growth were not always positive. Large advanced corporations existed side-by-side with the smaller and technologically less-developed firms, creating a kind of economic dualism in the late twentieth century. Often the smaller firms, which employed more than two-thirds of Japan's workers, worked as subcontractors directly for larger firms, supplying a narrow range of parts and temporary workers. Excellent working conditions, salaries, and benefits, such as permanent employment, were provided by most large firms, but not by the smaller firms. Temporary workers, mostly women, received much smaller salaries and had less job security than permanent workers. Thus, despite the high living standards of many workers in larger firms, Japan in 1990 remained in general a low-wage country whose economic growth was fueled by highly skilled and educated workers who accepted poor salaries, often unsafe working conditions, and poor living standards (see table 10, Appendix).

Additionally, Japan's preoccupation with boosting the rate of industrial growth during the 1950s and 1960s led to the relative neglect of consumer services and also to the worsening of industrial pollution. Housing and urban services, such as water and sewage systems, lagged behind the development of industry. Social security benefits, despite considerable improvement in the 1970s and 1980s, still lagged well behind other industrialized nations at the end of the 1980s. Agricultural subsidies and a complex and outmoded distribution system also kept the prices of some essential consumer goods very high by world standards (see Living Standards , this ch.). Industrial growth came at the expense of the environment. Foul air, heavily polluted water, and waste disposal became critical political issues in the 1970s and again in the late 1980s (see Pollution , ch. 2).

Data as of January 1994

http://lcweb2.loc.gov/cgi-bin/query/r?frd/cstdy:@field(DOCID+jp0135)