

From censorship to active support: The Korean state and Korea's cultural industries

The Economic and
Labour Relations Review
24(4) 517–532

© The Author(s) 2013

Reprints and permissions:

sagepub.co.uk/journalsPermissions.nav

DOI: 10.1177/1035304613508873

elrr.sagepub.com



Seung-Ho Kwon and Joseph Kim

Korea Research Institute, The University of New South Wales, Australia

Abstract

This article examines the phenomenal growth of Korean cultural industries and their export to East Asia and other parts of the world. In the early years of industrialisation, culture was used by the authoritarian regime as a form of ideological support. Strict controls were exercised over cultural production and presentation. Controls were later relaxed as the regime used entertainment and sport as popular distractions. However, the increase in television ownership, the growth of domestic electronics and home appliance industries, and rising incomes (especially among the middle class) provided the material base for the growth of cultural industries following democratisation in the 1990s. Cultural industries became key drivers of economic growth, innovation and employment, and were strongly promoted and supported by government in the style of the developmental state. The result was burgeoning production and international trade across a wide spectrum of cultural industries – film, television drama, animation, video games and music. As a reflection of the increasing integration of Korea into world markets, the government also had to ensure compliance with international trade regulations and clamp down on piracy. Today, the Korean Wave of popular culture has reached consumers in all parts of the world and makes a significant contribution to Korean gross domestic product and exports.

JEL Codes: L16, L52

Keywords

Cultural industries, developmental state, Korea

Corresponding author:

Seung-Ho Kwon, Korea Research Institute, Australian School of Business, The University of New South Wales, Sydney, NSW 2052, Australia.

Email: s.kwon@unsw.edu.au

This article explores the critical role of the Korean state in the development of Korea's cultural industries. It asserts that from the 1990s, Korean governments have provided active support to the country's cultural industries following several decades of censorship from the 1960s, when the cultural industries were used by successive military governments to promote their economic objectives and were subject to strict political monitoring. The emergence of more democratic forms of government from the early 1990s coincided with a reduction in the regulation of Korea's cultural industries. These industries were increasingly viewed by democratically elected governments as central to Korea's national economic growth and development. As a result, the development of the film, broadcasting, online gaming and music industries was underpinned by active state support (Jin, 2006; Keane, 2006; Nam, 2008; Ryoo, 2008). Such state support was also provided to other related industries, such as electronics, mobile communications and multimedia industries (Ministry of Culture, Sports and Tourism (MCST), 2010b). The cultural industries therefore benefited considerably from access to innovations in information and communication technologies. Access to these technologies facilitated the development of new cultural products in the form of television dramas, films, music and animated games that ultimately led to the emergence of the 'Korean Wave' from the late 1990s (Shim, 2006, 2011).

The 'Korean Wave' highlights the growing popularity of a number of Korean cultural products across East and Southeast Asia from the late 1990s. Korean cultural products in the form of television dramas, films and music initially grew in popularity in China, Japan and Taiwan from the mid-1990s. The Chinese popular media began to use the term 'Korean Wave' (*hallyu*) to describe the increasingly high audience ratings of Korean dramas on major broadcasting stations in Japan and China. A number of Korean musicians also gained popularity and staged sold-out concerts in Japan, China and Taiwan. In terms of its geographical expansion, the 'Korean Wave' expanded beyond Asia to Europe and the Middle East and to South and North America. For example, the Korean drama series *Jewel in the Palace* was exported to more than 60 countries. From this period, Korean films and Korean pop music, widely known as K-pop, also increased in popularity in international music markets (Kim, 2006). The total sales revenue of Korea's cultural industries increased from USD600 million in 2001 to USD3.22 billion by 2010 (MCST, 2011a). By 2009, Japan was the biggest export market for Korean cultural products, with a total revenue of USD661 million, followed by China with exports valued at USD580 million, Southeast Asia (USD458 million), North America (USD387 million) and Europe with cultural exports amounting to USD217 million (Huang, 2011; MCST, 2011c).

This article traces the development of Korea's cultural industries, from ideological support for the authoritarian developmental state to leading edge export industries worth billions of dollars. The first section examines the use of cultural industries by the military governments until the 1980s. The remaining sections track and explain the extraordinary growth of Korea's cultural industries. Attention is paid to the changes in Korean political economy, the role of increased access to television, democratisation and the rise of middle-class consumers. Also stressed is the part played by government in promoting cultural industries and their associated technology, a part that reminds us that the Korean developmental state has not fully expired.

Military governments and Korea's cultural industries

During the early stages of industrialisation from the 1960s to 1980s, the cultural industries were used by the military governments to legitimise their focus on private sector-driven economic development (Johnson, 1989). The military governments of Park Chung-hee (1962–1979), Chun (1980–1988) and Roh (1988–1993) formulated and implemented state-led industrial policies that focused on supporting labour-intensive manufacturing industries such as textile, apparel, heavy and chemical industries. Successive military governments nurtured these industries by providing incentives such as low-interest loans, preferential taxes and publicly funded infrastructure, often at the cost of other sectors of the economy (Haggard, 1990). These industrial policies were highly successful. Nominal gross domestic product (GDP) increased from USD2.3 billion in 1963 to USD263 billion by 1990. During the same period, per capita GDP also grew rapidly, increasing from USD100 in 1963 to USD6151 in 1990 (Korea National Statistical Office (KNSO), 2002).

During this period, the cultural industries were expected to support the Korean state's emphasis on export-led industrial development. A range of cultural products that included traditional music, television dramas and television broadcasts exhorted the Korean population to accept the military government's emphasis on individual sacrifice, long working hours and low wages for the good of the nation (Choi, 2008).

The Park Chung-hee military government prioritised rapid industrialisation and required workers moving to newly industrialised towns and factories (Kwon and O'Donnell, 2001). The Park government also emphasised values of loyalty, diligence, cooperation and patriotism to gain workers' acceptance of harsh working conditions and strict management control. In addition, the Park government promoted collective solidarity and sacrifice through its support for the New Community Movement (*Saemaul Undong*). The New Community Movement represented an ideological campaign emphasising collective efforts of self-sacrifice to assist the cause of nation-building at the expense of individual worker welfare. Moreover, the Park government mandated the broadcasting of at least two 'propaganda songs' a day promoting cooperation, hard work and patriotism on radio and television (Yim, 2002).

President Park consolidated his personal political power through the introduction of the Yushin Constitution in 1972. This constitution dismantled Korea's National Assembly and prohibited the establishment of political parties, restricted freedom of expression and imposed censorship on the media and broadcasting industries. In addition, during this time, the Korean Central Intelligence Agency placed its operatives in educational institutions, media companies and central and local government authorities to monitor dissent towards the government. Under the Park government, the cultural industries were governed by the Ministry of Public Welfare and the Ministry of Education. The Ministry of Public Welfare monitored films, theatre, dance, music and cultural institutions such as the National Theatre, National Traditional Arts Centre and National Film Production. The Ministry of Education reviewed works of literature and fine arts and the operation of libraries and museums (Park and Joo, 2002).

The Park government also passed legislation that provided it with the authority to monitor and censor cultural productions. The *National Security Law* and the Yushin

Constitution granted the Park military government the authority to impose harsh penalties on those who breached the state's strict censorship rules. In the broadcasting and music industries, the Park government engaged in strict censorship over content, while broadcasting and music publishing organisations were closely monitored by the Ministries of Culture and Public Welfare. The Park government believed that television broadcasting needed to promote Korea's model of economic growth along with a focus on entertainment. In the 1960s, a high proportion of dramas broadcast on Korean television focused on contemporary history, such as the Korean War, and often contained strong anti-communist themes. Examples of these productions include *Real Stories* and *Goodbye Abai*. By 1973, Korea's three major broadcasting stations transmitted more than 600 programmes promoting the Park military government. The government's censorship rules also imposed a strict moral code on what was permissible in popular dramas and banned plots that focused on relationships outside of marriage, on divorce or on the lives of high-income families (Choi, 2008).

In the 1960s and 1970s, broadcasting firms experienced a series of amalgamations. Most of the small private media industries and regional broadcasting operators were merged into the Korean Broadcasting System (KBS) and the Munhwa Broadcasting Corporation (MBC). This provided the government with almost complete control over television broadcasting. The Park government used this enhanced level of control to ensure that the broadcasting of news, entertainment, documentary and educational programmes cast the government in a highly favourable light. Government control over broadcasting stations extended to the appointment of senior managers, annual budgets and day-to-day operational matters (Cho, 1994).

There were widespread protests against the Park Chung-hee military governments from the 1970s onwards. The Stanford University Korea democracy project documented some 4660 pro-democracy protests against the military governments between 1970 and 1992. The heightening of the political struggle between military governments and protesting groups from Korea's civil society led to the emergence of *Minjung*, meaning 'the culture of the people', that in the late 1970s and early 1980s combined with Korea's youth culture, leading to the formation of a large number of informal social networks in universities, factories and communities. *Minjung* cultural activities included dancing, singing, drama and films that expressed dissent towards the authoritarian Korean state and encouraged young Koreans to participate in anti-government protests and street demonstrations in the 1980s (Shin et al., 2007). In 1979, President Park was assassinated on 16 December by the head of Korea's central intelligence agency. This led to the formation of the Chun Doo-hwan military government.

The Chun government (1980–1988) promoted entertainment and sports as a means of distracting the Korean population from a harsh reality of low pay, authoritarian political rule and limited democracy. The Chun government reduced many of the restrictions of the previous Park government and implemented the '3 S policy' of promoting sex, screen and sports. As a result, there was increased nudity and sexual scenes permitted in films and a large number of adult movie cinemas were opened. The proportion of erotic films increased from approximately 40% of films in the 1970s to 55% in the 1980s. The Korean public, however, did not embrace these often poor quality film productions and audience figures were generally low. In addition, a number of professional sports leagues,

such as in football, baseball and wrestling, were initiated by the Chun government. The government also invested heavily in leisure and cultural facilities such as theatres, exhibition halls, ski resorts, sporting stadiums and amusement parks (Choi, 2008). The emphasis on sport and leisure represented an attempt to distract the Korean population from demands by elements of civil society for increased democracy during this period.

The military governments prohibited the import and sale of unapproved foreign records. Censorship of music in Korea had its roots in the Japanese annexation prior to the Korean War, when the Japanese government strictly prohibited any songs that were critical of the colonisation of Korea. Under the military governments from 1962 to 1992, the Korean Arts and Culture Ethics Committee prohibited 382 songs and the Korean Broadcasting Ethics Committee prohibited 846 songs. In addition, a 1972 regulation stipulated that foreign jazz and rock and roll songs could only be performed after 11 p.m. (Cho, 1994).

Nevertheless, during the 1980s, Korean society underwent radical changes that included increased educational opportunities, expanding urbanisation and a rise in the number of white-collar occupations and workers, leading to an increased size of the middle classes. In addition, the hosting of the 1988 Summer Olympics in Seoul opened Korean society to a range of international influences, while rising living standards from the late 1980s onwards increased the Korean population's demand for increased political and social freedom and for a more diverse range of cultural products.

The increased availability of television from the 1960s

One of the key technological advances in the culture industries was the introduction of television in 1961. The number of television sets owned by Korean households comprised 34,774 in 1963. This increased by 30 fold to 1.2 million by 1973 and to 5.6 million by 1979. The rapid expansion in the number of televisions in Korea in the 1970s was assisted by changes in taxation rates and the development of a communication infrastructure across the country during the 1970s. From 1965, televisions attracted a luxury goods tax ranging from 30 to 65%. In 1974, the luxury goods tax on televisions and refrigerators was abolished. Korea's first colour television was available in 1980. By 1985, some 50% of households owned television sets, with 4,773,993 sets distributed among 9.5 million households. This increased to 66% of all households in 1990 and to 1.12 televisions per household by 1995 (Choi, 2008). Korea's television industry expanded into cable and satellite television broadcasting from the mid-1990s.

The military governments also promoted the development of Korea's domestic electronics and home appliance industries. They imposed considerable tariffs on imported televisions and other consumer appliances such as refrigerators. As a result, intense competition in the domestic market during the 1970s led to a rapid expansion in the number of domestic television sets being manufactured and a substantial reduction in their cost. This rise of a strong domestic manufacturing sector in home appliances and electronics enabled Korea to gradually build its international competitiveness in other entertainment devices, such as computers and portable entertainment devices (Kim, 2012).

Up until the late 1980s, the screening of foreign films was strictly controlled by screen quotas that required a minimum number of days for the screening of locally produced

films. For example, the 1966 *Motion Pictures Act* stipulated a minimum 90 days for the screening of locally produced films and this increased to 121 days in 1973 and to 165 days in 1981.

As the 1980s progressed, a range of cultural industries that included films, music and gaming were increasingly viewed by successive Korean governments as possessing the potential to enhance economic growth and invigorate Korea's electronics and information and communication technology (ICT) industries (Kang, 2012; Yim, 2002). The late 1980s also saw the relaxation of censorship in Korea in the face of rising demands for television dramas, films and music dealing with contemporary political and social themes that were previously prohibited. This led to the production of an increasing number of cultural products that criticised the political corruption and social injustices evident in Korean society in the 1980s.

The expansion of the middle classes combined with the influx of foreign cultural products placed pressure on the military governments to reduce strict censorship of cultural products. Under the Roh Tae-woo government (1988–1992), the level of restrictions on Korea's cultural industries and the media were gradually reduced. An important change involved the repeal of the *Basic Media Act* that had restricted the activities of the media. The Roh government's culture industry policy, however, remained focused on the promotion of traditional Korean cultural activities. One of the most significant contributions of the Roh Tae-woo regime to the development of Korea's cultural industries was the establishment of a stand-alone Ministry of Culture in 1990 (Choi, 2008).

Western firms entering Korea and international pressure to protect copyright

Prior to the 1990s, a strict quota system restricted investment by foreign multinationals in Korea's film and music industries (Yim, 2002). Into the 1990s, Korea gradually opened its economy to imports of cultural products, largely from Western countries such as the United States. This led to a rise in the number of foreign firms entering Korea, including the major Hollywood film production and distribution firms (Ministry of Culture and Tourism (MCT), 2004). For example, United International Pictures (UIP) and Twentieth Century Fox established subsidiaries in 1988, followed by Warner Brothers in 1989, Columbia Pictures in 1990 and Walt Disney in 1993. In the early 1990s, foreign films, television dramas and music possessed superior technical and quality standards when compared with local Korean productions and their share of particular cultural product markets in Korea expanded substantially (Choi, 2008).

Korea was also subject to considerable diplomatic and trade pressure from United States trade representatives and Western multinational corporations in the 1980s and 1990s. From 1983 onwards, the United States lodged anti-dumping charges against 30% of total Korean exports. In addition, illegal piracy within Korea attracted strong international criticism. As a developing country, Korea claimed that it lacked the resources to monitor cultural products effectively, or the financial ability to pay royalties to copyright owners. The United States exerted pressure in order to ensure that the intellectual property rights of American corporations were adequately protected in Korea. The United

States government argued that Korea's *Copyright Act 1957* had weak enforcement and provided limited protection to foreign owners of copyright.

In 1986, the *Copyright Act* was amended for the first time. In the early 1990s, Korea made a series of reforms in the field of copyright law that increased copyright protection to a level similar to that of other industrialised nations. These changes included the recognition of performers' rights and translation rights, and the strengthening of fines for violations of the *Copyright Act*. In addition, the *Sound Recording and Video Product Act 1992* protected foreign films and music from illegal copies after complaints from the United States government. The *Computer Program Protection Act 1994* increased the levels of civil and criminal penalties for infringements of computer program copyrights. Despite such increased legislation, enforcement remained uneven and piracy of computer programs by Korean businesses was common but resulted in few prosecutions by Korean authorities. Although illegal piracy remained widespread, improved copyright protection provided an enhanced commercial environment for both domestic and international firms to invest in films, television dramas and music in the 1990s (Choi, 2008).

The Kim Young-sam government and rising investment in cultural industries

In 1993, Kim Young-sam succeeded Roh Tae-woo to become Korea's first civilian president, ending over 30 years of authoritarian military governments. The Kim government (1993–1997) greatly reduced the levels of censorship evident under the military governments and actively promoted Korea's cultural industries (Park and Joo, 2002). The Kim government viewed the promotion of Korea's cultural industries as a key driver of economic growth. The success of the Hollywood movie *Jurassic Park* in Korea in 1993, which generated box office takings of USD85 million in Korea, created considerable levels of interest among government officials in the potential for Korea's cultural industries to contribute to the national economy (Choi, 2011). The budget for the Ministry of Culture and Sports was increased to approximately 0.6% of total government outlays. This gradually increased to 0.9% by 1997, reflecting the government's increasing recognition of the importance of the cultural industries to Korea's economy (Park, 2007).

The Kim Young-sam government also introduced a number of changes to the legislation to facilitate the growth of Korea's cultural industries. The *Motion Picture Act 1995* was amended to reduce pre-screening censorship. In addition, under the National Film Promotion Fund, tax benefits and training for the workforce in the cultural industries were supported. Pre-release censorship in the music industry was abolished and registration requirements for production firms were removed to promote the growth of the film industry.

The Kim government also supported the development of Korea's electronics, information storage and telecommunication industries. In addition, there was a rapid increase in information technology and in internet usage from the early 1990s in Korea. The Kim Young-sam government also ended restrictions on the inflow of foreign cultural products into Korea and this contributed to the growing size of the markets for cultural products. When Korea joined the Organisation for Economic Co-operation and Development (OECD) in 1996, it deregulated 92 industries by removing restrictions on foreign imports.

In that process, a number of cultural industries also saw the removal of import restrictions. The quota for screening domestic films was reduced to 106 days in 1996 (Choi, 2011). Korea subsequently emerged as one of the top 10 foreign film markets for Hollywood films. Nevertheless, the support provided by the Kim Yong-sam government was overshadowed by the more intensive investment in Korea's cultural industries evident under the Kim Dae-jung government.

Korean *chaebols'* investments in the cultural industries from the late 1980s

In the late 1980s and early 1990s, the Korean *chaebols*, the large family-owned conglomerates, increased their investment in the film industry as distributors. From the mid-1980s, *chaebols* involved in video cassette recorder (VCR) production such as Samsung, Daewoo and LG entered the film industry to secure the distribution rights to video films. With the entrance of the Hollywood film makers, however, the price of distribution rights increased rapidly. The costs of distribution rights in the early 1990s rose to around KRW500 million, to be almost the same as the production costs of a film. This encouraged the *chaebols* to enter into film production and led to a vertically integrated business structure whereby domestic Korean firms produced and distributed their own films, or released them on video. The operation of the *chaebols* in the media and cultural industries extended to computer software, music, telecommunications, newspaper publishing, cable distribution and television programming, as well as film production and distribution.

In the aftermath of the Asian Financial Crisis in the late 1990s, the domestic cultural industries were rationalised and restructured, and a number of Korean *chaebol* subsidiaries merged with other firms. In addition, a number of new small- and medium-sized firms entered the cultural industries with the skills to utilise innovations in digital technology.

With government support, investment by the *chaebols* increased in the late 1990s. For example, Samsung funded a film, *Swiri*, Korea's first indigenous blockbuster that attracted an audience of more than 6 million. After the success of *Swiri*, Hyundai invested in *Yonggary*, a film produced for both domestic and international markets with an English-language soundtrack (Jin, 2006). In addition, there was an exponential growth in the number of venture capital funds established in the aftermath of the Asian Financial Crisis to fund film productions.

The Kim Dae-jung government and the rapid growth of Korea's cultural industries

The Kim Dae-jung administration (1998–2003) undertook radical economic restructuring measures in the aftermath of the 1997 Asian Financial Crisis. These measures included increased deregulation and privatisation of Korea's cultural industries. Foreign firms were also able to operate with fewer constraints. For example, Japanese cultural products previously banned in Korea became legally available from 1998. In the aftermath of the 1997 financial crisis, the Korean economy focused more heavily on

technology and knowledge-intensive industries to foster economic growth. The Kim Dae-jung government implemented industry policies that supported the expansion of Korea's advanced technology and higher value-added production in information, communications, cultural and biotechnology industries. The Kim government also provided funding for a diverse range of cultural industries and introduced industrial policies to improve the competitiveness of these industries in global markets, by emphasising integrated growth among the ICT and electronics industries. This created a virtuous and mutually beneficial cycle of growth among these industry sectors. In addition, the convergence of telecommunications, digital media and cultural products generated new opportunities and markets for innovative start-up firms (MCST, 2010b). The Kim Dae-jung government also paid particular attention to cultural products such as dramas, films, music and online games as part of its promotion of growth sectors for the Korean economy (MCT, 2002; MCST, 2010b).

In the late 1990s, the cultural industries undertook a process of digitalisation. Access to the internet, in combination with advances in other information technologies, made Korean cultural products easier to promote in global markets. Following the financial crisis of 1997, the Kim Dae-jung government invested heavily in the development of Korea's high-speed ICT infrastructure, and the number of internet users in Korea rose to approximately 30 million by 2003 (Choi, 2011).

The Kim Dae-jung government also enacted legislation to ensure a minimum level of domestic content. Under the *Broadcasting Act*, some 80% of content broadcast by Korean television came from local production, while the cable television stations were required to broadcast a minimum of 50% of locally produced programmes.

In response to innovations in information and communication technologies, Korea's cultural industries focused increasingly on the application of digital technologies to the production of cultural products such as films, music, computer games and animation. The Kim Dae-jung government also delegated many regulatory functions to non-government and quasi-government organisations. From 2000, the budget for the Ministry of Culture and Tourism has remained above 1% of total Korean government outlays (Park, 2007). The Korean government's budget for supporting the cultural industries increased from KRW5 billion in 1994, early in the presidency of Kim Young-sam, to an average of KRW640 billion under the Kim Dae-jung government (1998–2002). The budget for the cultural industries grew to approximately KRW200 billion, or 12.3% of the total budget for the Ministry of Culture and Tourism.

The Roh Moo-hyun government (2003–2007) continued to nurture the growth of Korea's cultural industries. Under Roh, ICT industries became major industrial sectors that increased in size from 7.1% of GDP in 2003 to 12.1% in 2011. In addition, the Roh government focused on globalising Korea's cultural industries and on developing the skills of high school and university students. Under the Roh government, five high schools, 30 colleges, 44 universities and 10 graduate schools specialised in different aspects of Korea's cultural industries with government support (Park, 2007).

The presidential election of 2008 was won by the conservative candidate, Lee Myung-bak (Hahm, 2008). The Lee government (2008–2012) invested in digitalisation and convergence between Korea's cultural industries and its information, communication and other technologically intensive industry sectors (KERI, 2009; Kim, 2012). The Lee

government encouraged exports by these sectors to generate a foreign trade surplus (Kwon, 2010). In addition, the Lee Myung-bak government provided assistance to cultural industry firms to expand globally (Kang, 2012; Lee, 2012). The Lee government also focused on copyright protection and the elimination of piracy of cultural products in Korea. Such support has assisted the expansion of Korean cultural exports, with total exports of cultural products in 2010 rising to USD3.07 billion, a five-fold increase from 2003 (MCST, 2011c).

In addition, the Lee government negotiated a free trade agreement (FTA) with the United States. The Korea–US FTA (KOR-US FTA) was approved in 2011, making it the second-largest FTA South Korea has signed (next in size to the agreement with the European Union). The FTA covers a wide range of bilateral economic activities, including intellectual property rights. It requires Korea to reaffirm its commitments under the World Trade Organisation's Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement, and other international agreements and conventions on intellectual property rights. These agreements require the Korean government to extend copyright protection terms to no less than 70 years. In addition, it requires the government to impose stronger penalties for successful prosecutions for piracy, including seizure and destruction of pirated and counterfeit products, and to protect copyrighted performances over the internet and on satellite and cable television (MCT, 2004, 2006).

During the Lee government period, the Ministry of Culture, Sports and Tourism was primarily responsible for implementing the government's cultural industry policy, and for supporting programmes that developed the skills of the cultural industries' workforce and strengthened copyright protection (Lee, 2010; MCST, 2011c). The Lee government's cultural industry policy aimed to sustain the 'Korean Wave' by subsidising the participation of Korean firms in international events. The government also hosted a number of cultural industry forums and conventions, such as the *Hallyu* (Korean Wave) Forum, an international computer gaming conference; G-Star Conference and an International Digital Content Forum (DICON). The Lee government also established an increasing number of cultural offices in major cities around the world to promote Korean cultural products, such as Korean Cultural Offices and Global Contents Centres (MCST, 2010a). These offices hosted various events that aimed to raise awareness of Korean cultural products, such as the Korean Night, or by supporting road shows such as the South American Road Show held in Mexico, Peru and Brazil and the Indian Road Show that included business forums and K-pop concerts (MCST, 2011a). The Korean Wave expanded rapidly from the early 2000s as Korean cultural products gained popularity throughout Japan, Southeast Asia and the Middle East.

The rise of Korea's cultural industries from the 1990s

Following the support received by successive civilian governments from the early 1990s, Korea's film, broadcasting, animation, gaming and music industries have expanded rapidly, giving rise to the 'Korean Wave'. The Korean film industry experienced a more benign regulatory environment from the late 1980s, with the production of films addressing social issues now possible. The removal of restrictions led to a new generation of younger film directors prepared to experiment with innovative approaches to filmmaking

that would eventually have a major effect on Korean cinema. In addition, the investment of capital by Korean firms and the availability of a skilled workforce enabled the industry to expand rapidly in the late 1990s in the aftermath of the Asian Financial Crisis. The success of Korean blockbuster films, such as *Swiri* in 1999, represented a major breakthrough in the acceptance of Korean films in international film markets. In more recent years, the convergence of the film industry with broadcasting communication technology and the introduction of digital cinemas represent major technological advancements in Korea's film industry (Korea Film Council (KOFIC), 2006).

By the 2000s, the quality of Korean films had improved considerably. Korean films won awards at major international film festivals, such as Berlin, Cannes and Venice (MCT, 2006). Korean films had also achieved a market share of 60% of the domestic market by 2006 (KOFIC, 2010; Korean Culture and Information Service (KCIS), 2011). By 2010, the growing reputation of a number of Korean film directors led to rising export revenue from Europe and North America. In 2010, the proportion of export revenue from Asia was 49.4%, with European markets accounting for 33.3% and the North American market for 10.5% of the total export revenue generated by Korean films distributed in foreign markets (MCST, 2011a).

The Korean broadcasting industry has also experienced a major transformation since the 1990s. Historically the industry was dominated by two terrestrial stations, the KBS and MBC. The industry experienced increased competitive pressure with the foundation of the Seoul Broadcasting System (SBS) in 1991. In 1995, cable and satellite broadcasting services also increased competitive pressures in the Korean broadcasting industry. Alongside greater freedom of expression, this increased competition led to the production of television dramas of higher quality that ultimately increased the popularity of Korean television programmes in international television markets.

As a result of their increased popularity across North East Asia, a number of Korean television dramas were influential in the emergence and diffusion of the Korean Wave. In 1997, *What Is Love?* aired on the Chinese TV station CCTV and recorded the second highest viewing numbers for an imported programme on Chinese television at that time. Following the success of *What Is Love?*, other dramas such as *Stars in My Heart*, *Autumn Story*, *Full House* and *Queen Myungseong* were extremely popular across East Asia, particularly in Japan, Taiwan and Hong Kong (MCST, 2008, 2009).

Korean dramas have continued to perform strongly on global markets (Lee, 2007). The total export revenue of the Korean broadcasting industry increased from USD151.92 million in 2006 to USD228.63 million in 2010 (MCST, 2011a). From 2009, MBC exported eight dramas to South American countries that included Peru, Bolivia and Costa Rica, while dramas produced by SBS have been exported to Middle East and European markets. KBS has exported dramas to the Middle East, South America and Africa (MCST, 2011b).

The Korean music industry has been revolutionised from the late 1980s. A 1987 legal amendment permitted foreign record companies to enter the Korean music market through licensing agreements. By 1991, most major international recording labels had established a presence in Korea following the relaxation of the strict censorship evident under the military governments. The *Music Records Act* 1995 was introduced to promote the music industry and to strengthen the penalties against piracy by local record producers (MCT,

2002). One by-product of reduced censorship and strengthened copyright protection was the emergence of a distinctly Korean style of pop music, or K-pop. Many young Korean singers and their bands achieved massive popularity and high record sales in Asia and across global music industry markets. In 2012, the Korean rapper, Psy and his song *Gangnam Style* represented a high point in the global success of Korean music. By the end of 2012, the song topped the charts in more than 30 countries and had become the most watched Youtube video ever. K-pop has been the most successful component of the 'Korean Wave' from the mid-2000s. The export revenue of the Korean music industry increased almost five-fold between 2006 and 2010, from USD16.67 million to USD83.26 million. Along with Psy, other K-pop musicians have gained global popularity, and Youtube launched a dedicated channel for K-pop music videos, while Billboard established a K-pop music chart (CNN, 2012; *New York Times*, 2011).

The Korean government also provided a significant level of support to Korea's animation industry from the mid-1990s. The animation industry was categorised as equivalent to the manufacturing industry, a categorisation that meant it was eligible for financing and tax breaks. In addition, from 1999, firms utilising advanced technology such as 3D production received additional assistance based on government legislation supporting venture capital investment in the industry. The export revenue generated by the animation industry increased from USD66.83 million in 2006 to USD96.93 million in 2010 (MCST, 2011a). Furthermore, the Korean online and mobile games industries gained strong market shares in Japan, China, Taiwan and across South East Asia (MCT, 2004). Export revenue generated by the Korean gaming industry grew from USD671.99 million in 2006 to USD1.61 billion in 2010 (MCST, 2011a). Online games developed by Korean firms, such as *MIR II*, *Maple Story*, *Lineage* and *AION*, have been successfully exported to many countries. For example, one of the major game producers, NC Soft, earned 32% of its export revenue from European and US markets, while another, NHN, saw its export revenue grow by more than 50% in the US market in 2009 (Jin, 2011).

In addition, the Korean video game industry grew rapidly in the 1990s because of restrictions on Japanese video games and Korean parents' opposition to Japanese video games. Korea's Confucian values emphasise educational achievement, and for many parents, the existence of video games in the home was believed to limit children's potential to learn. This led to relatively low levels of ownership of video games among Korean households. The legacy of anti-Japanese sentiment led to Japanese video games, the world leader by the early 1990s, having limited penetration in the Korean gaming market. In the 1990s, personal computers were increasingly used in the home to assist student learning while video game ownership remained at low levels. This provided a unique opportunity to the Korean gaming industry to grow based on the relatively high penetration rate of personal computers but limited uptake of Japanese video games (Jin, 2011).

Conclusion

The article has explored the rise and global expansion of Korea's cultural industries from the 1990s, following several decades of censorship and strict regulation by military

governments. The Park Chung-hee (1962–1980), Chun Doo-hwan (1980–1988) and Roh Tae-woo (1988–1992) governments promoted labour-intensive manufacturing, such as textile and clothing industries, and later heavy and chemical industries, as the key industries for economic development. By promoting these industries, the Korean economy focused on low-cost production, harsh management control and low wages. Korea's cultural industries were expected to support the military governments' broader political and economic objectives. Songs, films and television programmes were expected to promote and legitimise the focus on economic development through hard work, sacrifice and loyalty to the nation. Cultural products such as television programmes, films or music that did not support the government's economic objectives were subject to strict censorship. As a result, the cultural industries remained relatively underdeveloped in Korea up to the late 1980s. The authoritarian rule of the military governments came to an end following a series of large-scale pro-democracy protests from the mid-1980s, and culminated with the election of a civilian government in 1993. Democratisation provided new opportunities to the previously highly regulated cultural industries. Furthermore, the rise of a more educated middle class led to consumers demanding higher quality cultural products and more of them.

Successive democratically elected governments promoted Korea's cultural industries from the early 1990s. The approach towards the cultural industries changed from censorship and political control to active support of these industries. From the 1990s, civilian governments also supported innovation and new product development in the information, communication and advanced electronics industries. Korean governments from the early 1990s also invested heavily in Korea's broadband infrastructure and in the development of the skills and knowledge of the cultural industries' workforce. Such support enabled the cultural industries to develop sophisticated products that utilised the latest developments and innovations in electronics, information technology and communications technologies. It also laid the groundwork for Korea's cultural industries to unleash the creativity that gave rise to the 'Korean Wave' and the rise in popularity of Korean films, television dramas, computer games, animation and music across Asia, South America and Europe from the late 1990s.

Declaration of conflicting interests

The author declares that there is no conflict of interest.

Funding

This work was supported by the Academy of Korean Studies Grant funded by the Korean Government (MEST) (AKS-2010-DZZ-3101).

References

- Cho HJ (1994) *1970 nyondae hankook televisioeui goojojeok sungkyoke gwanhan yongu* [The study on the structural characteristics of Korean Television in the 1970s]. PhD Dissertation, Department of Communication, Seoul National University, Seoul, South Korea.
- Choi SH (2011) *Hankook moonhwa contents sanup jungchaek damron yongu* [Study on the discourses of Korean cultural contents industry]. Master's Dissertation, Faculty of Cultural Research, Joonang University, Seoul, South Korea.

- Choi TY (2008) The development and export of cultural products by Korean firms. PhD Dissertation, University of New South Wales, Sydney, NSW.
- CNN (2012) 'Korean Wave' of pop culture sweeps across Asia. Available at: <http://edition.cnn.com/2010/WORLD/asiapcf/12/31/korea.entertainment/index.html?iref=NS1> (accessed 20 September 2012).
- Haggard S (1990) *Pathways from the Periphery*. Ithaca, NY: Cornell University Press.
- Hahm C (2008) South Korea's Miraculous Democracy. *Journal of Democracy* 19(3): 127–142.
- Huang S (2011) Nation-branding and transnational consumption: Japan-mania and the Korean Wave in Taiwan. *Media, Culture and Society* 33(1): 3–18.
- Jin DY (2006) Cultural politics in Korea's contemporary films under neoliberal globalization. *Media Culture & Society* 28(1): 5–23.
- Jin DY (2011) The digital Korean wave: local online gaming goes global. *Media International Australia* (141): 128–136.
- Johnson C (1989) South Korean democratization: the role of economic development. *The Pacific Review* 2(1): 1–10.
- Kang N (2012) The vacillation of culture in neoliberal South Korea. *School of Oriental and African Studies working papers in Korean studies*, No. 21. University of London, London, April.
- Keane M (2006) Once were peripheral: creating media capacity in East Asia. *Media Culture & Society* 28(6): 835–855.
- KERI (2009) *Global geumyoong wigi geukbokeul wihan sungjang mit koyong junryak* [Growth and employment strategy to overcome global financial crisis]. Seoul: Korea Economy Research Institute.
- Kim K (2006) *A study on the promotion strategies of film contents industry in Korea*. Masters thesis. Yonsei University, South Korea.
- Kim SY (2012) Transitioning from fast-follower to innovator: the institutional foundations of the Korean telecommunications sector. *Review of International Political Economy* 19(1): 140–168.
- Korea Film Council (KOFIC) (2006) *The Korea Film Industry Annual Report*. Seoul, South Korea: Korea Film Council.
- Korea Film Council (KOFIC) (2010) *The Korea Film Industry Annual Report*. Seoul, South Korea: Korea Film Council.
- Korea National Statistical Office (KNSO) (2002) *Korea Statistical Yearbook*. Seoul, South Korea: Korea National Statistical Office.
- Korean Culture and Information Service (KCIS) (2011) *K-POP: A New Force in Pop Music*, Korean Culture Series. 2nd ed. Seoul, South Korea: Korean Culture and Information Service, Ministry of Culture Sports and Tourism.
- Kwon OY (2010) *The Korean Economy in Transition: An Institutional Perspective*. Cheltenham: Edward Elgar Publishing Ltd.
- Kwon S and O'Donnell M (2001) *The Chaebol and Labour in Korea: The Development of Management Strategy in Hyundai*. London: Routledge.
- Lee DH (2007) From the margins to the Middle Kingdom: Korean TV drama's role in linking local and transnational production. In: Zhu Y, Keane M and Bai R (eds) *TV Drama in China: Unfolding Narratives of Tradition, Political Transformation and Cosmopolitan Identity*. Hong Kong: HKU Press.
- Lee GH (2010) *Digital Yoonghap Sidae Contents Saneop Mirae Jungchaek Yonkoo* [Research on the future of contents industry in the era of digital convergences]. Seoul, South Korea: Korea Creative Contents Agency.
- Lee W (2012) Munhwa saneopeui sijang dokjeom geurigo daeanjeok jungchaek gojojo [Monopoly in cultural industry and its solution]. In: Yeondae M (ed.) *Daeanul Junbi Haneun Munhwa*

- Jungchaek Forum* [Forum for the preparation of solution proceedings]. Seoul, South Korea: Cultural Action.
- Ministry of Culture, Sports and Tourism (MCST) (2008) *Munhwa Sanup Backsuh* [Cultural Industry White Paper 2008]. Seoul, South Korea: Ministry of Culture, Sports and Tourism.
- Ministry of Culture, Sports and Tourism (MCST) (2009) *Munhwa Sanup Backsuh* [Cultural Contents Industry White Paper 2009]. Seoul, South Korea: Ministry of Culture, Sports and Tourism.
- Ministry of Culture, Sports and Tourism (MCST) (2010a) *Munhwa Sanup Backsuh* [Cultural Contents Industry White Paper 2010]. Seoul, South Korea: Ministry of Culture, Sports and Tourism.
- Ministry of Culture, Sports and Tourism (MCST) (2010b) *Digital Yoonhap Sidae Contents Sanop Mirae Jungchaek Yonkoo* [Research on the Future Policy of Contents Industry in the Era of Digital Convergence]. Seoul, South Korea: Ministry of Culture, Science and Technology.
- Ministry of Culture, Sports and Tourism (MCST) (2011a) *Munhwa Sanup Backsuh* [Cultural Contents Industry White Paper 2011]. Seoul, South Korea: Ministry of Culture, Sports and Tourism.
- Ministry of Culture, Sports and Tourism (MCST) (2011b) *Wikli Gongkam* [Weekly Gongkam], vol. 120. Seoul, South Korea: Ministry of Culture, Sports and Tourism.
- Ministry of Culture, Sports and Tourism (MCST) (2011c) *Moonhwa Ccehyook Ggwangwangbu Jooyo Eeopmu Ggyeheok (2010–2012)* [Major Tasks of Ministry of Culture, Sports and Tourism (2010–2012)]. Seoul, South Korea: Ministry of Culture, Sports and Tourism.
- Ministry of Culture and Tourism (MCT) (2002) *Munhwa Sanup Backsuh* [Culture Industry White Paper 2002]. Seoul, South Korea: Ministry of Culture and Tourism.
- Ministry of Culture and Tourism (MCT) (2004) *Munhwa Sanup Backsuh* [Cultural Industry White Paper 2004]. Seoul, South Korea: Ministry of Culture and Tourism.
- Ministry of Culture and Tourism (MCT) (2006) *Munhwa Sanup Backsuh* [Cultural Industry White Paper 2006]. Seoul, South Korea: Ministry of Culture and Tourism.
- Nam S (2008) The politics of 'compressed development' in new media: a history of Korean cable television, 1992–2005. *Media Culture & Society* 30(5): 641–661.
- New York Times* (2011) Korean pop machine, running on innocence and hair gel. *New York Times*, 24 October.
- Park JS (2007) The Korean Wave: transnational cultural flows in East Asia: Korea at the center: dynamics of regionalism. In: Armstrong C, Rozman G, Kim S and Kotkin S (eds) *Northeast Asia*. New York: M.E. Sharp.
- Park KK and Joo HJ (2002) 21st century reformation of the cultural organisation in Korea. In: *Winter academic conference*, Administrative Studies Association.
- Ryoo W (2008) The political economy of the global mediascape: the case of the South Korean film industry. *Media Culture & Society* 30(6): 873–889.
- Shim D (2006) Hybridity and the rise of Korean popular culture in Asia. *Media Culture and Society* 28(1): 25–44.
- Shim D (2011) *Waxing the Korean Wave*. Asia Research Institute working paper series No. 158, June 2011. Singapore: National University of Singapore.
- Shin GW, Chang PY, Lee J, et al. (2007) South Korea's democracy movement (1970–1993), Stanford Korea democracy project report. Asia Pacific Research Center, Stanford University, Stanford, CA, December.
- Yim HS (2002) Cultural identity and cultural policy in South Korea. *The International Journal of Cultural Policy* 8(1): 37–48.

Author biographies

Seung-Ho Kwon is the Deputy Executive Director, Korea Research Institute, University of New South Wales, Australia. He received his Doctoral degree in Industrial Relations from the University of New South Wales. His research interests include multinational companies in Southeast Asia and Cultural Industry.

Joseph Kim is currently a PhD candidate at Australian Business School, and a research fellow at Korea Research Institute, University of New South Wales, Australia. His research interests include copyright issues and the music industry in Korea.