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From Developmental to Neo-Developmental Cultural Industries Policy: The Korean Experience of the ‘Creative Turn’

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**UNIVERSITY
of
GLASGOW**

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requirements of the degree of Doctor of Philosophy.**

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Abstract

This thesis undertakes an explanatory case study of the Korean cultural industries policy shift recently instituted under the Kim Dae-Jung and Roh Moo-Hyun governments (1998-2008). This shift can be well positioned within the broader context of the *creative turn* in national cultural policy around the world, which was initiated by the British New Labour governments (1997-2010). Indeed, the trend ‘has had a remarkable take-up across many parts of the world’, elevating the British discourse on creativity into a policy ‘doctrine’ or ‘credo’ not only in the UK, but also across the globe.

Despite the similarities in the driving discourses and policy methods, this thesis argues that the Korean policy shift was significantly different from its British counterpart as a result of the differing pace and trajectories of industrialization in the two countries. Starting from the concept of the East Asian developmental state as an entry point, this thesis explores three major questions: How and why did Korea go through a cultural industries policy shift in the period following the 1997-98 Asian financial crisis? Has the shift produced a policy framework which is different from that of the previous developmental state, and if so, what is its form? What results have the policy shift and framework brought about in the Korean cultural industries sector, and how were they achieved? By addressing the process, product and performance of the policy shift in this way, this thesis presents a distinctive description and analysis of the way the cultural and creative industries (CI) have been nurtured in the era of ‘post-organized capitalism’.

As a former representative developmental state and as a neo-developmental state currently known for having made a clear break with the past, the Korean case can provide a unique opportunity to re-think the recently fashionable *creative turn* among various nations. Given its position in the global economic hierarchy as either a high-end developing country or a low-end developed country, the story of Korea’s fundamental CI policy shift can furnish something of interest and academic value to both these groups.

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Author's Declaration

This thesis represents the original work of Jong-Eun Chung unless otherwise stated in the text. The research upon which it is based was carried out at the University of Glasgow under the supervision of Professor Philip Schlesinger and Dr Gillian Doyle during the period October 2008 to October 2012.

1. Introduction

In the UK, the discourse of creativity has been developed by government for the past decade and is currently being bound into a conception of the 'creative economy'. Official thinking is discursive in the sense that it is a self-sustaining outlook increasingly driven towards consistency. It has become a doctrine by virtue of being an object of unceasing advocacy by its proponents. It is now an obligatory starting point for those who wish to enter into dialogue with policymakers. (Schlesinger, 2007: 378)

From the late 1990s onwards, a new kind of cultural policy emerged rapidly in the UK policy arena. It all started when the New Labour government of the time coined a term, 'creative industries' to refer to a group of industries based upon 'individual creativity' and which had high 'potential for wealth and job creation' through the generation of 'intellectual property' (DCMS, 1998). As Schlesinger observes, the government promoted both the term and the policy ceaselessly during its term in the office (1997-2010).

Whether this kind of discursive practice is intellectually and ethically acceptable or not has been a subject of persistent dispute over the last decade (Jenkins, 2004; Elliott & Atkinson, 2007; Freedman, 2010). On another level, however, it is hard to deny that this so-called *creative turn* in national cultural policy, that New Labour invented and nurtured, has had a significant influence not only on UK policy (Taylor, 2006; Higgs et al., 2008), but also on many governments across the world (Wang, 2004; Lee, 2004; Hartley, 2005; O'Connor & Xin, 2006; Higgs & Cunningham, 2008; Cunningham, 2009a; 2009b). One can now confirm without difficulty the increasing power of this British discourse in the international policy arena, which contrasts to the declining influence of the French discourse that stressed heavily rationales such as cultural exception, identity and diversity against GATT/WTO. Indeed, the arguments of creativity, the creative industries and the creative economy have become:

[E]specially dominant in the emergent cultural policies of Taiwan, China, Singapore and Hong Kong, driven no doubt by the prize of WTO membership and the promise of global competitiveness. As national creative industries are absorbed into a global creative economy, neo-liberal assumptions begin to drive out the old ideologies. Seen in this context, France's 'exception culturelle' appears as a defiant anachronism threatened by a gathering consensus. (Bilton, 2007: 169)

Of the East Asian countries deeply influenced by the British discourse of creativity, South Korea (hereafter, Korea) presents an enlightening case study that provides 'an

interesting barometer for creative industries policy in the future' (ibid.). There are at least two reasons for this. Firstly, Korea is poised between the two policy traditions, shifting from aggressively defending its indigenous cultural industries to opening up its market widely, while it is also 'enjoying the best of both worlds' by combining the old policy of nurturing strong domestic industries with the new approach predicated on penetrating the emerging global marketplace. Although broadly agreeing with his analysis, I am not convinced with Bilton's view that both this position of Korea's and the regional phenomenon of 'Korean wave' (Kim, 2007; Chua & Iwabuchi, 2008) are unsustainable. His predictions are based on a dubious dichotomy between the 'old ideologies' of protectionism and the new 'neo-liberal' cultural policies toward the creative industries. Surely a more sophisticated consideration of the particular experiences and conditions of Korean (or East Asian) industrialization is called for.

In a nutshell, eclecticism (or the *being poised between*) has been the essential characteristic of the Korean state since the beginning of its industrialization in the 1960s. Korea deployed a model called the 'developmental state' (Johnson, 1982; Amsden, 1989; Woo, 1991; Evans, 1995), which is poised between the Anglo-American and Stalinist models, and achieved an average annual growth rate of 8.1% between 1965 and 1999 (Akhand & Gupta, 2006: 6). This 'outstanding' (Amsden, 1989), 'impressive' (Wade, 1990) or 'extremely rapid' (World Bank, 1993) growth performance was shared by neighbouring countries, including Japan (the first runner), Taiwan and Singapore in the period following the Second World War. Why, then, should one believe that the eclectic position taken towards cultural industries policy in Korea cannot be sustained at the present juncture?

Of course this does not imply that the current 'success of South Korean creative industries' (Kean, 2004: 276) or Korea's status as the 'dominant force' (Bilton, 2007: 169) in the Asian cultural market is guaranteed. What I would argue instead is that the Korean cultural industries policy shift since the late 1990s can be understood as another way of nurturing *cultural and creative industries* (hereafter, CI) under contemporary global neo-liberalism, rather than in terms of the dichotomy. The Korean CI policy shift was led by two centre-left governments (1998-2008) which embraced the British 'Third Way' as a governmental philosophy (cf. 5.1.2), whilst also perpetuating the old ideology of mercantilism from the previous developmental statist regimes (cf. 3.1.1). An equally important factor is that because they came to power following the 1997 Asian financial crisis, these governments had little choice but to accept the 'neo-liberal' norms imposed by the IMF as a condition of financial assistance (Ha & Lee, 2007: 902). These

dynamics allowed the centre-left governments to declare many of the conventional tenets of the developmental state including protectionism neither suitable nor desirable, and to dismantle them quickly (Pirie, 2008: 58). Therefore, during the decade of significant change in Korean CI policy, it is more correct to say that Korea was poised between mercantilism (rather than protectionism) and neo-liberalism (in the version of the Third-Way rather than Thatcherism). This might be the simplest explanation of why post-crisis Korean governments embraced the new British discourse of creativity as an alternative to the old French discourse in order to construct a promotional logic for emerging CI.

The question then becomes, to what extent did Korean CI policy assimilate the British framework? In this thesis I will be arguing that this adoption was more of an appropriation than assimilation. It can best be understood as the rise of a new version of Korea's pragmatically eclectic approach towards CI policy, which I want to call *neo-developmental CI policy*.

Given the complex position of Korean CI policy, a nuanced approach is required to comprehend the origin, structure and usage of this new eclecticism. Therefore, I plan to conduct a detailed description, explanation and evaluation of the Korean CI policy shift since the late 1990s. In doing so, I will address three key questions relating to the process, product and performance of the policy shift that provide the analytical framework of this thesis: How and why the CI policy shift was put into practice; what policy framework was produced in the process; and what significant changes the policy shift and new framework have brought about in Korea. Exploring these questions will enable me to show that the Korean CI policy shift was the direct result of the transformation of Korean state itself from a developmental to a neo-developmental state, as distinguished from a neo-liberal state. I will also demonstrate that the impact of this neo-developmental transformation on CI policy can be boiled down to a double pronged strategy. On one hand, the negative aspects of the developmental state, such as censorship and corruption, were reigned in as a result of continued embedding of democratic institutions and practices, while on the other hand, Korea's ability to pursue opportunities opened up by global spread of neo-liberal policies was strengthened through active intervention into the governance, infrastructure, and value chains of the CI. These fundamental reforms contributed to the impressive and steady growth in the Korean CI in both the domestic and overseas markets (cf. 8.1).

Before proceeding to examine these issues in greater detail, however, it is necessary to delineate the concept of the developmental state because it provides the entry point for this research. What is the developmental state and how does the neo-developmental state differ from it? To understand this, requires brief reference to the evolution of the current world economic order.

1.1 Post-Organization and the Rise of the Neo-Developmental State

Lash and Urry's periodization (1987; 1994) provides a useful model for situating the East Asian developmental state in world economic history. They trace the evolution of the world economic order since the 19th century from liberal capitalism through organized capitalism, toward post-organized or disorganized capitalism. In the age of 'liberal capitalism', which broadly overlapped with the 19th century, the circuits of capital (including money, the means of production, consumer commodities, and labour-power) operated at the local or regional level with relatively little intersection. In the final decades of the 19th century, however, various types of capital began to circulate more significantly at national level, bringing about organization 'in the economy', followed by the organization of classes 'in civil society', and much later by the 'organization of the state' (Lash & Urry, 1987: 7). Drawing on Jürgen Kocka's perspective, they call this new economic order 'organized capitalism' and note how it blossomed through Fordism and became dominant among leading industrial countries in the early and middle 20th century. Organized capitalism was characterized by the large bureaucratic organizations that controlled the economy, civil society and the state and by the tight cooperation between them. However, this order started to dissolve from the 1960s and 1970s onwards, with the emergence of 'post-organized' capitalism, which featured circuits of capital qualitatively stretched over the international scale in terms of increases in global trade, foreign direct investment and global movements of finance (Lash & Urry, 1994: 2).

This last stage of post-organization has been accompanied by not only economic but also social restructurings. These can be seen as a series of paradigm shifts, of which post-Fordism,¹ informationalization, postmodernization and glocalization have been

¹ Fordism can be regarded the master feature of the organized capitalism. As Webster (1995) argues drawing on the Regulation school, it does not simply mean a mode of production or consumption, but a capitalist regime of accumulation which accompanies at least five interrelated characteristics: (1) mass production of products in exploiting economies of scale, (2) industrial workers as the major labour under the protection of Keynesian economics, (3) mass consumption as

most noted. Post-Fordism describes a shift in the ‘capitalist regime of accumulation’ since the mid-1970s in which emergent *flexibility* in the production and consumption of industrial goods and services was emphasized (Webster, 1995). Post-Fordism inevitably entails ‘informationalization’, which identifies the *base* of this flexible economy with the newly established information and communication technology and systems (Lash & Urry, 1994: 109). Meanwhile, informationalization’s foregrounding of ‘information’ is complemented by the discourse of postmodernism which captures the importance of ‘symbols’ in the new economy (ibid.: 3-4). As the ‘cultural logic of late capitalism’ (Jameson, 1984) or the process of ‘reflexive modernization’, postmodernism has stressed something beyond the technological revolution. The recent phenomenon of ‘aestheticization’ is the shining exemplar, which means ‘increasing component of sign value embodied in material objects’ as well as ‘the proliferation of objects which possess a substantial aesthetic component’ (Lash & Urry, 1994: 4). Finally, globalization is arguably the longest and broadest shift within post-organization. It started in the 19th century in the form of strong nationalism and colonialism, but has evolved into a post-nationalist *glocalization* under which the nation state has become too small for global problems and too big for the local problems (Williams, 1983).

The key point is that in the course of this multi-faceted shift, the rigid organization and cooperation of organized capitalism appears to have been rapidly deconstructed, allowing various subjects and objects of the capitalist political economy to circulate at greater distance and at greater velocity, thus begetting a desperate need for each nation state (not only in developed countries, but in the developing world too) to restructure the traditional economic, political and cultural fabric of their societies. It is in the context of this shift from organized to post-organized capitalism that the East Asian developmental state bloomed and was then transformed.

1.1.1 East Asian Developmental State as a Variant of European Continental Tradition

Lash and Urry’s ‘liberal capitalism’ started after the ‘First Industrial Revolution in Britain, toward the end of the eighteenth century’ (Amsden, 1989: 3). Drawing on the works of classical economists such as Smith and Ricardo, Britain did not only reinvent itself as the representative *laissez-faire* country adopting a free-market/free-trade

the base for mass production and full employment, (4) national oligopoly guaranteed and controlled by nation-state, (5) the consensus about the importance of planning.

system, but also encouraged many other NDCs (Now Developed Countries) to follow the new system from around 1860s (Chang, 2003b: 13-16). However, things changed significantly after the ‘Second Industrial Revolution in Germany and the United States’ approximately 100 years later (Amsden, *ibid.*). From that point on and up to the 1970s, interventionist policies were re-adopted by governments in many NDCs that became suspicious of the ability of liberalization policies to cope with the instability of the world economic and political systems, especially in light of the two world wars and the Great Depression. That is, the *organization* period was led by the Western interventionist ‘national industrial state’ (Pirie, 2008: 23).

However, this is not the whole story. Several competitive economies arose during this period in East Asia. These countries modernized themselves through a process that can be called ‘late industrialization’, which was based upon neither ‘invention’, the principle of the First Industrial Revolution, nor ‘innovation’, the principle of the Second Industrial Revolution, but rather on ‘learning’ (Amsden, 1989). In order to address their underdevelopment and thus catch up with industrialized Western countries as quickly as possible, these East Asian states didn’t hesitate to construct themselves as the master or director of that learning or, more honestly, ‘imitation’ (Kim Linsu, 1997). While imitating the Prussian model of industrialization rather than the British one (Cumings, 1999a), these countries continuously deployed the shame of comparative underdevelopment to ensure that the need for rapid development was enshrined in the constructions of strong nationalism.

For Chalmers Johnson (1982), who invoked the concept of the ‘developmental state’ in his study of the Japanese Ministry of International Trade and Industry (MITI), the East Asian countries constructed a ‘plan-rational’ state during the mid-20th century in order to accomplish their first priority of ‘economic development’. This was neither the ‘plan-ideological’ state of the former USSR, nor the ‘market-rational’ one of the UK and US. This plan-rational developmental state conjoined private ownership with state guidance, and thus was not only different from the Stalinist states that monopolized both ownership and control on the basis of ‘state socialism’, but also from the Anglo-Saxon ‘regulatory states’ in which private control over private ownership was prevalent under the cause of ‘laissez faire’ while the state concerned itself with the forms and procedures of economic competition instead of substantive matters. The key to this strategy was, to use Robert Wade’s expression (1990), a ‘governed market’ that was able to produce ‘synergistic connection’ between the public and the private systems. Such connection was synergistic because the outputs of each become the inputs for the

other. That is, the bureaucrats disciplined and mobilized economic actors, while the bureaucracy's privilege and legitimacy depended on economic (and thus the economic actors') success. This synergetic connection or 'mutual dependency' between public and private sectors has been the backbone of the East Asian developmental states, resulting in the 'coexistence of vigorous market competition and active state administration, energetic export promotion and deliberate import substitution, and both efforts to recruit foreign capital and technology and effort to control and regulate them' (Chan et al., 1998: 3).

For the second half of the 20th century, this industrialization strategy of the developmental states proved very successful in achieving economic performance, thus challenging the 'conventional wisdom of both dogmatic dependency analysis and neoclassical free market approaches' (Castells, 1992: 33). What should be reiterated, nonetheless, is the fact that the developmental state is not 'something *sui generis*', but rather a 'variant of the European continental tradition' (Cumings, 1999a: 62) or a 'Third World variant of the national industrial state' (Pirie, 2008: 23). It was indeed a product of the global economic structures generated by the second industrial revolution. By learning the economic logic of organized capitalism faithfully and then implementing it in an extreme way, the East Asian developmental states achieved both compressed industrialization and remarkable economic growth.

1.1.2 Convergence between the National Industrial and Developmental States

Later, however, stable environments for the *growth by learning* began to be slowly dismantled when the leading Western countries started to move away from interventionist state policy in the wake of neo-liberalism or, in Lash and Urry's term, 'post-organization'. The visible turning point is often said to be the economic crises in the 1970s which foregrounded the increasing need of social as well as economic restructuring in the NDCs. Major capitalist economies had suffered from chronic problems of low profitability during this period (Pirie, 2008: 24). What enabled neo-liberalism to be rigorously implemented in the developing countries, on the other hand, was the 1982 debt crisis in South America, which discouraged many state-led NICs (Newly Industrializing Countries) while encouraging anti-interventionist neo-liberal advocates (Chang, 2003a: 1-2). In addition, from the late 1980s on several international

events made neo-liberal reform programmes much more fashionable.² Consequently, this ideology, which the Thatcher and Reagan governments promoted most audaciously, has become world-wide and created a *new* liberal economic world order. Resonating with the shift from organized to post-organized capitalism, the declining ideology of 19th century liberalism was revived and came to reign over the world economy once again. As a result, the neo-liberal state has become the dominant state form from the late 20th century onward.

How, then, has this shift affected the individual states in the early-developed European countries and the late-developing Asian countries? Britain furnishes a good case of the former. The 'national industrial state' in post-war Britain pursued not just interventionist economics, but also the welfare society. The objective of the 'welfare state' was the outcome of implicit agreement between all political parties at the time. Indeed, until the mid-1970s, the fundamental policies of the post-war Labour government remained unchanged under the social democratic consensus, which featured 'increased social benefits and health provisions', 'state ownership' of basic infrastructure industries, 'Keynesian policies of avoiding unemployment by government over-spending and relaxation of monetary controls' (Budge et al., 2004: 69). Yet, as mentioned, this consensus depended on the early post-war prosperity and could not survive the successive economic crises of the 1970s. The Thatcher government undertook an all-out attack on the basic assumption of former British governments. It moved governmental policy away from social benefits towards self-responsibility, from state ownership to privatization and deregulation, and from government control to free market mechanisms. In the face of economic crises, the government introduced 'emergency cutbacks in public spending and the stripping away of regulation', and finally turned these emergency measures into 'permanent policy' (Hesmondhalgh, 2007: 86).

Although neo-liberalization was initiated by leading developed countries as a response to the post-organization of capitalism, East Asian developmental states including Korea could not avoid this new wave (Weiss, 2003; Hall, 2003; Pirie, 2008). This cannot be solely attributed to the increasing pervasiveness of *global standards* imposed by powerful international organizations such as IMF and GATT/WTO during the 1980s and 1990s. It is also undeniable that East Asian developmental states felt a strong need not

² For example, the fall of Communism after 1989, the rapid development of information and communication technology, the launch of the World Trade Organization (WTO), the economic boom in the US in contrast to the relative stagnation in Japan and Germany, etc.

to *fall behind* again in adapting to new general tendencies in the world economic system, such as post-Fordism and informationalization, and to attune their institutions in line with those of the developed countries. This has been the key factor in their ability to keep fostering export-driven growth. Equally significant is the fact that these states came to understand the necessity of addressing ‘crony capitalism’—the ugly face of the developmental state—after experiencing several economic meltdowns both directly and indirectly. The mutual dependency between bureaucrats and big businesses, although efficient and effective in achieving ambitious industrialization and export goals, often led to serious structural corruption, ‘in which relatives in the government lent money to relatives in business, piling money upon growth expectations and growth upon money expectations, somewhat like a chain letter or crap game that worked year in and year out’ (Cumings, 2005: 227). This is probably why *progressive* governments in NICs often appeared to be in favour of *neo-liberal* reforms in the economic structure of their countries. The centre-left governments in Korea between 1998 and 2008 are a good example. Leading the process of political and economic restructuring to conform to the global norm, they made of Korea an ‘exceptional’ case in terms of ‘the speed’ with which reform was effected and ‘the clarity’ of the break with the past (Pirie, 2008: 58).

1.1.3 From Developmental State to Neo-Developmental State

Three very important points need to be made in relation to this speedy and clear ‘break with the past’ in Korea and other East Asian states. First of all, in contrast to their adoption of interventionist policy in the early post-war era, this new adoption of neo-liberal reforms seems to have caused *real* convergence. To be more specific, while the developmental states achieved rapid economic growth on the basis of lessons learned from ‘national industrial states’, they neglected a major objective pursued in the national industrial states; throughout the era of organized capitalism, the developmental states achieved growth but at the cost of social welfare. Whereas close collusion with big businesses was maintained, the authoritarian developmental states mercilessly repressed the ‘distributional allies’ of labour and oppositional political groups (Koo & Kim, 1992: 141-143). Combined with the chronic problems of crony capitalism, this authoritarian control of labour was the major weaknesses of the developmental state. However, at least in Korea, the financial crisis in 1997 made it possible for the people to elect the symbolic leader of its distributional allies, Kim Dae-Jung, as their president. After his inauguration, political democracy and social welfare have been rapidly entrenched in Korean institutions, while radical neo-liberal reforms of

financial and corporate structures have been effected at the same time. Therefore, it can be said that the post-organization phase of the world economic order seems to cause more substantial convergence between the East Asian learners and the Western first-movers than the previous phase had.³ In a broad sense, this more real-time convergence can be considered the very background against which Britain (as a leading NDC) and Korea (as a leading NIC) appear to have experienced a similar policy shift in their CI fields since 1997.

The second point is that this convergence notwithstanding, the similarities between the two camps' post-organization should not be exaggerated. Even though the convergence may be labelled 'neo-liberal' because it incorporates key reforms such as privatization and deregulation (especially in the financial sectors), it is also true that the implications of the similar reforms can differ greatly depending on the local context. Most significantly, the East Asian NICs have never experienced industrialization under liberal capitalism, and therefore the current *neo-liberal* reform is actually the *first* liberal reform in their history. Thus, the type of deregulation called for in Korea has been much different than that in the corporatist UK economy of the early 1980s. On top of this, past successes under the developmental state have left a strong impression in Korea. For example, in most surveys Park Jung-Hee, the authoritarian leader during the industrialization period, is still the most popular president in Korean history (Seoul-Kyeongje, 2008). With all the neo-liberal reforms, both the dynamism and the side effects of dense industrialization are still very much present in every sector of Korean society.

My final point here is that, while the Western developed countries pursued a welfare society under organized capitalism and have introduced neo-liberal reforms under the post-organized capitalism, this was not the case in the East Asian developmental states. Conversely, these countries have been pursuing the two objectives at the same time as part of their post-organization. This distinctive trajectory has produced different kinds of tensions and problems that need to be addressed. Given the various differences, the *neo-liberal* convergence should not be taken at face value. In brief, current convergence between Western developed countries and East Asian developing countries may be better labelled *post-organizational* rather than neo-liberal. This is because, however significant, neo-liberal reforms cannot account for the whole picture of the

³ This is partly because the current learning has been undertaken in the condition of time-space compression due to the informationalization and globalization which was hardly imaginable in the former learning context of organized capitalism.

broader economic and social restructuring toward the post-organization. This could not be more pertinent in the East Asian case.

Overall, therefore, it is clear that what the ‘neo-liberal’ reforms caused in Korea was not a shift from the developmental state to the neo-liberal state, but rather to the *neo-developmental state*. As Cho (2000: 442) argues, the economic crisis and emergence of the opposition party government have not contributed to fundamental purge of the existing developmental regime, but have led to a ‘new refreshment’ of the old regime with the help of democratic reforms. Thus, since it still maintains ‘a catching up ideology’ and occasionally employs industrial policy crafted by its predecessor (i.e. the developmental state), ‘neo-developmental’ states such as Korea and Taiwan can be distinguished from a ‘post-developmental’ state like Japan, and even more so from the neo-liberal state (Hill, 2007). In this regard, the three engines that drive the neo-developmental state are; strong mercantilism (from the developmental state), social welfare (from the national industrial state), and increased competition (from the neo-liberal state). Conversely, the neo-developmental state can be understood as a reaction to the limitations of each of the three state forms: Excessive and indiscreet state intervention under the developmental state inevitably results in crony capitalism; while the national industrial state cannot ensure social welfare in the long term without enhancing global competitiveness and the promotion of free market competition in neo-liberal states does not naturally guarantee competitiveness without institutional regulation and promotion.

Thus I argue that some of the East Asian developmental states, which undertook their late industrialization by learning the strategy of the national industrial state under organized capitalism, have given way under conditions of post-organization to neo-developmental states that seek to appropriate the strengths of the national industrial, developmental and neo-liberal states while avoiding their weaknesses. In light of the global crises of 2008 and 2011 in which many assumptions of neo-liberalism came to be widely attacked, it is too soon to tell whether this three-fold experiment by the neo-developmental state is a suitable and feasible strategy or an opportunistic wildcat scheme. Although limited to the sector of cultural and creative industries policy, this thesis aims to directly engage with this matter, and I hope to make an original contribution to the existing debate about feasible paths for CI policy shifts which have been taking place around the world since the late 1990s. Korea is the main object of this study and CI policy is the main sector of interest, so it is necessary to make a few

points here concerning the major features of Korean CI policy before the rise of the neo-developmental state in 1998.

1.2 Korean Cultural (Industries) Policy before the Neo-Developmental Era

1.2.1 Four Stages of Modern Korea

Korea is ‘one of the oldest countries in the world’ (Cumings, 2005: 212) with a history spanning more than two millennia from *Gojoseon* (the first kingdom in the peninsula: - 108 B.C.) to *Joseon* (the last dynasty: 1392-1897/1910) and the two post-war states; the Republic of Korea (South: 1948-) and the Democratic People’s Republic of Korea (North: 1948-). Limiting ‘Korea’ to mean the Republic of Korea, however, makes periodizing its history fairly simple because it is not only short but also easily divided according to dramatic changes of presidential regime.

Table 1.1 A History of the Modern Korean State

Years	Feature	State form	Major change
1948-1961	Confusion period	Leviathan state incompetent to deal with the fundamental tensions of the society	ISI without proper strategies (1 st and 2 nd republic)
1963-1979	Growth period	Developmental state with absolute conviction and power which was solely committed to national economic development	EOI in light manufacturing industries (3 rd republic)
			EOI in heavy and chemical industries under the Yusin regime (4 th republic)
1980-1998	Transition period	Authoritarian state in transition that implemented sporadic economic and political reforms toward neo-liberalism	Liberalization (5 th republic)
			Democratization (6 th republic)
			Globalization as neo-liberalization (YS government)
1998-2008	Transformation period	Neo-developmental state that sought to transform the ancient regime with absolute conviction, but weaker power	Parallel development of democracy and economy (DJ government)
			Consolidation of the parallel development (Roh government)

As seen in Table 1.1, from the founding of Republic of Korea in 1948 until the previous government (2003-08), the history can be broadly divided into four periods: (1) President Rhee Syng-Man’s 1st Republic and the transitory Second Republic (1948-61); (2) President Park Jung-Hee’s Third and Fourth Republics (1961/63-79); (3) President Chun

Doo-Hwan's Fifth Republic, President Roh Tae-Woo's Sixth Republic and President Kim Young-Sam's Civilian Government (1980-98); (4) President Kim Dae-Jung's Government of the People and President Roh Moo-Hyun's Participatory Government (1998-2008).

Each period is characterized by a particular kind of development strategy, which can be understood as part of the whole story of the rise and fall of the Korean developmental state. The first stage was indeed the period of *confusion* full of tensions due to several radical events including the Korean War, but the state had neither the conviction nor the power to address the tensions and thereby ended up failing to foster either democratic or economic development. The second period was the heyday of the Korean developmental state, which can be summarized by the miraculous economic *growth* achieved at the cost of democracy under the strong leadership of President Park, who headed the first military junta in Korea. The third period represents a *transition* period, during which Korea experienced significant advancement of liberalization, democratization and globalization, but raced into the traumatic financial meltdown of 1997. Finally, the last period led by two progressive presidents can be understood as the completion stage of the *transformation* from the old developmental state toward the neo-developmental state. As stated earlier, this neo-developmental state pursued a distinctive principle of the parallel development of democracy and a market economy, drawing on three different models under the strong influences of post-organization. Then, how has Korean cultural industries policy evolved along with the development of the stages?

1.2.2 The Korean Developmental State and its Cultural Policy

During the *confusion* period right after the establishment of the Republic of Korea, the state was not able to formulate any systematic economic policy (Koo & Kim, 1992: 123), let alone a cultural policy. Therefore, despite stressing the importance of 'national culture' or 'traditional culture' within state development (Yim, 2002: 40), the Rhee government did not produce any prominent cultural policy, and ceded the opportunity to formulate *Korean cultural policy* to the second period. By establishing notable laws, institutions and long-term plans related specifically to the cultural sector for the first time, the Park government did officially open the field of Korean cultural policy. To illustrate, the promulgation of the Public Performance Act (1961), the Motion Pictures

Act (1962) and the Culture and Arts Promotion Act (1972)⁴; the publication of *The First Five-Year Plan for Culture and Arts Promotion* (1973) and *The Second Five-Year Plan* (1978); and the establishment of the Korean Motion Picture Promotion Corporation (1973) and the Korean Culture and Arts Foundation (1973).

However, it must not be forgotten that these initiatives were undertaken by the Ministry of Public Information and oriented toward the specific purpose of the authoritarian integration and further mobilization of the people. As Kim Yer-Su (1988: 27) argues, ‘contributing to justification and integration of the regime’ was the first and foremost rationale of the government’s cultural policy. Seen in this context, the major achievement of the government, i.e. ‘constructing the absent cultural institutions and infrastructure under the government’s control’, can be considered somewhat disingenuous. Top-down administration brought about radical increases in the number of cultural facilities, but this was ‘mainly for display’ and was not designed to meet public needs or consumer demands (ibid.). For instance, the Korean Culture and Arts Foundation was established to ‘divert people’s attention from the dictatorship and sooth political opposition groups by the help of culture and the arts’, and *The First Five-Year Plan for Culture and Arts Promotion* was designed to use culture as the ‘instrument of economic development’ within the broader trajectory of the New Village (*Saemaul* in Korean) Movement—the mass mobilization movement to modernize rural villages initiated by Park in the early 1970s.⁵

Another key strategy adopted to ensure that the cultural sector functioned to serve the regime was the insulation of the domestic market from international influences. For example, the regime introduced the first Public Performance Act in 1961, followed by the first Motion Pictures Act in the next year, which required permission to be sought before any foreign performance troupes or overseas films could be imported. In a similar vein, to borrow an expression from Oh Jee-Chul (October 2009), the former Vice Minister at the Korean Culture Ministry, one of the ‘world’s strongest Screen Quotas’ was introduced in 1967. Again, this policy move contains two conflicting aspects: It was partly aimed at protecting Korean cultural industries in their infancy stages and thus the cultural identity of the nation, but was mainly driven by the fear that free cultural exchange with other countries could stimulate popular resistance against the severe

⁴ It may be noted that Korean cultural policy officially started with the inauguration of the Ministry of Culture and Public Information (MCPI) in 1968. However, many argue that the real starting point of Korean cultural policy was the promulgation of the Culture and Arts Promotion Act in 1972 (Chung, 1993: 94) in that it defined for the first time the object of cultural policy and became the legal ground for the government to deal with the cultural sector.

⁵ [Http://contents.archives.go.kr](http://contents.archives.go.kr) [Accessed on 10 July 2010].

censorship and control imposed by the regime and thus threaten its security. While it might have been inevitable to protect the domestic cultural market in the early stage of its development, in this case the cover of protectionism was surely abused to justify authoritarian rule (Park, 1988; Shin, 1988).

Therefore, it can be concluded that the major cultural policy strategies under the Korean developmental state were the rapid establishment of institutions and infrastructures under the tight control of the government, and the insulation of domestic cultural sector for both protection and manipulation; and both strategies aimed at serving the primal objective of ensuring the cultural sector's contribution to regime justification and national development. In light of this, it is clear that cultural policy under the developmental state was not only subject to its economic policy, but also modelled after it. The thesis argues that this developmental cultural policy underwent a fundamental transformation under the progressive governments in the succeeding period.

1.2.3 The Rise of Neo-Developmental Cultural Industries (CI) Policy

At this juncture I would like to make a few points relating to the transformation from developmental to neo-developmental CI policy in Korea, in order to reveal the broad logic of this study, which will be fleshed out with concrete evidence in further chapters.

First of all, the neo-developmental transformation of cultural policy would have been far more difficult, if not impossible, without many reforms introduced during the third period of transitions. Even if the changes put in place by successive presidents were in fact *half-hearted*, liberalization during Chun's presidency, democratization during Roh's presidency, and globalization during Kim Young-Sam's presidency left deep imprints on the development of Korean CI policy. For instance, the establishment of the Ministry of Culture by president Roh in 1990 was the very moment from which Korean cultural policy started to separate itself from the public information policy; and the establishment of the Cultural Industries Bureau within the Ministry by the Kim Young-Sam government in 1994 can be regarded as the point from which Korean CI policy *officially* began. In spite of many limitations, therefore, the reforms undertaken during the transition period certainly laid the foundations for the decisive dissolution of the old developmental CI policy in the transformation period.

The second point is, however, that this logical incrementalism should not mislead one to believe that the transformation of CI policy was either smooth or natural. It is important to remember that the governments of the transition and transformation periods had been the enemies since the birth of the Korean developmental state in the 1960s. With its primal objective of ‘contributing to the justification and integration of the regime’ (Kim Yer-Su, 1988), developmental cultural policy had caused an acute conflict between affirmative official culture and critical popular-folk cultures. The election of a progressive government in December 1997 reversed this position for the first time in Korean history. The group who had regarded themselves as the guardians of affirmative culture lost their status, while those who had always positioned themselves as critical rebels suddenly assumed the power to manage many cultural organizations and distribute huge amounts of money. Although this new power bloc did not use the old sticks (most significantly, severe censorship and license control) and carrots (many unofficial favours for those who conformed) as the developmental state did, acute conflict not only remained, but became increasingly complicated and politicized during the course of the policy transformation.

The third point that needs to be made here is that the transformation was not only guided by efforts to overcome the weaknesses of the developmental state, but also by efforts to emulate the strengths of ‘advanced countries’. In terms of CI policy, the British case was the major model to be emulated. Here, Kim Dae-Jung’s personal conviction and relationships played a very important role. Firstly, his fundamental conviction about the necessity of the ‘parallel development of democracy and the market economy’ took Britain as its model (Kim, 2000: 311). In this vein, President Kim’s primary cultural pledge appropriated the British *arm’s length principle*. Furthermore, while struggling to win the presidential election in 1997, he took great encouragement from Tony Blair’s victory in the UK and tried to apply the secrets of New Labour’s success to his own situation (Kyunghyang-Shinmun, 1997; Munhwa-Ilbo, 1997). Moreover, Kim’s governmental philosophy was strongly influenced by the work of Anthony Giddens, with whom he had developed a personal relationship.

Against this background, the financial meltdown that Kim inherited brought New Labour’s stress on the social and economic value of creativity and creative industries into sharp relief. Therefore, the neo-developmental transformation of Korean CI policy initiated by Kim Dae-Jung and his successor, Roh Moo-Hyun cannot be fully understood without comprehending New Labour’s policy experiment. New Labour tried to find the ‘Third Way’ in order to go beyond both the national industrial state (i.e. the old Labour)

and the neo-liberal state (i.e. the Thatcherism). The Korean neo-developmental state basically followed this path, while attempting to retain the strengths of the developmental state. The case of the Korean CI policy shift illustrates this point very clearly.

1.3 The Significance and Structure of the Thesis

To sum up, this thesis seeks to conceptualize a distinctive way of nurturing CI in the era of post-organized capitalism by exploring in detail the case of the Korean CI policy shift under the two progressive governments (1998-2008). As a former representative developmental state and as a neo-developmental state currently known for having made a clear break with the past, the Korean example can provide a unique opportunity to re-think the recently fashionable *creative turn* in national cultural policy around the world. Given its position in the global economic hierarchy as either a high-end developing country or a low-end developed country, the story of Korea's fundamental CI policy shift can be expected to contain something of interest and academic value to both groups.

Korea's industrialization has been one of the major issues in development studies since the 1980s. Much research has been done to explain how developmental states in East Asia *succeeded* in producing a relatively rapid rate of development compared to other NICs. The most notable debate has been between neo-classical economists and the institutionalists. The former argued that this rapid growth was mainly indebted to the formation of minimally distorted markets in a broad sense (Kruger 1980; World Bank, 1993), while the institutionalists maintained that such growth was possible because the state intervened to keep the prices 'right' for their particular conditions, but 'wrong' against the mainstream economics (Amsden, 1989; Wade, 1990). The Korean case has also been significant in political studies, with Korea's democratization having been a hot issue since the 1990s (Bedeski, 1994; Oh, 1999). The major issue here was whether 'Asian democracy', of the sort which leaders of the developmental states had insisted on implementing in their societies, was another version of democracy (cf. Zakaria, 1994) or an authoritarian political system in disguise (Kim Dae-Jung, 1994). After the Asian financial crisis and the first governmental change in 1997, many reports, books and journal articles have been published as renewed interest in Korean politics has focused on questions of how these significant events have reshaped the old wisdom about the

Korean economy and politics (Pempel, 1999a; 1999b; Winters, 1999; Shin & Chang, 2003; Pirie, 2005).

Strangely enough, however, the historic changes have not attracted researchers' interest in the field of cultural policy, making it 'extremely difficult to find any trail of academic research on the Korean cultural industry' (Kim, 2007: 39). Taking into consideration its potential to be a 'barometer' for world CI policy in the future (Bilton, 2007: 169), it is surprising that the international cultural policy research community has paid so little attention to the Korean CI policy shift, whilst a myriad of research projects have focused on the rise of *creative industries* and related policies in the UK after the election of New Labour. This is the major gap in the literature that this study aims to fill.

The situation is not that different within Korea and Korean language scholarship. Most existing research on Korean CI policy do not engage the policy shift since 1997 within the broader shift in the domestic or international dynamics of the political economy. This is partly because most research on CI policy in Korea has been conducted for practical purposes, funded by the government or its quangos to serve specific policy functions. Therefore, such research has not been able to provide a critical and comprehensive perspective from which current Korean CI policy can be positioned in relation to that of the old developmental state on one hand and to those of other countries on the other. With my focus on the processes, products and performance—the whole mechanism—of the policy transformation, I aim to transcend the limitations of pragmatic and/or fragmented descriptions and evaluations.

In short, while the political and economic transformation in Korea have attracted much scholarship, as has the CI policy in the UK, little if any attention has been paid to the similar CI policy shift in Korea. If that weren't reason enough to approach this research topic, the phenomenal success of Korean cultural industries over the last decade calls out for explication. Since the early post-millennium years, the Korean CI have started to grow very fast domestically and their products/contents have become very popular in many Asian countries under the name of the Korean wave. To illustrate, the share of Korean films in the domestic market doubled from 25.1% in 1998 to 50% in 2007 and the number of exported Korean films soared from 33 in 1998 to 321 in 2007 (KOFIC, 2004; 2008a). Korean CI policy has been noted by many policymakers in the region, in that its fundamental policy transformation set the ground for this impressive growth. To take an example,

Chinese researchers are now looking more closely at the success of South Korean creative industries (Chen 2003). The fact that South Korea managed to navigate the Asian economic crisis and emerge with new state and private investment in its creative content industries rather than production remaining an inhouse function of industry *chaebols*, provides a salutatory lesson for China, itself attempting to reshape and professionalise its cultural economy around its new institutional groupings. (Kean, 2004: 276)

Therefore, an analysis of the mechanisms of the Korean policy shift can be expected not only to reveal a distinctive way of formulating and implementing CI policy in the age of post-organization, but also, adding to earlier research, to help reveal which key factors contributed to the rapid and substantial increase in the competitiveness of Korean contents in both Korean domestic and international cultural markets. Such insights would have a realistic appeal to policymakers in NICs because a narrative from a neo-developmental state can arouse more empathy and provide more suitable and feasible references than one from a neo-liberal state could. Moreover, this study can also be useful by introducing policymakers in NDCs to a similar but different path of CI policy shift, thus providing complementary knowledge and perspectives.

The thesis starts by examining British discourse on creative industries policy. To clarify the conceptual frame as well as the reference points for my exploration, Chapter 2 describes how the discourse was formed; explains what the main features of the policy discourse are; and evaluates what the new policy has achieved in Britain. Chapter 3 puts Korean policy making in its place. By focusing on the concept of the developmental state, I shall summarize the institutional history of Korean policy making from the establishment of Republic of Korea in 1948 to the financial crisis and the election of President Kim Dae-Jung in 1997. A major concern will be the magnitude and type of impact that Korean developmental state industrial policy has had on Korean cultural policy in general and on CI policy in particular. Chapter 4 then provides a methodological discussion which states and justifies the methods used for gathering and analyzing research data. The findings from my field work will be presented in Chapters five through eight. Chapter 5 describes the process of the CI policy shift during Kim Dae-Jung's government (1998-2003) by identifying landmark events in the field; Chapter 6 (re)constructs the overall CI policy framework which resulted from the shift over the course of the Kim and Roh (2003-08) governments; Chapter 7 undertakes case studies of two major quangos (i.e. KOFIC and KOCCA) in the Korean CI field in order to assess and explain the similarities and differences between the ways in which the policy framework was implemented by quangos promoting different genres of CI; and Chapter 8 examines whether the policy shift and the resultant policy framework achieved the

expected performance in both economic and cultural senses. Then, the concluding chapter will draw the findings together to clarify the key features of the neo-developmental transformation in Korean CI policy, and then outline its major implications for CI policy development of both developed and developing countries. This is followed by Postscript, added after the viva, that digs into the implications of the research findings in terms of *international policy transfer* and thereby states more explicitly the importance of local conditions for the *creative turn* in general.

2. The British 'Creative Industries' Discourse

One of the things that always saddened me in the past was the way in which the responsibilities of what was then the Department of National Heritage were written off by many commentators as an add-on to the main economic business of government. That perception is now changing rapidly, and not before time. These areas of industry, which rely on individual talent and the creation of value through imaginative skill, are not just part of the enjoyment agenda; they are vital for employment and our economy, too. (Smith, 1998: 147)

The previous chapter conceptualized the neo-liberal restructuring under the Thatcher Government as a response to the world-wide shift toward post-organized capitalism. The Third-Way restructuring of cultural policy under the New Labour government can be then understood as a response to both the post-organization and the neo-liberal restructuring. With the rise of New Labour to power, the state of affairs in the UK cultural policy arena significantly changed. As quoted, 'Mr. Smith' drew 'a map' (Frith, 1999) for this shift as the first Secretary of State for Culture, Media and Sport. This chapter aims to provide a detailed outline of the changes that were instituted.

New labour policymakers often framed the post-organization as the rise of the 'knowledge economy' or the 'new economy'. From the early days it was the policymakers' key project to reconceptualize Britain and its competitiveness in accordance with the rules of 'the new global economy' (cf. Fairclough, 2000). For instance, as Robin Cook declared, the promotion of 'Cool Britannia' sought to 'replace a myth of an old Britain' that had continuously declined from its glorious past, with the new image of a youthful and fashionable country full of cutting-edge talent and activities (Awan, 2008). When it comes to cultural policy, the key word for this ambitious initiative was 'creative industries'. In order to engage in the emerging trends and sectors under the new economy, the policymakers devised the new concept and promoted it along with related policies.

There are of course contending views on this government-driven discourse that predicates the centrality of the creative industries from the perspective of the emerging new economy. To illustrate, while contrasting 'modernist' categories including the public sphere and governmentality with a newly emerging paradigm such as 'the DIY citizen', John Hartley (2004b) argues that along with creativity, the 'new economy' as the latest version of the 'knowledge economy' is producing significant

changes in the conventional methods of cultural production and consumption. Stuart Cunningham (2004) also asserts that the 'cultural industries and policy' heyday around the 1980s and 1990s gave way to the 'service industries model' of industry development and regulation, which is now giving way to new developments around the 'knowledge-based economy'. Accordingly, he welcomes the fact that governments around world have recognized that most classic strategies are insufficient for fostering the new economy, and are now accepting a 'renewed interventionist role for the state in setting 21st-century industry policies'. In this regard, these *pro-new economy researchers* appear to not only approve of but also to advocate the British discourse of creativity and creative industries (see also Flew, 2004; Higgs et al., 2008).

On the other hand, other commentators are suspicious of the new economy and thus of creative industries policy. For Toby Miller (2004), it seems not proper even to confer the status of a 'research topic' on inaccurate concepts such as the 'new economy' and 'creativity'. Instead, he argues that as part of technological futurism, the new economy discourse has been a 'smokescreen' for the prevailing neo-liberal Washington Consensus, which have resulted in slower worldwide growth and greater worldwide inequality. Andy Pratt (2004) points out that the articulation of the 'new economy' with 'creativity' in strategic policy making has a long history of over a century, and does not represent a 'rupture' at all. He also insists that most accounts drawing on the term appear 'locked into a fairly crude form of technological determinism'. Against the over-inflated expectations of the new economy, these *sceptical researchers* have worked hard to reveal the shortcomings and negative impacts of the British CI policy shift (see also Garnham, 2005; Oakley, 2004; 2009).

Nonetheless, both parties almost readily agree that interest in the new economy has driven a great shift in British cultural policy, and has given prominence to 'creative industries' as a 'pioneer sector of the economy' (The Work Foundation, 2007: 16). Besides, it should be noted on another level that the newly emerging CI policy consists of 'a body of thought' (Schlesinger, 2007) or a conceptual 'constellation' (Benjamin, 2003), which therefore cannot be easily totalized or reduced to a simple position or two. Hence, taking a step back from the sharp division around the new economy, this chapter seeks to *describe* the production and products of the British policy shift, rather than to *judge* their value too hastily. In doing so, I shall first explore the terminological shift toward 'creative industries', focusing on its politico-economic background. This chapter then attempts to overview the body of work that arose during the shift to comprise the CI policy framework. Finally, I will critically examine assessments of the policy shift. My

ultimate aim in clarifying the shift in British policy here is to provide a useful reference point for examining the parallel Korean experience. Therefore, this chapter may be viewed as a reading of the British experience through the Korean perspective.

2.1 From the Culture Industry via Cultural Industries to Creative Industries

2.1.1 'Culture Industry' by Adorno and Horkheimer

The term, 'creative industries' can be regarded as a part of a *family of concepts* that resulted from the (re)marriage of culture and industry in the 19th century.⁶ The first fruit of this union was the so-called 'mass culture' or 'popular culture', which was first labelled as 'Culture industry' by two Western Marxist scholars, Adorno and Horkheimer (1947). They used the label to censure the *undesirable* marriage between culture and industry. For them, the Culture industry was a medium of 'mass deception' in late-capitalist society (conceived as a stage of Western Enlightenment) and has functioned as a means of soft fascism, pseudo-individualism, baby-talk, social cement, and so forth (Adorno and Horkheimer, 1947; Adorno, 1991). The manipulation of the common people by either Nazi fascism in Germany or by capitalist popular culture in the US are both dramatic exemplars. Adorno and Horkheimer insist that the arts, the essence of culture, can become 'the useful' only when they become 'the useless'. That is, it is only by refusing to be a part of a huge instrumental system in service of the useful, that the arts and culture can nurture critical reflexive reason as a foil for conformist instrumental reason. In short, the two thinkers claimed that the current situation within the Culture industry and its effects ought to be halted and reversed as soon as possible.

As O'Connor noted (2007: 18), Adorno's account of the 'Culture industry' resonated with post-war anxieties about mass, industrial or 'Americanized' culture, and thereby came to be connected with the objective of contemporary European cultural policy to protect its 'authentic' cultural tradition. Adorno's position on modernist social aesthetics operates at the level of formal logic and contradictions, and has been influential in a

⁶ The first pages of Western history of aesthetics suggest that this combination of culture and industry can be regarded as re-marriage. For example, in the ancient Greece, painting, sculpture, architecture were analyzed as the product of 'techne' ('ars' in Latin) along with shoemaking. Since then, the 'arts' have been separated from 'mere' techniques, being escalated into the 'disegno' by Italians in the 16th century and then into the 'beaux-arts' (i.e. fine arts as the essence of culture) by French scholars in the 18th century (cf. Tatarkiewicz, 1980). In this light, the convergence between the traditional arts and cutting-edge computer games under the title of creative industries (driven by British policymakers) in the 21st century may be regarded as a much more significant symptom than might be thought.

number of intellectual traditions. Despite the virtue of its prophetic mood, however, his position has attracted much criticism. In the UK two such theoretical positions are particularly prominent: British Cultural Studies and the Political Economy of Culture School.

British Cultural Studies arose from the dialectic between culturalism (e.g. R. Williams, R. Hoggart, E. P. Thomson) and structuralism (e.g. C. Levi-strauss, L. Althusser, R. Barthes), and has problematized the supposed *symbolic function* of the Culture Industry as a totalizing, manipulating mechanism (cf. Hall, 1980b). Three key criticisms emerge from this perspective. First of all, the existence of the manipulating mechanism itself is doubtful, because encoded messages are not always decoded by audiences in the designed or preferred way (Hall, 1980a). Some might be manipulated to strengthen the interest of the ruling class, but there are also many audiences pursuing their own interpretations of resistance. This criticism can be connected with Benjamin's analysis (1968) that in some of the mechanically reproducible art works one can discern undeniable possibilities of emancipation.

Following Gramsci, British Cultural Studies has also problematized the concept of the 'ruling class' assumed in Adorno's conception. He supposed that there are a handful of elites who controlled or manipulated the people from the top of the Culture industry. As Gramsci demonstrated (1988), however, the group should not be understood as a singular homogeneous class, but rather as a 'historical bloc' that seeks 'hegemony' over society. A society is composed of various sectors and thus the members of the historical bloc and their interests can only be diverse, which means that the bloc is configured as loose ties among distinct, sometimes conflicting, positions. Therefore, it is not impossible to produce counter-hegemony and the criticism of the Culture industry as a whole is not an adequate solution, especially in this age of identity politics.

Adorno's adherence to authentic culture, probably the result of influence from the two great German traditions of idealism and Marxism, is the final target. For example, postmodernists following Nietzsche have radically put into practice the conviction that there is no truth, but only interpretations of the truth. If this is correct, it becomes impossible to explain why Beethoven, Schönberg and Beckett could be true, real, authentic and genuine, while Stravinsky and Jazz are not (Adorno, 2002). In addition, why are most good examples from Europe rather than Asia, Africa or America? Although British Cultural Studies did not fully agree with the French postmodernists, they did adopt its critique of essential or foundational grand narratives and their power to put

everything into a unitary system or line (Hall, 1996). Adorno's ultimate position is surely not so naïve, since it neither depends on a simple dialectic nor provides a clear utopia. However, it too set out a grand narrative by proposing an extremely delicate alternative based upon modernist aesthetics. This criticism resonates with Bourdieu's 'social critique of taste judgment' (1984) in that the problem of perception and its solution within the theory of the 'Culture industry' fully draws on Adorno's own 'habitus' as a German Jewish Marxist social philosopher.

In addition to Cultural Studies, another theoretical position in the UK has taken note of the term, 'Culture industry'. 'The political economy of culture school', composed of Nicholas Garnham, Graham Murdock, James Curran and others, was 'fiercely opposed to the (over)emphasis on the ideological effects of cultural objects conceived exclusively as "texts" rather than as commodities' (O'Connor, 2007: 19). On this basis, they criticized British cultural studies for abandoning real economic analysis in favour of textual analysis, and thus brought in ambiguous cultural politics (Garnham, 1990). Furthermore, against both the particular version of Marxist economics and the elitist pessimism of the Frankfurt School (Garnham, 2005), they sought to revise Adorno's Culture industry thesis in a different direction.

In brief, contending that culture under capitalism is produced increasingly as a commodity and thus subject to the system of production, they criticized Adorno's thesis for the following reasons (O'Connor, 2007: 19-22). Firstly, the cultural industries in part correspond to some fundamental human need for meaning or enjoyment. Secondly, the prediction and 'pre-programming' of audience response was simply not possible. Besides, the concept of the 'Culture industry' failed to register the distinctions between the different kinds of cultural commodities that were derived from the mechanism whereby exchange value was collected. Finally, the absorption of the artist into the Culture industry as a key index of cultural catastrophe has not been happening. All in all, through analysis of the *real economy*, one also arrives at the same conclusion that cultural production within the culture industry is not necessarily subjected to the total system of pre-programmed cultural commodities.

There is no reason to see these two British traditions as substitutes to each other. They are more like auxiliaries because soft and hard analyses can and should go together. The most notable common feature is that both attempted to secure a space for 'cultural democracy' beyond the 'democratization of culture' by rejecting the over-evaluation of a totalizing system almost transcendently imposed. These strands of criticisms

required Adorno's Culture industry thesis to be reconsidered. In social history, the new society movement that arose following May '68 accelerated the need for this revision in accordance with the rapidly growing Culture industry on the one hand, and with the evident success of capitalism on the other. The coming of 'New Times' (Hall & Jacques, 1989) brought into light the inadequateness of Adorno's pessimistic speculative prospects. The direct result of this re-evaluation was the birth of the 'cultural industries', the second child of the (re)marriage of industry and culture.

2.1.2 'Cultural Industries' by GLC

In the UK, the Greater London Council (GLC) was the main agent that established and activated the usage of this distinct family member (Hesmondhalgh & Pratt, 2005: 3).⁷ It should be noted here that the 1980s and 1990s were not only the cultural industries 'heyday' (Cunningham, 2004), but the period that saw the rapid growth of neo-liberalism. In the course of the long economic downturn through the 1970s, the post-war consensus on the welfare state was blurred and was replaced by the discourse of neo-liberal competition in society. As an active response to the emergence of post-organization, this new political trend drove Britain into a wholesale restructuring of its social formation in parallel with the so-called new economy. This strong trend, then, has rapidly become a world-wide trend since the late 1980s when even the communist nations admitted the limitations of a controlled economy. Although the global financial crisis after 2008 is currently causing great upheaval, a significant set of neo-liberal policy terms remain very powerful such as self-funding and privatization.

This transformation from the social democratic welfare state to the neo-liberal state has had a great influence on British cultural policy. Above all, it brought about a shift in policy rationales 'from the social and political concerns prevailing during the 1970s to [concerns for] economic development' (Bianchini, 1993: 2). What emerged subsequently was a tight convergence of culture with economics. The convergence, though, was not simply imposed by the government. The substantial cutbacks in public spending that the Thatcher government implemented provoked the CI sector into developing elaborate logics and persuasive evidence concerning the values of their own works. This later evolved into the discourse of democratized creativity and its economic/social values

⁷ On the international level, the first and main agent was UNESCO. In the early 1980s, it produced several seminal works to address the importance of cultural industries in policy circles, including *Cultural Industries: A Challenge for the Future of Culture* (1982).

(Bilton, 2007). It is precisely in this situation that the GLC had sought a new cultural politics between 1979 and 1986 through its use of the new term of 'cultural industries'.

Although it was the first cultural industries strategy to emerge at a local level in the UK, the GLC's work was more than just a local initiative and implied bigger ambitions toward democratic cultural policy. Several points need to be made in relation to this. Firstly, when the GLC policymakers introduced the concept of the cultural industries into the British cultural policy arena, it had far greater practical implications than the term 'Culture industry' had had. They first endeavoured to show that public policy could use the market as a way to distribute cultural goods and services, and that it needed to do so in order to serve audience demand rather than the ambitions of producers or policymakers (cf. Garnham, 1990). To be more concrete,

It [GLC] represented an attempt to break out of a cultural policy centred on the 'arts' - and on subsidies to artists and producing institutions as the foundation of that policy. They began to address the conditions of the commercial production of culture using economic and statistical tools (e.g. value-chains, employment mapping), focusing on how the sector as a whole worked - including those crucial ancillary and non-creative activities. As such it represented an industrial approach to cultural policy, using economic means to achieve cultural (and economic) objectives. (O'Connor, 2007: 24)

In brief, 'cultural industries' was a term invented to embrace commercial industry sectors such as film, television and book publishing into the expanding cultural policy field beyond the traditional boundaries of the 'arts' (Cunningham, 2004: 106). Even though GLC policymakers took part in the new convergence between culture and the economy, it would be distorting the truth to conclude that the left-wing policymakers capitulated to the steely Thatcher government. The opposite was in fact the case. That is, their practical cultural industries policy, which was introduced to serve audiences' needs without wasting public funds, was intended to challenge the government's neo-liberal policy by more properly understanding the new socio-economic conditions and thus initiating new policy-making schemes. In this sense, their position may be summarized as 'pragmatic anti-idealist egalitarianism' (Hesmondhalgh, 2007: 139-140).

Because of the degree to which it posed a challenge to the Thatcherite government, the GLC could not avoid being abolished, finally, in 1986. Nevertheless, its policy scheme and actions became a milestone not only in local policy terms but also in terms of more general cultural policy as well. Their position was emulated by many metropolitan authorities beyond London in dealing with the Conservative but entrepreneurial government. Sheffield's cultural industries quarter, established in 1986 as the first of its

kind, is one of the most direct examples (Moss, 2002). In this way, the GLC's cultural industries policy came to have a significant influence on subsequent local economic and cultural strategies. Furthermore, it raised some fundamental questions about the relationship between culture, economics and politics by inserting cultural industries into the agenda of democratic cultural policy. Overall, the GLC re-ignited the ever hot-button issue of these relationships in a form suitably revised for the changing socio-economic conditions that emerged under the post-organization of the 1980s.

2.1.3 'Creative Industries' by CITF

After eighteen years of Conservative rule in the UK, New Labour got into power in 1997. Did this implicate the end of neo-liberalism? Did this officially entitle the GLC's cultural industries policy as the new governmental cultural policy? The answer was certainly no, even if New Labour used 'cultural industries' very actively during the pre-election period (Schlesinger, 2007). Instead, the term gave way to another child of the conceptual family under investigation, the 'creative industries'. After a landslide victory in the election, the government imported this substitute concept from Australia, where it had been used in a major government policy statement, *Creative Nation* in 1994 (Throsby, 2008a). It is since this adoption and its following radical transformation by the New Labour government that the concept of the 'creative industries' has become commonly understood and widely used internationally. The agent of the transformation was the Creative Industries Task Force (hereafter, CITF) chaired by the Secretary of State for Culture at that time, Chris Smith.

Particular attention needs to be paid to this task force. It should be first noted that the CITF was not only composed of representatives from government departments and public bodies, but also incorporated nine industry advisers, including 'big names' such as Richard Branson, Paul Smith and David Puttnam (DCMS, 1998: 4). This kind of celebrity task force was not formed by chance. In order to rebrand Britain as a cutting-edge country, what Tony Blair did at the very outset (in July 1997) was to hold a glamorous celebrity reception at Downing Street. In this line, 'Panel 2000', a governmental task force was established to promote the 'new' Britain in April 1998. Both Panel 2000 and the CITF, which had been established a few months earlier, were representative celebrity task forces strongly influenced by the then hot 'Cool Britannia'. Another point to be made is that the original remit of the CITF was to 'recommend steps to maximise the economic impact of the UK creative industries at home and

abroad' (DMCS, 1999: 6) by assessing both their needs and their value in terms of government policy. Hence, the invitation of celebrities from the industries (beyond old and easy bureaucracy) may be assessed as having been an efficient way to list the industries' urgent needs and an effective way to spread the new policy discourse. In pursuing this remit, however, the most significant contribution the task force made before it was wound up in June 2000 was the publication of influential seminal reports.⁸

Among others, most famous of these must be the *Creative Industries Mapping Document 1998* that the CITF produced as the result of its six meetings between 8 October 1997 and 26 October 1998. The document became a popular knowledge-product itself not only nationally but also internationally, by outlining the definition and scope of the 'creative industries'. According to this famous document (DCMS, 1998), the creative industries can be defined as 'those activities which have their origin in individual creativity, skill and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property'. And the activities that lead to wealth and job creation through the exploitation of intellectual property with creativity mainly take place in thirteen key sub-sectors: 'advertising, architecture, the art and antiques market, crafts, design, designer fashion, film, interactive leisure software, music, the performing arts, publishing, software, and television and radio'. Despite a hoard of criticisms of the working statements (see 2.3.1), the productive role of these handy statements for concrete policy actions cannot be neglected. By articulating the definition and scope of the creative industries and producing a series of coherent documents, the CITF provided not only a strong conceptual base for further discursive practices, but also practical and workable tools with which further policy works could address the real economy.

Through these processes, according to the revised *CI Mapping Document* published in 2001, 'the creative industries have moved from the fringes to the mainstream' (DCMS, 2001: 3). On the basis of the clear, handy or bold conceptualization, the CITF successfully initiated the rise of the 'creative industries' as the alternative to the 'cultural industries'. What, then, has made this rapid shift in terminology possible? First of all, the complex ideological position of the newly elected Labour government should be considered. After long restructuring under the Conservative administrations (1979-97), there was no way that the New Labour government could ignore the fundamental neo-liberal shift in the economy. The social and economic grand restructuring was the

⁸ For the full list of the reports, see UK Parliament (1999).

undeniable starting point. However, this did not necessarily mean that New Labour could afford to abandon its Labour tradition. Instead, the government sought to position itself between the two blocs. How was this position applied to CI policy?

According to *Creative Britain* (1998: 142), a collection of speeches Chris Smith made as the first Secretary of State for Culture, there were four major themes New Labour policymakers agreed on in setting out the new cultural policy directions: ‘access, excellence, education and the creative economy’. He argues that creativity is at the heart of those themes which stand as the great aims of New Labour cultural policy, because creativity:

[I]s important in and for itself, for its own worth; it is after all better to create than to destroy, better to leap with imagination than to desiccate with pedantry. It is also important for what it can do for each of us as individual, sensitive, intelligent human beings: fulfilling ourselves and our potential. It is important for what it can do for society, because creativity is inherently a social and interactive process, and it helps to bind us together as people. And it is important for what it can do for our economy, for those great surging industries that promise to provide real opportunities if we nurture them well. (Smith, 1998: 148)

From this quote, it can be inferred that foregrounding ‘creative industries’ was part of a broader strategy to establish and promote this discourse of creativity with which New Labour attempted to position itself uniquely. In short, by stressing ‘excellence’ and the ‘creative economy’ in nurturing ‘creative industries’, New Labour could distance itself from Old Labour’s egalitarianism and follow the legacy first developed by the Conservatives for the promotion of the knowledge economy (Pratt, 2005: 32-35). That’s why one can discern ‘a maturing of the Thatcherite ethos, stressing efficiency, effectiveness, value for money, and market forces’ in New Labour’s CI policy (Roodhouse, 2006: 16). On the other hand, by stressing ‘access’ and ‘education’ as the points at which the active state could intervene in the cultural sector, the CI policy enabled New Labour to differentiate itself from Conservative neo-liberalism. Within this dynamic, Labour-friendly think tanks such as DEMOS and COMEDIA acted as the hotbed of related policies from the early days (cf. Schlesinger, 2009). In sum, the new concept of the creative industries was a useful means to ensure the ‘Third Way’ in the cultural policy field.

This new concept, then, played a pivotal role in the restructuring of the cultural sector. As the scope of the term (i.e. the 13 sub-sectors) reveals, ‘creative industries’ can be understood to combine ‘the creative arts and the cultural industries’ (Hartley, 2005: 6). Furthermore, as seen in its definition, the term was invented to capture the emerging

enterprise dynamics of the new economy that the two previous terms could not (Cunningham, 2002). That is,

‘Creative industries’ is a term that suits the political, cultural and technological landscape of these times. It focuses on the twin truths that (i) the core of ‘culture’ is still creativity, but (ii) creativity is produced, deployed, consumed and enjoyed quite differently in post-industrialised societies ... Creative industries are the service industries of the new knowledge economy. (Hartley & Cunningham, 2002: 20)

Put another way, the invention and promotion of creative industries policy can be understood as an ambitious response by the government and industries engaging in cultural sectors to the prevailing post-organization. The attempt was ambitious in that it sought to break down the traditional binary division between the fine/high arts and the cultural industries (Smith, 1998: 144) and, furthermore, between the ‘arts and commerce’ (Caves, 2000). It went on more audaciously to position the newly converging area as not only one of the fastest growing sectors, but also the template which shows other industries how to survive and innovate in the age of post-organization. As a result, the cultural industries, previously ignored in the national policy field, could rapidly emerge as the ‘high profile exemplars of the creativity and innovation’ (O’Connor, 2007: 41) that were to rebrand Britain for the 21st century.⁹

This *post-organizational* restructuring, especially the aspect of post-modern aestheticization, can help unravel why and how the DCMS undertook the change of terms so decisively, and in turn, why the Ministries or Departments of Culture in other countries benchmarked the shift so readily. What was, then, the concrete product of the cultural policy reform undertaken by New Labour? What policy framework arose as a result of the emerging and spreading discourse of creative industries? Those are the issues I shall now turn to.

2.2 The British Creative Industries Policy Framework

2.2.1 Three Key Words

Three key words for the creative industries emerge from the foundational definition suggested by the CITF in 1998: ‘individual creativity’, ‘intellectual property’ and

⁹ This may be considered as the moment when the original objective of the conceptual family was finally achieved.

‘wealth and job creation’. As Bilton (2007: xvii) points out, the definition seems to correspond well to the conventional value chain in the sector. If an ‘industry’ can be understood as the ‘individuals and enterprises’ which produce ‘goods or services with some common characteristics that make them complements or substitutes in consumption’ (Throsby, 2008a: 218), the common characteristics of creative industries are defined to be the creativity and intellectual property positioned at the two ends of the value chain. When intellectual property becomes commercialized and contents are consumed, the final aim of the creative industries is achieved in the production of wealth and jobs. This wealth and job creation through creative activities will become in turn conducive to the enhancement of individual creativity in the society.

(1) Individual Creativity

Although this is a kind of circular process, there is no doubt that individual creativity is the base and the starting point of it all. For Smith (1998: 50-51), creativity in its widest sense is at the heart of British competitiveness as the ‘foundation of a new generation of high-tech, high-skills industries’, since creative ‘ideas are the building blocks of innovation, and innovation builds industries’. What then is this ‘creativity’?

Much of the literature on creativity often depends on ‘the etymological roots of the word, seeing creativity as about bringing something into existence, generating, inventing, dealing imaginatively with seemingly intractable problems’ (Landry & Bianchini, 1995: 18). However, it should be noted that the recent version of creativity, which have also been adopted by British policymakers, seem rather different from traditional aesthetic, romantic, and psychological ones in several aspects. Firstly, this individual creativity is a democratized version of creativity as a personal capacity. Here, creativity is no longer simply the natural talent of a handful of genius types, which cannot be earned by others. Secondly, it is also a rationalized version, in that it does not imply a kind of irrational state of mind as a necessary factor of creativity. It can be also regarded as a more pragmatic version in that it does not just point to personal capacity, but to the final outcome of using it. The perspective that creativity does not depend on the outcome but the capacity or the ideas that emerge from it is strongly denied. Finally, therefore, this version of creativity notes not only the importance of individual personalities and capacities, but also the collective conditions and processes involved in applying creativity in the real world. Collective performance toward beneficial innovation as the result of managing individuals’ creative ideas and skills cannot be stressed strongly enough in this version.

To be concise, the more democratized, rationalized, pragmatic and collectivistic type of creativity at stake here might be summarized as the combination of ‘artistic’ competences (novelty/originality) and ‘managerial’ performances (usefulness/value) which are open to any human being (Bilton, 2007; Sternberg, 2006). For instance, *All Our Futures*, one of the key reports which was published in the early days of New Labour CI policy, defined creativity as ‘imaginative activity fashioned so as to produce outcomes that are both original and of value’ (NACCCE, 1999: 29). Policymakers’ adoption of the new creativity must be greatly influenced by the fact that this creativity appears apposite to the tight convergence of culture and the economy. At the same time, however, by distancing itself from the elitist tone of ‘culture’, this version of creativity also seeks to be wide enough to encourage the self-fulfilment of all individuals and thus to produce social benefits for the whole community. The basic structure of the British CI discourse, first put into place in the *CI Mapping Document*, has been constructed through this dialectic between the creativity of each and every individual and its combined socio-economic usages and value.

(2) Intellectual Property

As discussed earlier, most crucial to this political initiative of New Labour’s was ‘the identification of the creative industries’ with the ‘new economy’ (O’Connor, 2007: 42). Hence, it was often argued that within and through this new economy ‘creativity, culture, national identity and the nation’s future wealth are all inextricably bound up together’ (Smith, 1998: 147).

As John Howkins (2001) argues in his influential book, *The Creative Economy: How People make Money from Ideas*, intellectual property is far from a homogeneous entity. It consists of at least four distinctive types: patents, copyrights, trademarks and industrial design (Howkins, 2001: 31-70). The first of these, patents are the clearest example of intellectual property as property, and not merely as property but as monopolies. Copyrights exists only in ‘qualifying’ works which must be original and have involved the author’s skill and labour, although the test of originality and skill is lower than the tests for a patent. At the next level, come trademarks such as brands, which require neither any unique inventiveness as patents do, nor any intellectual or artistic effort as copyrighted work does. However, they have become the core factor in most marketplace competition. Finally, industrial design can be protected both by registration like a patent and by a ‘design right’ like copyright. This categorization of

intellectual property right (IPR) was well received by British policymakers,¹⁰ resulting in the transformation of The Patent Office (1852) into The Intellectual Property Office (2007).

Having explained the concept of intellectual property, a question then emerges, why was intellectual property singled out among various types of innovation based on individual creativity? This is probably due to the fact that intellectual property has been regarded the 'currency' of the new economy (Bilton, 2007: xviii). On this ground, the exploitation of IPR has been considered as 'the crucial link' between various agendas for 'positioning the creative industries at the forefront of economic competitiveness' (O'Connor, 2007: 42-43). It can thus be argued that the post-organizational restructuring of the previous economic and social orders accelerated the coming of the knowledge economy or information society, which, in the end, brought about the emergence of IPR. What the DCMS sought to do was to jump on this bandwagon.

Given the variety of intellectual property itself and the complexity of the broader shift behind it, the phrase, 'generation and exploitation of intellectual property' in the definition, never implies a simple task. Although it might be simple to identify the origin of intellectual property (i.e. individual creativity, skill and talent), it is indeed a complex and complicated process to transform or actualize them into tangible social and economic capital. Therefore, as Smith put it (1998: 106), 'it is content above all that matters' in the situation where the rapidly developing technology of the new economy furnishes not only greater demand, but also the 'possibility of a new framework for trading in rights'. In this way, IPR, as the currency of the new economy or the trophy of the innovation industries, has become one of the most prominent concepts in the UK discourse of CI policy.

(3) Wealth and Job Creation

Roughly speaking, it may well be reasonable to label the policies developed to address the need for enhancing individual creativity as *creative education* policy, and those for promoting the importance of IPR as *creative economy* policy. Then, what policy was devised for addressing 'wealth and job creation', the last key word? Two kinds of policy can be separately noted. The first was the *creative business* policy designed to support private companies within CI to grow quickly and stably; and the other was the *creative*

¹⁰ [Http://www.ipo.gov.uk/about/history.htm](http://www.ipo.gov.uk/about/history.htm) [Accessed on 11 April 2011].

city policy designed to provide a favourable ecology for creativity and articulate its fruits with the regeneration of British cities.

Since the emerging creative industries had looked promising, it was repeatedly argued by New Labour policymakers that the future hope for the nation could be found in these emerging industries (Blair, 2007; Brown, 2008). In the end, however, it is the private sector that employs the creative talent and produces tangible profits. Put another way, the 'government can never do the work of creating', although 'it can and must support those who do' (Smith, 1998: 142). Therefore, the Labour government sought to secure the conditions in which British 'content providers' (ibid.: 106) could create IPR and thereby wealth and jobs. Indeed, enabling creative businesses to grow was always a key task for the New Labour government to achieve the master objective of moving CI 'from the fringes to the mainstream' (DCMS, 2001: 3) or putting CI 'at the heart of the economy' (DCMS, 2008: 9).

In helping creative enterprises grow, the policymakers have also noted the importance of the city. As the major site where the production and consumption of content happens, cities can provide a 'creative milieu' (Landry, 2000) of which the production companies can take advantage. To borrow Florida's terms, 'tolerance' in a city can attract 'talent' to the city and the talent can induce 'technology' into the city (Florida, 2002). In the reverse direction, the jobs and wealth created through the activities of the creative economy in and around cities can be directly translated into the capital with which chronic problems such as physical run-down and social exclusion can be tackled (Matarasso, 1997; 2005). The 'Barcelona model', noted by Richard Rogers in leading the Urban Task Force under New Labour, may be one of the most referenced exemplars by the policymakers (Monclús, 2003). Numerous Millennium projects and the bid to select Britain's second city as European Capital of Culture in 2008 (Griffiths, 2006) were also significant drives in this policy initiative. As a result, for Tony Blair (2007), British 'cities have been regenerated around new industries and new galleries. We have become the world's creative hub'.

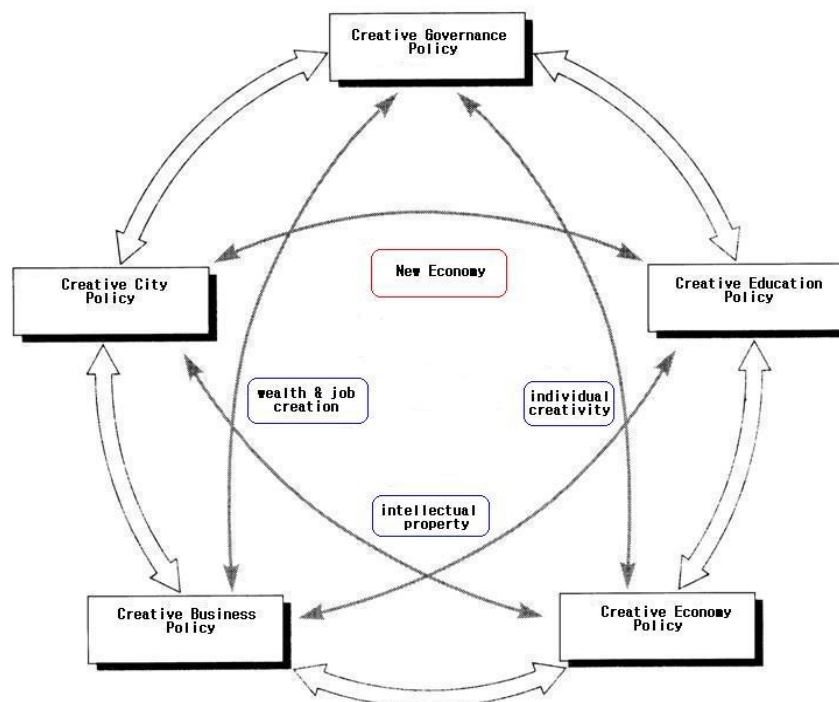
Up to this point, in order to discern the British CI policy framework, I have noted the foundational definition of CI and discussed its three key words of creativity, intellectual property, and wealth and job creation. As a result, some core areas of British CI policy have been identified: creative education, the creative economy, creative business and the creative city. There is, however, another different policy area, which covers the role of government over all the processes mentioned above, which may be called

creative governance policy. The next section seeks to discuss the five policy areas in greater detail so as to flesh out the framework.

2.2.2 Five Key Policy Areas

I have delineated the main point of each of these five policy areas above. However, what should be mentioned is that all five policies are not only interacting, but also inevitably intertwined in various ways. Moreover, although these policies are positioned within the context of CI promotion here, they cannot be confined to the CI sector alone. For example, the aim of creative education policy is broader than the production of skilful talent for creative businesses, while the scope of creative city policy is not limited to mobilizing the cultural sector of a city for its development or regeneration. Bearing this in mind and drawing on the previous discussion, I shall suggest that the British CI policy framework can be modelled as in Figure 2.1.

Figure 2.1 The British Creative Industries Policy Framework¹¹



This figure illustrates my theorization of CI policy as a discursive formation comprised of five sub-discourses. To test the framework, it is useful to take two representative

¹¹ The form of the figure is borrowed from the 'circuit of culture' in Du Gay et al. (1997: 3).

examples. First, when the CITF was established in June 1997, it investigated six ‘generic issues’ of the creative industries: ‘skills and education, export promotion, access to finance, taxation and regulation, intellectual property rights and regional issues’. After finishing their examination, the DCMS published revised version of the *CI Mapping Document* (DCMS, 2001) that identified ‘a range of issues which impact on’ the growth potential of British CI. Secondly, as Tessa Jowell declared, the CEP (Creative Economy Programme) was launched in November 2005 in order to develop ‘the early Mapping Document work’ (The Work Foundation, 2007: 6). As a result, similar generic issues were once more examined, including ‘education and skills, infrastructure, competition and IP, access to finance and business support, diversity, technology, and evidence and analysis’. The main findings of the programme were published as a new strategy paper with an old title, that is, *Creative Britain* (DCMS, 2008). This paper also identified a group of issues to be addressed for promoting British CI more efficiently. Table 2.1 shows that all the issues suggested by these two famous policy documents can be categorized under the five sub-policies.

Table 2.1 The Key Areas of the British CI Policy Framework

Policy Area	<i>CI Mapping Document</i> (2001)	<i>Creative Britain</i> (2008)
Creative education	(a) Stimulating creativity and innovation in young people to ensure a long-term supply of creative talent; (b) Ensuring that at primary, secondary and tertiary education levels, it is possible to identify and develop new talent; (c) Ensuring that people have both the creative and business skills necessary to succeed;	(a) Giving all children creative education; (b) Turning talent into jobs;
Creative economy	(d) Ensuring wider public awareness of the importance of IPR to longer-term creativity; (e) Exploiting the opportunities presented by e-commerce and the Internet;	(c) Fostering /protecting IP; (d) Supporting research and innovation (in technology);
Creative business	(f) Ensuring that creative businesses have access to appropriate financial support, and that the financial sector is aware of the opportunities and benefits of investing in the CI; (g) Recognising the interlocking relationship and synergies between the subsidised and commercial creative sectors, between the CI and broader cultural sectors, and promoting the UK’s diverse vibrant cultural life;	(e) Helping creative businesses grow and access finance;
Creative city(nation)	(h) Responding to global opportunities, promoting UK creativity and innovation throughout the world, removing obstacles to free trade, and opposing the introduction of measures which would harm the competitiveness of UK companies;	(f) Supporting creative clusters; (g) Promoting Britain as the world’s creative hub;
Creative governance	(i) Ensuring the regulatory burden does not fall disproportionately on creative businesses; (j) Continuing to improve the collection of robust and timely data on the creative industries, based on a common understanding of coverage.	(h) Keeping the Strategy up-to-date.

By comparing the two policy statements, one can understand not only that the five sub-policies were indeed the core areas of the policy framework, but also that the framework developed by the CITF in the early days was maintained throughout the New Labour period. This section briefly sketches out each of these areas.

(1) Creative Governance Policy

As noted, introducing and promoting ‘creative industries’ helped the DCMS expand the boundaries and weight of the government’s cultural policy. By successfully holding up the creative industries as the way forward for the future of the country, the ‘smallest and newest department’ quickly gained power (O’Connor, 2007: 41). In addition to leading interdepartmental cooperation in promoting the new discourse of CI, the DCMS also made considerable efforts to establish quangos such as NESTA (1998), the UK Film Council (2000), and Creative & Cultural Skills (2004). This effort can be understood as a restructuring of the governance systems of the newly emerging CI sectors. If ‘governance’ can be defined as the ‘broader means by which activities are coordinated beyond simple state regulation and control’ (Pratt, 2004: 124), the government efforts mentioned above may be labelled as *creative governance* policy, in that they were set up to realize governance within the newly conceptualised *creative industries field*; and therefore they should be conceived of a kind of *novel and useful* governance.

Beyond building strategic partnerships between the government, quangos, and industries, the DCMS also sought to implement creative governance policy by collecting and providing more ‘robust and timely data’ on the sector, and thus keeping its promotion strategy ‘up-to-date’. Many themed reports, fact files and annual estimates were produced for this purpose. These efforts themselves should not be underestimated, even if the ‘evidence-based policy’, another buzz word distributed widely by New Labour, was not that successfully implemented (Oakley, 2004).

(2) Creative Education Policy

In accordance with creative governance policy, the revised perspective on creativity has led ‘creative education’ to be given top priority among governmental agendas. If the nation’s future fully depends on creativity, how can a government ensure that this creativity is realized to its highest potential? For Mr. Smith (1998: 145-146),

The role of creativity and culture teaching in the school system is vitally important, not only for the individual fulfilment of the pupils but for the equipping of society with the creative wealth-makers of tomorrow. ... But education, and the part that creativity can play within it, does not stop at the walls of the school. For many, the role of the public library, or the local museum, in developing knowledge and cultural excitement is a vital element of continuing education. ... Putting educational value into everything we do in support of the creative and cultural worlds is one of the most crucial parts of public policy.

As seen in the quotation, creative education policy appears to focus on three main tasks. The first is to enhance the creativity of school children through formal education (curriculum); while the second is to turn the creative talent nurtured in schools into the wealth-generating producers of CI products. The final task is to connect people with the creative sector even after graduation through life-long education. The Creative Partnerships, Skillset (Sector Skills Council for Creative Media), Creative & Cultural Skills, NESTA, and so forth, have each played their own part in this policy area. Likewise, among many creative education policy reports published over the period, two deserve special mention as examples of how this theme was developed under the Labour government. These are *All Our Futures*, published in September 1999 by the National Advisory Committee on Creative and Cultural Education (NACCCE), and *Nurturing Creativity in Young People* published by Paul Roberts in 2006. These reports not only suggested a clear framework for developing creativity among children and young people (in principle), but also envisaged a progression within this framework from the early years through mainstream education to pathways into the Creative Industries (in practice).

(3) Creative Economy Policy

The 'Creative economy' can be described as the systems of 'production, exchange and consumption of goods and services' that are related to the creative industries (Howkins, 2001: ix). That is, what makes the wealth and job creation from the activities of generating and exploiting intellectual property so significant is the bright future of the creative economy as part of the greater weightless/smokeless 'new economy'. Although the umbrella concept shifted from 'creative industries' to 'creative economy' in New Labour's cultural policy over the second half of the 2000s (Schlesinger, 2009: 11-17; Cunningham, 2009b: 383), the latter concept had already been playing a pivotal role in establishing cultural and creative industries policy from the beginning.

As an increasingly important part of the new hegemonic knowledge economy, the creative economy has provided both considerable opportunities and threats. The New

Labour Prime Ministers seemed to focus on stressing the bright side. For example, in *Culture and Creativity in 2007*, Blair argued that for the last 10 years Britain ‘ha[s] become the world’s creative hub’ by nurturing and having ‘the most innovative designers and architects, the most popular museums and galleries, the biggest art market, the greatest theatres’ (Blair, 2007). Gordon Brown also declared that ‘People across the globe’ have come to recognize ‘Britain as a hub of creative endeavour, innovation and excellence’ and are drawn to the strength of Britain’s ‘creative economy’ (Brown, 2008). However, at the same time such successes do not look too solid. For example, one of the most influential reports of New Labour’s creativity discourse, the *Cox Review*, was ‘triggered by concerns about how UK businesses can face up to the challenge of a world that is becoming vastly more competitive’ (Cox, 2005: 3). Another significant report, *Creative Britain* (DCMS, 2008), starts with Andy Burnham and other Ministers’ confirmation of the ambivalent situation, stating that

[The rise of creative economy] presents a competitive advantage for Britain, but a major challenge too. Countries elsewhere in the world -both developed and fast-developing- are competing ever more vigorously, looking to seize new opportunities.

In this regard, British CI policymakers have, broadly speaking, devised two kinds of policy concerning the creative economy in order to better maximize the opportunities and minimize the threats: creative economy policy and creative business policy. While the former engages with the environment within which the economy can flourish, the latter concerns the aims to help the enterprises within the economy to survive and grow.

As shown in the Table 2.1, ‘ensuring wider public awareness of the importance of intellectual property rights to longer-term creativity’ and ‘exploiting the opportunities presented by e-commerce and the Internet’ were key objectives of creative economy policy in 2001. *Creative Britain* (DCMS, 2008) reiterated the issues as follows: ‘fostering and protecting intellectual property’ and ‘supporting research and innovation’ in terms of technological development. The UK IPO (2007), the Technology Strategy Board (2007) and NESTA have been notable agents for these missions. There is no doubt that the key word in this policy area has been *intellectual property*; which links individual creativity and wealth and job creation. Put another way, in this British policy discourse, the newly-conceptualized creativity no longer operates within the territory of the traditional binary division between high/serious/fine and low/popular/applied arts, but instead works within the rapidly de-territorized and re-territorized realm of IPR which is hardly subject to any simplistic or hierarchical demarcation. This shift is surely indebted to the emerging significance of the creative economy.

(4) Creative Business Policy

However, IPR and contents are produced by the private sector, i.e. creative businesses. Thus creative business policy was required to complete creative economy policy. This policy aimed to cover the various needs that creative enterprises have in practice. Among others, cultural SMEs (Small and Medium-sized Enterprises) that had been regarded as 'fragile' or 'under-capitalised' became its main target (Leadbeater & Oakley, 1999). Many strategies emerged to address their problems, such as the lack of management skills, bargaining power and sources of finance. The necessity of ensuring their 'access to appropriate financial support' (DCMS, 2001) was particularly stressed. It was therefore a key mission of the DCMS to connect 'small creative businesses and start-ups' with the public sector 'through the Art Council's investment programmes and the work of other funders and NDPBs such as the UK Film Council, Museums, Libraries and Archives Council, RDAs and local authorities among others'(DCMS, 2008: 48). Encouraging bids for Enterprise Capital Funds from the creative industries was another effort to increase the availability of finance to the sector.

Of course, offering help with financing was not the sole concern of creative business policy. For example, providing the traditional arts sector with the 'business skills' necessary for exploiting its commercial potential was one of the core objectives of Arts Council England, while the establishment of a 'network of business support' for CI at the regional level became a key issue for the Regional Development Agencies (ibid.: 42-45). These policy efforts correspond to the emphasis in *CIMP 2001* placed on the importance of 'recognising the interlocking relationship and synergies between the subsidised and commercial creative sectors, between the creative industries and broader cultural sectors, and promoting the UK's diverse vibrant cultural life' (DCMS, 2001: 14).

(5) Creative City Policy

As noted earlier, in this policy scheme creative cities have been regarded to be very important for two reasons. The first reason is that cities are the main centres of IPR production and consumption, and are hence the first places where the diverse benefits of the creative industries and the creative economy should be developed and exhibited. The first aspect here, that of developing the creative capacity in the city, was stressed by the policymakers in terms of 'supporting creative clusters'. The idea of a 'creative

cluster' was promoted as a means of bringing coherence to public investment in the local creative economies, of developing the necessary infrastructures for specialist labour and supply networks in different regions, and thus, of stimulating creative businesses to compete closely and co-operate with each other to enhance productivity (DCMS, 2008: 56-62). The key agents responsible for achieving this were the Regional Development Agencies and the Local Government Association on the one hand, and the UK Film Council, British Arts Councils and the Arts and Humanities Research Council on the other.

While a strong emphasis was placed on developing urban capacity for creativity, what of the second aspect mentioned above, exhibiting the benefits derived from the creative economy? Given the level of publicly funded expenditure on the creative industries and the creative economy, it was necessary to demonstrate the fruits of this investment not only within the sector, but also to society as a whole. What then are the *universal* benefits that derive from nurturing the emerging creative industries? The policymakers noted 'the regeneration of whole areas' (Smith, 1998: 131-136). According to Smith, the best way of getting social regeneration off the ground in any neighbourhood or town must be to start from 'cultural regeneration', since it can contribute to social cohesion, environmental renewal, health promotion, creative organizational planning, and so forth. In short, the wealth and jobs created by the creative businesses within the creative clusters of creative cities are particularly important owing to their potential as a means of not only physical and economic, but also social and cultural regeneration in their regions.

There are many examples which confirm the essential position of 'creative cities' in the British CI policy discourse. Among others, the policy documents such as *Creative Industries: The Regional Dimension* (DCMS, 2000), *Culture at the Heart of Regeneration* (DCMS, 2004) and *Culture and Creativity in 2007* (DCMS, 2007) are noteworthy. It should be also mentioned that this interest in regional creative economies always goes hand in hand with interest in the national creative economy. Methods of checking the decline in specific cities were a core issue to be addressed in the cultural industries policies of the GLC and other metropolitan regions since the early 1980s. Labour-friendly think tanks were an active player in this process, and thus the New Labour policymakers had been exposed with this policy scheme very much from their opposition period (Frith, 1999). Therefore, when they came into power, New Labour policymakers finally had an opportunity to combine the (familiar) city-level policies with broader nation-level ones featuring the key words such as cluster, hub, re-branding and regeneration.

2.3 Criticisms of the Emergent Creative Industries Policy

So far I have discussed how the term ‘creative industries’ emerged as the master concept underpinning British CI policy, and I have detailed the policy framework that actually emerged in implementing the new initiative. The aim of this section is to examine the criticisms raised against the emergent CI policy and thus to critically evaluate the performance of the policy discourse and practice. In doing so, it is useful to group the criticisms into two categories: overall criticisms and specific criticisms. The former concern broadly the limitations and side effects found in the process of formulating and implementing the policy, while the latter engage directly in the five policy areas discussed above.

2.3.1 The Overall Criticisms

Table 2.2 The Overall Criticisms of British CI Policy

Overall criticisms	Conceptual problems	➤ Overstatement, oversimplification or false representation of key concepts such as ‘new economy’ and ‘creativity’
	Definitional problems	➤ Clear but indistinct definition, lack of industrial depth, and economic (rather than cultural) colour
	Evidential problems	➤ Inaccuracy of data, manipulation of statistics, and image-based policy to mask real tensions

As shown in the table above, on the level of overall criticisms, three major arguments have been repeatedly raised by critics of the creative industries discourse. First of all, the accuracy and validity of the key concepts in the discourse have been called into question. It can be fairly argued that the CI policy was essentially a strategic discourse concerning the dialectics between the ‘new economy’ as the prime external force and ‘creativity’ as the prime internal capability. Consequently, these two concepts have been heavily criticized.

According to Garnham (2005), who once led the rise of ‘cultural industries’ in the political economy school, it is the connection to the new economy that is at the heart of the problems of the DCMS strategy. This is to say that following in Daniel Bell’s

footsteps, the policy discourse commits the fallacy of ‘naïve pluralism’, an example of which would be ‘democratisation without politicisation’ (O’Connor, 2009: 400). Kate Oakley (2004), who was once a consultant for the government on developing CI policy, also believes that the most problematic aspect of the discourse must be the belief that Britain’s economic future lay with the move towards the new economy. Therefore, she calls for dismissing the prevalent rhetoric that ‘the business cycle had been superseded’. In short, the concept of the new economy has been charged with being ‘technological futurism’ (Miller, 2004) or ‘determinism’ (Pratt, 2004), and thus the CI discourse appears to represent a suspiciously sharp break with the old economy, which provokes over-inflated expectations.

Likewise, the equally central concept of ‘creativity’ has been seriously questioned. Reading any DCMS report on CI, it might be easy to fall into the fantasy that the ‘inevitable and all embracing’ (Pratt, 2004: 120) creativity could save any individual, community or country in need. However, in practice ‘creativity is difficult’ (Bilton, 2007: xiii). In addition, there is little evidence that cultural creativity is the same as other types of creativity, scientific creativity for example, in its origin and mechanisms (Gardner, 1993). Without admitting these conditions, policymakers have overused the concept of creativity at the cost of the emptying out of any real meaning. As a result, the democratized and rationalized version of creativity seems to have been reified into a sort of magic recipe which presents an omnipotent and omnipresent solution for any kind of problem. Such an overstatement of creativity can be thus criticized not only for being tautological, but also for failing to reflect the complexities and complications of reality (cf. Csikszentmihalyi, 1996). Thus the assumption that creativity has the potential to serve as a handy basis for either social or economic policy sounds unrealistic.

Secondly, many have also raised criticisms of the foundational definition of CI by the CITF. They might be grouped into three basic types: criticisms about the breadth, depth and colour of the definition. First, it can be argued that the CITF’s definition is *clear*, but not *distinct*. Although it suggests what creative industries are and what they are for; the definition explains nothing about where the boundary between the industries and others should be drawn, nor about the grounds on which they should be distinguished. As a result, the term appears to be of little analytical value in that any industry, person or activity that involves creativity would necessarily be ‘creative’ (Pratt, 2005; Galloway & Dunlop, 2007). Indeed, it is the flexibility of the definition that could be its downfall. For instance, the identification of the 13 sub-sectors of CI appears quite

arbitrary and incoherent. Many researchers have attempted to suggest alternative models of the scope of CI to address this limitation, with the most recognized effort being Throsby's 'concentric circles model' (2008a; 2008b).

In addition to the breadth, the 'depth' of the definition is not satisfactory (Hesmondhalgh & Pratt, 2005: 6). Here, depth refers to the whole system of 'cultural production chain' or 'circuit' including content origination, exchange, reproduction, manufacturing input, education and critique, and archiving (Pratt, 2005: 34). The definition of 'creative industries' does stress, somewhat paradoxically, an artist-centred, supply-side cultural support policy, abandoning the strong focus of 'cultural industries' on distribution and consumption (Garnham, 2005). In this light, it can be suggested that the DCMS definition does not merely oversimplify the 'complex structure' of the CI field, but also leaves out key matters such as 'employment and remuneration arrangements' (O'Connor, 2007: 43-44). As a result, it seems that the DCMS has been confused about the difference between promoting creative entrepreneurialism in principle, and formulating a sufficient industrial strategy in practice.

The *colour* of the definition is somewhat unnatural as well. In essence, the definition sought to represent and stimulate the linking of culture and creativity with the economy and industry. However, as the CITF's initial *raison d'être* suggests, this definition fails to strike the balance between the two entities. To be more concise, it is hardly a cultural definition, but rather an economic one. This is principally due to the fact that it purposely ignores the traditional functions of culture or the cultural industries, such as generating 'symbolic meaning' and providing 'public goods' (Galloway & Dunlop, 2007). Consequently, while it represents the bright future and/or infinite potential of the new economy which some of the creative industries might enjoy, it conceals, on the other hand, the grim reality of 'market failure' which is still very much present in the traditional 'arts' sector.

Despite all the conceptual and definitional weaknesses, the term and its related policies have gained wide currency over the last decade. Bound up with the plausible rhetoric of the new economy and creativity, the DCMS succeeded in raising the profile of CI sectors considerably. As noted earlier, this transformation of CI from an ignored add-on sector to a highly appreciated strategic sector was also strongly affected by post-modern 'aestheticization' (Lash & Urry, 1994: 4), which comprises the proliferation of immaterial aesthetic contents and the increased importance of the aesthetic component in other kinds of goods and services. Therefore, it is understandable that the

policymakers tried to exploit this marked tendency of post-organization by uplifting the status of creative industries discourse and promoting it. However, critics have noted that the rapid escalation of CI was predicated on the basis of data which was collected and defined unsoundly (cf. Cunningham, 2009b: 383).

The first problem relates to the inaccuracy of the statistics used to stress the importance of the newly defined CI. Even if the DCMS collected data on market size, exports, and employment levels in each sector within CI, the resulting figures were nothing but 'tentative calculations' (Frith, 1999). Therefore, it can be said that the economic mapping of CI is not that solid because it depends on 'secondary data' from 'questionable sources' that was collected over differing periods of time with 'unrelated methodologies' (Roodhouse, 2006, see also Selwood, 2002). Then, how can one measure the more subtle impacts it was assumed that CI would have, such as social cohesion and inclusion?

Secondly, manipulation of evidence is worse than inaccuracy, and there is widely spread allegation that the DCMS included fast growing sub-sectors that were hardly connected with CI in its data in order to catch the eye of policymakers in other government departments. If this was the case, the policymakers cannot avoid the criticism that 'by including all forms of software production' the government circulated statistics which 'artificially inflated their figures' (Hesmondhalgh & Pratt, 2005: 9).

In addition to the origins of evidence, many have noted the negative impact caused by the success of such unsupported rhetoric. Put another way, these inaccurate and inflated numbers have served to 'mask' real problems such as insecure working conditions in the CI sector (Oakley, 2004: 69). Thus the idealization or romanticization of the creative industries and the creative class was costly, not least because the various tensions, dilemmas or contradictions present in the sector were buried beneath the glittering surface, making it increasingly hard to address them. In this light, it can be argued that the *evidence-based policy* the DCMS often claimed to be pursuing was nothing short of an image-based policy.

2.3.2 The Specific Criticisms

I have discussed the conceptual, definitional and evidential problems that arose during the course of CI policy development. However, there are also criticisms which stem

from the overall criticisms, but that correspond more directly to the five specific areas of the policy framework. The critique of ‘creative governance’ seems to be the best starting point.

Table 2.3 The Specific Criticisms of British CI Policy

Specific criticisms	On creative governance policy	➤ Executing and expanding the self-approration between homogenous adherents within a tent
	On creative education policy	➤ Providing little evidence of the expected benefit whereas stressing the infeasible and undesirable objective of building up the creative class
	On creative economy policy	➤ Diluting inherent public goods features of cultural goods for further marketization, causing the corporate violation of public culture
	On creative business policy	➤ Causing the extinction or disappearance of traditional ‘arts’ sector while failing to fill the missing middle between SMEs and MNCs
	On creative city policy	➤ Introducing flagship projects hastily with the idealised perspective of CI and thus the cookie-cutter approach while muddling local-level visions with national-level ones

After examining the ‘self-referential’ aspect of key reports in the CI policy development, Schlesinger (2007) notes that the elaboration and refinement of the policy discourse have been ‘conducted within the tent’ of a few adherents. In an article on the role of expertise in the public debate on the creative industries (Schlesinger, 2009), he further argues that the ‘tent’ was made of a ‘New Labour policy generation’ strongly shaped by its origins in a few think tanks such as DEMOS and IPPR. With the case of establishing the Creative Economy Programme and publishing *Creative Britain*, he aptly shows that despite their similar origin and orientation, these adherents could not enable the DCMS to avoid a number of conflicts with its quangos or with other departments. In short, the governance over the newly conceptualized creative industries was neither open nor diverse, driving the DCMS to depend heavily on some preferred suppliers of ideas and evidence, and thus to become less and less *creative*.

Creative education policy which directly engages with the issue of how to enhance individual creativity has also been questioned. As noted, the policymakers appear to have the fantasy of omnipresent and all-embracing creativity, neglecting the difficultness inherent in nurturing, managing or instrumentalizing it. Therefore, in spite of some fresh approaches developed and implemented by, for example, Creative Partnerships¹² and NESTA, there exists little evidence that those policy efforts

¹² For example, according to Creative Partnerships’ own report (2007: 3), up to then Creative Partnerships had worked with 575,000 young people and 70,000 teachers, employing over 4,800 creative practitioners and cultural organizations with the expenditure of more than £100 million.

contributed to the enhancement of the individual creativity of the British public. Technically speaking, it seems almost impossible from the beginning to measure 'one-kind-fits-all' creativity. It is thus not surprising the British policymakers embraced an alternative, but still abstract, objective of creative education policy, namely, the transformation of all non-professional people into a 'creative class' (Florida, 2000). However, can it become a universal objective for a person to belong to the 'grand middle-class melting pot of corporate multi-culturalism' (Miller, 2004)? It seems not only infeasible, but perhaps also undesirable (cf. Peck, 2005).

Critics also cast doubt on the background and impact of creative economy policy. Garnham (2005: 19) argues that the rise of intellectual property as the prime object to be protected and/or fostered was combined with the project to create a more stable market for cultural goods by diluting their 'inherent public goods features'. Within the creative economy as part of the broader new economy, the traditional cultural sector, roughly bound with the Information and Communication Technology, has been forced to pursue the imperative of marketization. According to McGuigan (2003; 2005), such marketization is the inevitable result of combining neo-liberalism with technological determinism, which can be summarized as the 'corporate violation of public culture'. The price is very expensive; creativity and culture ceased to be an 'end' in any sense, but fully became a 'means' to other ends. Before investing huge sums funded by the tax-payer on R&D in cutting-edge technologies for the protection and promotion of the creative economy this erosion of public policy and its cultural rationale should have been addressed.

When it comes to creative business policy, the gap between policy performance and its original objectives appears to be very wide. Above all, helping small businesses was particularly stressed in terms of addressing the 'missing middle' between SMEs and MNCs (Multi-National Corporations) (Leadbeater & Oakley, 1999). However, Oakley (2009) observes that over the previous decade the various publicly funded support interventions made by the DCMS 'were not so different from those which could have been pursued under a cultural industries framework'. That is, creative business policy could not fill the missing middle. Another key object of the policy was to stimulate 'synergies between the subsidised and commercial creative sectors' (DCMS, 2001). However, strong claims have been made that this was never actualized. It is often argued instead that the fad of 'creativity and innovation' that followed the creative industries caused the instrumentalization of cultural policy and thus the 'extinction' of the cultural sector (Belfiore, 2002) or the 'disappearance' of the arts (Oakley, 2009).

The last area under investigation is creative city policy, which was widely received by British local and regional authorities. The central and local governments implemented the 'flagship' project policy enthusiastically, in the hope that it would manifest its posited three key impacts, namely, the project as a development in its own right, the project as a marshalling point for further investment, and the project as an efficient marketing tool for the city (Smyth, 1994). However, these prestige projects which revolved around the establishment of cultural buildings, quarters or even districts could not always deliver their expected objectives. Even if 'best practices' were diligently collected and advertised by the DCMS, there were also huge blows, including the Millennium Dome in London (cf. McGuigan, 2003) and the National Centre for Popular Music in Sheffield (cf. Moss, 2002). These cases reveal dramatically the reality that flagship cultural projects could significantly damage not only the economic conditions but the citizens' 'morale in a very public way' (ibid.: 218). In addition, the marshalling and marketing roles of these projects were problematic. The former, which was predicated on the assumption that citywide trickle-down benefits would accrue often failed to materialize (Evans, 2007), despite the fact that such benefits were frequently cited as justification for large public subsidies. Similarly, the marketing role often failed for the reason that as soon as the same strategic option is adopted in every city across the land, flagship cultural projects can be expected to lose their capacity to imbue the city with vivid entrepreneurialism, and become an obstacle to the creation of any impressive or distinct local identity. That is, the policymakers' vision of building creative clusters, cities and thus nation may be criticized as being a 'cookie-cutter' approach without regard for the specifics of place (Oakley, 2004). More fundamentally, the vision is problematic, not least because in this radically liberalized and globalized setting it never guaranteed that 'policies designed to boost cultural industries also boost the national interest' (Frith, 1999: 5).

2.4 Conclusion

This chapter has examined how the concept of the creative industries arrived in the UK cultural policy arena, what policy framework the concept led to in driving a radical shift in CI policy, and what kinds of criticisms have been raised against the process and the framework. I first focused on the terminological shift from the Culture industry (Frankfurt School) via the cultural industries (GLC) toward the creative industries (CITF).

While ‘Culture industry’ was coined in the 1940s to censure the re-marriage of culture and industry, ‘creative industries’ was coined in the late 1990s to promote the re-marriage not only between culture and industry, but also between the arts, the cultural industries and even ICT. What the DCMS attempted to achieve with this new concept was the promotion of the discourse of creativity and creative industries in parallel with the emergent new economy under the ultimate cause of Cool Britannia or Creative Britain.

As noted, this was part of New Labour’s efforts to realize the Third Way in the cultural policy arena and to move beyond Old Labour’s egalitarianism and the Conservative’s neo-liberalism. There is no doubt that the policymakers were eager to equally stress ‘access’ and ‘education’ along with ‘excellence’ and ‘creative economy’ (Smith, 1998: 142). Indeed, the hallmark of New Labour and its Third Way was the ‘integration of social and economic policies’ (Aitchison & Evans, 2003: 136). Nevertheless, it is difficult to deny what made ‘creative industries’ nationally and internationally fashionable was the stress on the latter rather than the former. The British discourse of the creative industries was readily adopted and benchmarked by foreign policymakers owing to the functional resonance it offered between cultural restructuring and the rise of the new economy or, more broadly, post-industrialization. This restructuring can be said to be ‘neo-liberal’ on the grounds that it not only followed but also accelerated the overriding direction of the convergence between culture and the economy first formulated under the Thatcher government. However, it is an oversimplification to say that Blair was ‘Thatcher in trousers’ (Hobsbawm, 2000: 107). If the term ‘neo-liberal’ needs to be used, New Labour would be better understood as a ‘left neo-liberal government’ rather than an orthodox or extreme one. Indeed, that is exactly the term that Korean President Roh Moo-Hyun (2003-08) cautiously used to describe his own government’s pursuance of the Third Way (Roh, 2009; Oh, 2009). As will be shown later, this eclectic aspect of New Labour played an important part when this discourse of creativity was transferred to Korea. And it is highly probable that this eclecticism accounts for much of the borderless popularity of the British discourse from Canada and New Zealand to China and Russia.

I also explored the policy framework that this policy shift ushered in. As the foundational definition of ‘creative industries’ clearly presents, the policy framework was constructed around three key concepts; individual creativity, intellectual property, and wealth and job creation. In close relation to these concepts, five major areas of British CI policy emerged; creative governance policy, creative education policy,

creative economy policy, creative business policy, and creative city policy. At the core of the framework lies a narrative in which the democratized and rationalized version of 'creativity' was enshrined as the prime source of British competitiveness under the overwhelming trends of the 'new economy'.

Creative education policy aimed to nurture this creativity not only in formal schools, but also in each and every sector of the society. As the currency of the new economy, 'intellectual property' was understood to bridge the potential of creativity into the real benefit of wealth and job creation. Creative economy policy in a narrow sense was devised to protect and promote this new currency, and thereby to guarantee a more stable structure and wider opportunities to expand the creative industries or activities. Besides, the policymakers clearly understood that the creation of IPR and, further, wealth and jobs, could not be achieved by the government, but rather by creative businesses. Accordingly, creative business policy was developed and implemented to help businesses grow in the right direction so as to increase their chances of accessing the requisite information, advice and, above all, funds. Support for the creative enterprises at the local and regional levels was then expected to result in the mutual development of the enterprises and their cities, not just as a result of the wealth and job created there, but also through other externalities such as increased educational opportunities, social cohesion, city branding, and tourist/investment attraction. In implementing this strategy, flagship projects (in terms of buildings, complex, districts or events) were preferred in accordance with the logic of the 'creative cluster'. The final part of the framework was creative governance policy, which sought to ensure updated governance over the newly emerging CI policy field; and my discussion of it concludes my examination of the comprehensive structure and mechanism of the New Labour policy framework for the creative industries.

However, at the same time, it should be noted that this new policy framework was undoubtedly a political construct which inevitably accompanied many limitations not only in origins but also in impact. It was invented around the new millennium as part of the broader project of Cool Britannia. Changing clothes from 'Cool Britannia' to 'World's Creative hub', this political project was the object of unceasing promotion throughout the New Labour period. This is why the religious metaphors for the CI policy promotion appear fairly plausible, such as 'beaming smile and shared hymnbook' (Frith, 1999), 'missionary zeal' (Hesmondhalgh & Pratt, 2005) and 'Hallelujah Chorus of self-sustaining approbation' (Schlesinger, 2009). In the last section I examined how this

aspect of politicization or dogmatization affected the formulation and implementation of the policy framework.

The criticisms of the 'creative industries' and related concepts were examined in detail under the categories of overall and specific criticisms. While the overall criticisms focused on the conceptual, definitional and evidential shortcomings of the policy practices, the specific criticisms engaged with the limitations of implementing the five policy areas within the policy framework. They are both valid and timely. In correcting mistakes and minimizing side effects resulting from the radical pursuit of a whole new kind of policy paradigm, the critical points raised need to be sincerely accepted and reflected on in relation to the overarching policy direction and to every area of the policy. Taking into consideration the change in government from Labour to the Conservative-Liberal Democrat Coalition in May 2010, this can be said again far louder. In this reflection process, what needs to be addressed most urgently is the 'inherent tension' between economic, social and cultural goals and the policymakers' passivity or cunningness to 'bury such tensions' under the bright rhetoric of 'creativity' (Oakley, 2006: 206).

This is, however, not to nullify the significance of the British cultural policy shift since 1997. As Pratt puts it (2005: 33), the *Mapping Documents* and the ensuing policy experiments 'cannot be overestimated', since British cultural policy might have continued to be identified with 'the arts lobby' and have been neglected by the Treasury and other governmental departments without them. Whereas traditional central government cultural policy had focused on grant-giving to subsidized institutions for the creative (visual and performance) arts (Leadbeater & Oakley, 1999), this new policy of creative industries brought to light the need for a paradigm shift in cultural policy toward nurturing the necessary conditions for the fulfilment of individuals' creativity, the self-sustainability of the businesses and the regeneration of the cities.¹³ In this regard, despite growing criticism against the policy shift, the initiative may be viewed as an effort to ensure the long-term sustainability of the cultural sector in the age of 'post-organized capitalism'. To gain economic respect for the sector was not the end of the policy, but should rather be considered as the core process necessary to secure the competitiveness of the sector. It is not yet clear whether the creative industries policy will become a kind of 'Trojan horse' or not in the realm of cultural

¹³ According to a governmental report (DCMS, 2010), in parallel with the paradigm shift in the policy arena, British creative industries grew by an average of 5% per annum between 1997 and 2007 (cf. an average of 3% for the whole of the economy) and creative employment increased by an average growth rate of 2% per annum from 1.6m in 1997 to nearly 2m in 2008 (cf. 1% for the whole of the economy).

practice (Cunningham, 2009b). But what can be said is that, while it is vital to recognize the limitations of the government-driven CI policy shift, it is equally important to understand how the shift was deeply structured by chronic problems in the cultural sectors as much as by the global politico-economic conditions.

To conclude, this chapter will function as a reference point for examining the Korean CI policy shift that happened in parallel with the British one in terms of both period and direction. It is clear that the British policy shift experience was noted by Korean policymakers and used as the object of active benchmarking, as it was in many other countries. Bound up with the overarching political project of the Third Way, this new understanding of CI came to play an important role in the Korean cultural policy arena. Therefore, without having a solid understanding of the British experience, it is difficult to understand why and how the Korean policymakers were able to drive the policy shift so confidently. Secondly, in examining the British case three categories were mobilized: the process of the policy shift, the policy framework that was its product, and the evaluation of its performance. These categories will be applied to analyze the Korean case of CI policy shift, in order to enable the two cases to be contrasted more closely and the commonalities and disparities between them to be presented more clearly. Before examining the Korean case in minute detail, however, it is essential to acquire intimate knowledge of the unique institutional context of Korean policy making. This is the theme I shall now turn to.

3. Putting Korean Policy Making in Its Place

Japan, South Korea, and Taiwan have pursued a particular approach to capitalism, one in which the government is not driven by presumptions about the desirability of competition as a device to improve choice and lower prices for domestic consumers. Instead, the three Asian countries have created a capitalism with few national political guarantees for organized labor, little impetus toward the social welfare state, high degrees of mercantilism, limited penetration by foreign investment, and few of the problems associated with neocorporatist European planning or extensive public entitlements. They have also generated capitalisms that [have] been exceptionally dependent on access to the U.S. market. (Pempel, 1999a: 179)

This chapter aims to set out the historical context of Korean policy making. As discussed in chapter one, given the completely different set of cultural, political and economic conditions that Korea had to deal with, it pursued quite a different path toward industrialization than that pursued by Britain. Along with Japan and Taiwan, Korea achieved miraculous growth performance during the post-Second World War period under the guidance of ‘the developmental state’. From the Asian financial crisis in 1997 onwards, however, the Korean political economy started to break away rapidly from the influences of the developmental state.

To clarify what the ‘state’ means in this context: it refers to the ‘continuous administrative, legal, bureaucratic, and coercive system that is capable of restructuring its relations to social groups, as well as relations among those groups’ (Woo-Cumings, 1996: 326). Strong states can be distinguished from the weaker ones according to how easily and/or comprehensively they can alter these structural relations. With the conviction that ‘economic development requires a state which can create and regulate [the] economic and political relationships that can support sustained industrialization’ (Chang, 1999: 183), the developmental states sought to be strong enough to direct fundamental structural changes, as well as to impose a whole new economic vision.

As the quotation that starts this chapter suggests, there are at least three categories to which attention should be paid in order to understand the characteristics of East Asian developmental states. These are the ideological position, institutional intervention and international articulation. First, the East Asian developmental state pursued the third position between the ‘laissez-faire capitalist mode’ of Britain and the US and the

‘dirigiste mode’ of the Soviet Union (Pempel, 1999a: 161) to implement the structural changes required for rapid industrialization, while replacing the previous mode of the agrarian predatory state. In making the position a reality the states had to introduce many ‘institutions’, either adapted from developed countries or invented by themselves, to achieve strong control over both industrial mobilization and societal integration (Chang, 1999; Cho, 2000). A particular international context enabled this institutional intervention in the domestic field to work; and this context can be summarized as the favourable relationship with the US throughout the Cold War (Woo-Cumings, 1999: 21-24). Without understanding how the Korean developmental state made its choices in all these categories, one cannot fully understand any kind of policy development in Korea, not only in the past but also in the present.

Therefore, this chapter begins by describing these three features of the East Asian developmental state in detail. Japan, Korea and Taiwan will serve as the main case studies, and their common features, all distinguishable from the experiences of other industrialized and industrializing countries, will be unravelled. Following that, the modern history of Korea will be explored so as to understand how the general mode of the developmental state was realized in post-independence Korea. Although the general characteristics of the developmental state were evident in all three countries, each country embodied them differently in practice due to particular historical and cultural conditions. With the four-stage periodization of modern Korea (see table 1.1), I shall seek to delineate how the Korean developmental state arose, evolved and finally changed into something else, namely, the neo-developmental state.

Ultimately, the historical development of Korean cultural policy will be traced. Particular attention will be paid to the cultural policy of the *transition* period between the Korean developmental and neo-developmental states in order to establish the pre-conditions for the ‘Korean CI policy shift’ that is the main subject of this thesis. Since Korean cultural policy was born during the *growth* period (i.e. the peak of Korean developmental state), the cultural policy of the time was not only subjected to the government’s industrial policy, but also modelled on it. Examining the landmark events and major features of cultural (industries) policy during the 1980s and 1990s can reveal how developmental cultural policy gradually changed under the three governments of the transition period. This will allow me to define the core issues of Korean CI policy as they stood before the rise of the Korean neo-developmental state.

3.1 The Features of the Developmental State

Like 'Janus', modern states have 'two faces': one looking inward and the other turning outward (Pempel, 1999a: 147). If the ideological/theoretical position of the developmental state can be considered to be its *head*, then the institutional intervention into domestic society and the mediation between internal fields and international hegemonic blocs would be the two faces. This exploration starts with the head.

3.1.1 The Ideological Position of the Developmental State

As Chalmers Johnson (1982) notes, the East Asian developmental states stood between 'plan-ideological' states and 'market-rational' states. Rejecting both Stalinist 'state socialism' and the Anglo-Saxon 'regulatory state', they sought to formulate 'governed markets' (Wade, 1990). This distinctive position on the relationship between the state and the market is the essence of the East Asian developmental state. What, then, emerged from this position? Instead of rigidly adhering to particular scholarly conventions or policy orthodoxies, these countries came to pragmatically adopt strategies and tactics from seemingly opposing perspectives, thus making 'eclecticism' into the hallmark of their 'economic miracles' (Chan et al., 1998: 3). This is not to say, nevertheless, that it is impossible to trace the origin of the developmental state.

As stated earlier, this model is the third world variant of the 'national industrial state', which emerged during the second stage of world industrialization led by Germany and the US. Indeed, there was a significant link between Japan and Germany (then, Prussia), which needs to be pointed out. As Bruce Cumings (1999) shows in an article on the 'genealogy' of the developmental state, German history from the 1840s to the 1880s furnished Japan with a fantastic model to 'copy'. First of all, in theoretical terms, rather than Adam Smith it was Friedrich List, the leading German economist who developed the 'National [Innovation] System' that inspired the Japanese designers of the state in the late 19th century. List's system teaches the logic of how a late-developing industrial country should protect its markets and nascent industries from advanced industrial powers. In a similar vein, Japan found it useful to adopt many German institutions for their state building project. For example, Ito Hirobumi, a key member of the Meiji Reformation, studied at University College London in the 1860s,

and visited many European countries to learn how to build a modern state. However, it was after visiting Germany that he declared, 'I understand the secret of the state, now I can die a happy man' (Halliday, 1975: cited in Cumings, 1999). It is thus not surprising that he modelled the Japanese constitution and much else very closely upon the Prussian example. It is also important to note here that Ito became the first Governor-General of Korea as a Japanese protectorate in 1905. After the forced annexation of Korea in 1910, the Governor-General's power became 'near absolute' in Korea (Kohli, 1999). With this power, Ito and his successors introduced the highly efficient Prussian-Japanese state system and growth model into Korea, while exploiting the country ruthlessly for the benefit of Japan.

In this way the East Asian developmental state became a variant of the European continental tradition by appropriating Prussian 'Staatswissenschaften' or 'state science' (Cumings, 1999: 87). In both regions the key issue was late-industrialization and thus catch-up. Then, what is the difference between them? East Asian countries were much later than Germany: as the agents of 'late-late development' (Woo, 1991: 5) they faced a much bigger gap compared to the advanced economies and therefore needed much faster industrialization. The major ideology used to ensure this objective was economic nationalism, which not only set 'economic development' as the state's first priority, but also used the cause as the magic key to achieve all kinds of national agendas including 'overcoming the depression', 'war preparation and war fighting', 'post-war reconstruction' and 'independence from the US' (Johnson, 1982). That is, actively promoting the 'bonds of nationhood' that drew on fairly homogeneous ethnic and cultural backgrounds sustained for hundreds (if not thousands) of years, the East Asian states could easily persuade their societies to share and pursue the all-encompassing goal of economic development as an inevitable means for national survival (Pempel, 1999a: 168-169). By conceptualizing catching up and then competing with mighty Western countries as a matter of national survival, these states could successfully justify or mystify 'their commitment to production-enhancing, growth-oriented priorities' (Weiss, 2003: 247).

There is another key mechanism that the states employed to achieve individual penetration at the ideological level: war-time emergency. From 1931 to 1945, Japan initiated the Pacific War, using Korea and Taiwan as its major military supply bases. As Johnson (1999) argues, Japan's rapid growth started in preparing for these wars and the Japanese state mobilized its economy for war, but never demobilized it during peace time. This story of war-time mobilization can be also applied to Korea and Taiwan.

After their liberation from Japan, the two nations each went through severe wars and remain technically in a state of *civil war* up to now. Combined with the economic nationalism, this version of militarism created a sense of constant emergency in each of these countries that harnessed not only the economy, but the whole society under the central, unitary and strong control of the state.

However, this strong control was far from plan-irrational or plan-ideological statism. The difference was made by the 'existence of a small, inexpensive, but elite state bureaucracy' staffed by the best and brightest in each society (Johnson, 1982: 314-315). Since Johnson identified this bureaucracy as the first and foremost element of the East Asian growth model, many scholars have focused on the role of bureaucrats in the countries' industrialization. Several points need to be made here.

Above all, it should be noted that 'Korean, Japanese, and Chinese society had long experience with "civil government" in the form of Confucian statecraft and bureaucracies full of scholar-officials and their assorted underlings' (Cumings, 1999: 87). The Prussian model was, then, not the sole source of their bureaucratic structures and cultures. Secondly, as the ultimate agent responsible for formulating and implementing the catch-up plans, the bureaucrats were at the centre of the state machine, making the administration considerably more prominent in the process of industrialization than the legislature or the judiciary (Hahm & Plein, 1998: 96). It is particularly important to acknowledge the role of the 'relatively insulated pilot agencies [that were] in charge of that transformative project' including the MITI (Ministry of International Trade and Industry) in Japan and the EPB (Economic Planning Board) in Korea (Weiss, 2003: 247). Finally, these state bureaucracies can be characterized by what Peter Evans (1995) has called 'embedded autonomy'; the bureaucrats enjoyed disproportionately high levels of autonomy and power so that they could direct changes in the national economic structure and social fabric. With such power, what prevented these autonomous and powerful bureaucrats from pillaging their own societies? It was their horizontal networks and functional links with society, namely, their social embeddedness. Put another way, this link between the state elites and important industrial forces, such as big businesses and the industrial classes, enabled the bureaucratized states to achieve their goals of structural transformation smoothly. For Evans, this is the key variable that distinguishes East Asian developmental states, including 'Korea', from African predatory states such as 'Zaire' (Evans, 1995: 45-47).

3.1.2 The Institutional Intervention to Domestic Society

Having explained the developmental state's ideological position (i.e. the head of Janus), I shall now move on to an examination of the two faces. The inner looking face of the developmental state is its comprehensive and coercive institutional interventions into domestic society. To recap, the bureaucratized state not only employed the brightest talent in each country, but also enjoyed an embedded autonomy that was highly effective in leading social transformation. In order to launch and manage these structural changes, the state first needed to secure its leadership or directorship. Indeed, the developmental states used strong ideological tools such as militarism and nationalism to tame society. On top of this, the states devised and mobilized a considerable number of forceful institutions and instruments to achieve this mission.

The starting point of this institutional intervention was the provision of a specific vision for the future. For example, East Asian developmental states were able to achieve a far more rapid industrialization than South American states because they focused on export-oriented industrialization, rather than adhering to import-substitution industrialization (Woo-Cumings, 1996: 325). It is notable that at its early stages, the developmental state itself was the sole agent with the potential to make this kind of 'Big Push' decision in Japan, Korea and Taiwan (Chang, 1999). The state made these decisions in accordance with future-orientated national strategic need, rather than with concern for the natural development of its private sector. Furthermore, these decisions made at every critical juncture in economic development were objectified into a series of five-year or three-year plans. These plans were used as an ultimate guideline or manual for the actions of both the public and private sectors, and showed businesses where to move and how to co-operate with each other, bringing down the transaction costs inevitable for these kinds of structural change. In short, the developmental state was indeed 'an entrepreneurial agent' (Chang, 1999: 194) that was, and had to be, able to set necessary focal points and signalling devices, as well as establishing the vision for and goals of long-term development instead of blindly following contemporary price signals or comparative advantage.

What kinds of institutions were adopted by the state to actualize these development plans? It is useful to remember that a 'state' is defined as a system 'capable of restructuring its relations to social groups, as well as relations among those groups'. As explained, in the case of East Asian developmental state, its simultaneous embeddedness within social groups and autonomy from them was essential in

restructuring these relations smoothly but rapidly. When economic development is directed by state plans, the state tends to focus on two major relationships: those between the state and business, and those between the state and labour. The state devised many institutions to control these relationships, which can be categorized as relating to industrial mobilization and societal integration.

Table 3.1 The Institutional Intervention of the Developmental State into Domestic Society

	State-business relationship	State-labour relationship
Industrial mobilization	Industrial policy	Education policy
Societal integration	(absent) Welfare policy	Labour (control) policy

Industrial mobilization in the state-business relationship was the main concern of the developmental states' industrial policy. In both Japan and Korea, governments focused on nurturing national champions that could compete with the big companies in NDCs (Chan et al., 1998). The products of this extensive state support were Japan's *zaibatsu* and Korea's *chaebol*, huge conglomerates well known for their mammoth size and octopus-like scope (Woo-Cumings, 1999: 15-19). Various instruments were used to nurture MNCs (Multi-National Corporations) in each country initially for the goals of import substitution and subsequent export expansion (Amsden, 1989; Koo & Kim, 1992; Woo-Cumings, 1996; Pempel, 1999a). Firstly, the states provided their MNCs with huge subsidies coupled with tax exemptions designed to both encourage and compensate (i.e. for the risky entry into new industrial sectors or international competition and the maintenance of good export records). The state also regulated or punished the MNCs with rigidly powerful instruments, such as the credit-based financial system, (arbitrary) intensive tax audits, and even the withdrawal of import or export licenses. Finally, the states placed stringent limits on the entry of foreign capital and the activities of foreign MNCs to protect the international competitiveness of the national champions, by imposing massive quotas and tariffs as well as manipulating the price system and currency values. Therefore, born and bred under intense pressure from the state, these representative big companies in the developmental states should be seen as the connecting hybrid between the public and the private sectors.

While this reveals that the new MNCs in each developmental state were 'quasi-state organizations' (Woo-Cumings, 1999: 17), a discussion of their social integration will illuminate their roles in the private domain. As the state-directed plans were effective

in producing compressed economic growth, the *zaibatzus* and *chaebols* in the frontline of the development were able to provide millions of new jobs. This resulted in a conspicuous enhancement of welfare for ordinary people through the promise of life-time employment¹⁴ and concomitant housing, education, credit and other benefits. This is one of the reasons why the states did not pay much attention to the welfare policy until the 1990s; rapid economic growth contributed to significantly low unemployment rates, which in turn lessened the need for a *national welfare system*, especially because of the existence of a strong *company welfare system*. In conjunction with the externalities of rapid economic growth, such as the quality of life enhancements that followed increased investment in social overhead capital, this welfare promotion through the patriarchal relationship between father/companies and its children/employees played a pivotal role in assimilating the common people along with the alliance between the big state and big businesses.

A number of institutions were established by the developmental states to address the state-labour relationship on the basis of this alliance. First of all, the states ceaselessly stressed the importance of education in order to better transform ordinary people into the type of human resources required for state-led industrialization, and made formal educational credentials into the prime, as well as the most popular, channel for individual mobility into the political and economic elites. As Pempel (1999a: 169) notes, ‘education in all three countries [was] heavily geared toward the production of technicians, engineers, and businesspeople, which in turn [was also] conducive to economic growth based on manufacturing prowess’. The type of education was clearly significant, and technical subjects necessary for development were highly encouraged. In addition to formal education, mass conscription into the military and grand-scale mass movements, such as the New Life Movement set up by Chiang Kai-Shek and the New Village Movement by Park Chung-Hee, were important apparatuses for the development and mobilization of individuals in accordance with state-led industrialization designs.

The final sector from the diagram above relates to the socially integrative aspects of the state-labour relationship. Labour policy or, more accurately, labour *repression* policy was the main institution for managing this relationship, and it is the area in which the authoritarian character of the entrepreneurial state can be seen most clearly. As Woo-Cumings (1996: 337) asserts, ‘the flipside of the state-big business symbiosis was

¹⁴ It should be noted that this is no longer the case in post-crisis Korea.

an effective suppression of popular protests and a thorough evisceration of labour as a political force'. All in all, the unskilled workers in SMEs were subjected to harsh conditions; extremely long hours, hard physically demanding work, and extremely low wages. Citing various concerns, such as international competitiveness, national security and firm-level paternalism, the state and businesses sought to curb the rightful claims of workers, and to keep labour weak and systematically exploited (Pempel, 1999a: 167). In this light, it can be suggested that, although the labour policy gave the appearance of being successful in conflict management and thereby produced a bright growth record for a few decades, it could not achieve societal integration in the real sense. In other words, the industrial policy for maximal industrial mobilization and the labour control policy for authoritarian societal integration are like the two sides of a coin in the institutional intervention of developmental states (cf. Cho, 2000: 409), which can be conceptualized as *authoritarian entrepreneurialism*.

3.1.3 International Mediation

Johnson (1999: 52) argues that there is no 'necessary connection between authoritarianism and the developmental state'. In reality, however, authoritarianism was actively used to mobilize the vast majority of the population into grand development projects in the East Asian developmental states. A key point is how the marriage of 'maximal industrial mobilization' and 'authoritarian societal integration' was able to give birth to miraculous growth performance. What made this miracle possible was the particular international context in which the developmental states were situated: the anti-communist bloc in the Asia-Pacific region formed by the US in the Cold War period. While the developmental states were very strong inside, they were extremely weak within this bloc. For this reason, managing foreign relations was just as significant for the developmental states as domestic intervention was.

In a nutshell, by joining the anti-communist bloc the developmental states could enjoy three kinds of advantages: security, foreign capital and access to export markets. First of all, without the military intervention of the US in 1950, South Korea and Taiwan probably would not have survived as independent states (Pempel, 1999a: 177). Thus, especially with the constant and substantial threat from the communist bloc ever-present, the need to ensure security has always been high in the region. In this regard, the strategic sustenance given to Japan, Korea and Taiwan by the U.S. military was both

an insurance that allowed them to start building their industries and economies, as well as a lifeline in a very literal sense. As Woo-Cumings summarizes well (1996: 334),

Taiwan and South Korea were destitute and enervated in 1950, but perched on the seismic faultline of global politics; their geopolitical situation was both leverage and mortgage to extract maximum 'rent' from the global hegemony with which these states could sustain themselves and incubate the fledgling local capital.

It should be also noted that this 'rent' went beyond military protection to include massive financial aid. For example, more than two-thirds of Japan's imports in 1947 were covered by U.S. aid (Pempel, 1999a: 174) and between 1945 and 1948 Korea received \$409m from the US in relief funds (Oh, 1999: 25). After the Korean War, as the strategic importance of the region's role as a bulwark against the spread of Communism increased in the American global calculation, the scale of aid was also significantly increased. Aid to Taiwan stood at \$1.5 billion over the period 1950-64 excluding \$2.5 billion in military equipment, while the average annual aid to Korea was about \$270 million from 1953 and 1958, accounting for 15% of the average annual GNP and over 80% of foreign exchange (Pempel, 1999a: 154). Stimulated by the Vietnam War, this aid continued to increase until the 1970s. In total the US provided \$12.6 billion to Korea and \$5.6 billion to Taiwan between 1946 and 1976 (Woo-Cumings, 1996: 334). As the figures clearly reveal, the importance of US foreign aid to the East Asian countries, especially for the economic take-off stage, cannot be exaggerated.

The role of Japan, as the first runner, also needs to be mentioned. For example, after signing a treaty normalizing relations with Japan in 1965, Korea received soft loans and grants totalling \$800 million from Japan, which furnished a crucial element of the then brand-new export-oriented industrialization (EOI) strategy (Pirie, 2008: 66). Furthermore, this financial relationship within the anti-communist bloc also functioned as a conduit for technology transfer. Up to the early 1990s, for instance, Korean firms within the automobile and electronics industries acquired almost all of their core technologies through licensing agreements with firms in Japan or the US and reverse-engineering (Bello & Rosenfield, 1990; Kim Linsu, 1997).

The final significant benefit of the relationship was that the US provided the biggest market for exports from the developmental states, and a relatively uncompetitive market at the time. The Vietnam War can be considered most important here, because it made it possible for Korea and Taiwan to start their export-led industrialization in the mid-1960s. For example, 'as a direct result of Korea's military engagement in Vietnam', the US opened its door to Korean goods as 'a relatively inexpensive gesture of thanks',

that resulted in the growth of Korean exports to the US by 232% between 1964 and 1968 (Pirie, 2008: 66-67). Equally significantly, the US decided to procure necessary items for the US troops in Vietnam and for the South Vietnamese government from Korea and Taiwan, thus affording these two countries their first opportunities to ship 'new industrial products'. For instance, whereas Korean exports to America had been limited to labour-intensive manufactured goods, during the war Vietnam accounted for 94.29% of total Korean steel exports, 51.75% of its exports of transportation equipment, 40.77% of non-electrical machinery, and 40.87% of other chemical exports (Woo, 1991: 95-96). Just as the Korean War in the early 1950s had given Japan 'an economic windfall comparable to the Marshall Plan', so the Vietnam War in the mid-1970s gave Korea and Taiwan a similar opportunity (Woo-Cumings, 1999).

Therefore, in terms of their international relations, it can be said that the central experience of the developmental states was far from 'a realm of independence where autonomy and equality reigned, but an alternative form of political economy enmeshed in a hegemonic web' (Cumings, 2005: 228). Throughout the Cold War, Japan, Korea and Taiwan industrialized within this web designed and managed by the US. Without participating in the web and thus articulating their domestic societies with the anti-communist bloc, the developmental states' economic and political development could hardly have been imaginable. This confirms that, although the developmental states appeared super-strong in the domestic sphere, they were ultimately dependent on and constrained by international conditions. This fate of having become 'semi-sovereign country' (Cumings, 1999b) or 'vassal state' (Castells, 1992) as a result of the Cold War is indeed the final feature that distinguishes the developmental states from other state models.

3.2 The Rise and Fall of the Korean Developmental State

The preceding section was devoted to describing the three major *eclectic* features of the East Asian developmental state: its plan-rational position, its authoritarian entrepreneurialism and its effectively semi-sovereign status (cf. Table 3.2). As mentioned in the introductory chapter, modern Korean history up to 2008 can be divided into four periods: confusion (1948-61); growth (1961/63-79), transition (1980-98), and transformation (1998-2008). This section will examine Korean history period by

period, focusing on how the features of the developmental state have been realized in interaction with the particular circumstances of post-independence Korea.

Table 3.2 The Three Major Features of the East Asian Developmental State

Category	Major features
Theoretical position	➤ 'Plan-rational' states, neither market-rational nor plan-ideological, to form and manage 'governed markets' with embedded autonomy
Institutional intervention	➤ Authoritarian entrepreneurialism to ensure nationalistic growth-oriented priorities on the basis of state- <i>chaebol</i> collusion against 'distributional allies' including labour and oppositional politicians
International articulation	➤ 'Semi-sovereign states' which appear strong in domestic society, but weak in international arena, depending on the US economically as well as militarily throughout the Cold War

3.2.1 Establishing the Nation within Fundamental Changes (1948-61)

South Korea was governed by an American Military government for three years after independence from Japan in 1945, while the North was governed by the USSR. In 1948, Rhee Syng-Man was elected as the first president of the newly born Republic of Korea. In 1950, however, one of the most horrible civil wars in modern history started in Korea. These radical changes in the 1940s and 1950s suggest that this first government was hardly able to enjoy the security and stability required for formulating and implementing systematic policy practices. Nonetheless, this establishing or *confusion* period in Korean history was significant, because it was during that period that the major tensions which would keep recurring later in the development of Korean developmental state appeared in a very raw form. There are at least three major historical factors that ignited these tensions.

The first factor is the governmental philosophy of Confucianism, with which the Joseon Dynasty had governed the peninsula for over 500 years. For centuries before the introduction of a modern state structure, Korea had been an agrarian bureaucratic state with 'an elaborate procedure for entry to the civil service, a highly organized civil service itself, and a practice of administering the country from the centre and from the top down' (Cumings, 2005: 214-215). Civil servants were usually the most respected 'scholar-officials' who were steeped in the Confucian classics from early childhood and overcame bitter competition to pass the highest level of state exams. This tradition was the base upon which post-war Korean state could easily attract the best and the

brightest in the country toward nationalistic goals. Equally significantly, after independence from Japan the fundamental and rigid Confucian ethics of the Joseon Dynasty, such as ‘the Three Bonds and Five Relationships’¹⁵ and the concept of ‘Regard King, teacher and father as one’ were deployed as the guiding ethos of the emancipated nation. It is only in this context that the peculiar ‘boss culture’ in Korea can be understood. This has been prevalent in each and every societal sector, and is most clearly exemplified by the paramount role of Korean Presidents or *chaebol* owners in their institutions. This culture, which depends heavily on traditional Confucian ethics of paternalism and familism, has been indeed ‘one of the most outstanding features of Korean politics’ (Oh, 1999: 214).

The second historical factor relates to the continued influence of the Japanese colonial period. Although Korea has never abandoned its national animosity toward Japan since independence and the productive capacity built under the colonial period was mostly destroyed during the Korean War, it cannot be denied that the Japanese occupation left a deep imprint on the Korean political economy of the time (Pirie, 2008: 61-62). For instance, the US Army military government not only ‘resuscitated the instruments of Japanese rule’, but recycled the ‘human and institutional legacies’ of the colonial era to govern South Korea. Moreover, in order to maintain his ever-decaying power, President Rhee sought to reconstruct the ‘leviathan colonial state’, that is, ‘a strong, bureaucratic, hyper-militarised state’ once formed and managed by the Japanese. There is now a broad consensus (Woo, 1991; Kohli, 1999) that this influence provided the soil on which the later Korean developmental state could transplant the economic strategies for rapid development that had already proved efficient in Japan.

American intervention was probably the most important factor for the regime. As explained in the previous section, massive economic and military aid from the US was ‘fundamental in creating the basis for a modern economy’ (Castells, 1992: 37) in Korea. The three years of US Military Government (1945-48) were particularly significant and saw the introduction of many American systems and institutions as new social norms, including the education and military systems. After the Korean War, the devastation and the on-going confrontation with the communist bloc (over the 38th parallel in Korea as the Asian ‘Berlin Wall’) made Korea increasingly dependent on the US. Along this line, the Rhee government adopted anti-communism as its prime governmental principle, not

¹⁵ This is one of the fundamental teachings of the Confucianism. ‘The three bonds (ruler-ruled, father-son, husband-wife) and five relationships (ruler-ruled, father-son, husband-wife, elder brother-younger brother, friend-friend)’ teaches about the basic principles and disciplines of human relationships.

only to ensure the nation's security, but also in order to eliminate political rivals. It also initiated 'Import-Substitution Industrialization' based on US aid. Even if this ISI strategy provided both the opportunity and the motivation for the *chaebols* to raise production capacity and enter new industries (Kim Linsu, 1997: 199), it was not the product of strategic consideration, but rather a mere response to the economic exigencies. Koo & Kim (1992: 123) aptly describe this situation as follows:

Had there existed any strategic choice by Rhee, it was aid maximization, to squeeze as much economic and military aid possible from the United States by skilfully manipulating U.S. security interest in the peninsula.

Despite all these efforts, US economic aid to Korea rapidly decreased from \$382m to \$192.8m between 1957 and 1961, causing a severe recession in the early 1960s (Pirie, 2008: 66). On top of this, the corrupt and incompetent Rhee government could not manage the tensions between Confucian ethics, the remnants of Japanese imperialism, growing American influences, and the anti-communist ethos, and thus left serious social disorders untouched. In the end, therefore, a students' uprising triggered by the rigged presidential election in April 1960 forced President Rhee to step down from office. The second Republic was soon established and adopted a new Cabinet System, but this government was equally slow and indecisive in tackling social and economic problems, possibly due to its obscure vision as well as conservative class interests. In this situation, Major General Park Chung-Hee, a former officer in the Japanese Army, executed a military coup on 16 May 1961 claiming this was caused 'to rescue the nation from the brink of starvation' (cited in Koo & Kim, 1992: 124). This marked the starting point of the Korean developmental state.

3.2.2 Economic Development under the Developmental State (1961-79)

President Park, the champion of the Korean developmental state, directed quasi-military Korean industrialization through his grip on absolute power throughout his two decades of office. This second period of *growth* can be divided into two: the building of light industry after the coup (1961/63-72) and the focus on building heavy industry under the 'Yushin' (a kind of emergency state) regime (1972-79). Korea recorded one of the most striking cases of economic growth in world history during this period.

Differentiating itself from the Rhee government, Park's military government was able to combine together Confucian authoritarianism, Japanese industrialization strategies,

American support, and anti-communist ideology in undertaking the 'construction of a powerful South Korean economy as the foundation for its nationalist project' (Castells, 1992: 38). In the early years, Park built a special 'development alliance' with powerful capitalists by arresting them on charges of 'illicit wealth accumulation' and then granting special pardons on condition of their active participation in his grand plan of industrialization. He then overhauled and reorganized the bureaucracy by purging many corrupt and incompetent bureaucrats on the one hand, and by creating new organizations including the powerful Economic Planning Board (EPB) on the other, while also restructuring the financial system by nationalizing banks and subjecting the central bank to government authority (Koo & Kim, 1992: 125-131). This cleared the ground for the adoption of a whole new economic strategy of 'Export-Oriented Industrialization' in about 1964. As mentioned, the Vietnam War and the normalization of relationships with Japan became the most significant moments in this economic take-off by providing necessary markets and financial sources (Pirie, 2008: 66). Admittedly, this strategy was also the product of unanticipated interactions with international conditions rather than a completely intentional decision by the state. However, the EOI strategy started to hit its stride with the introduction of a single floating exchange rate system and the devaluation of the currency in 1964. This became a great watershed in Korean economic history, because it completely changed the character of Korean capital from mercantile to industrial, and thus brought about a shift in the principle of accumulation from a zero-sum to a positive-sum game (Jones & Sakong, 1980).

Park executed an internal coup in October 1972 to cope with financial problems at the end of the 1960s, and also to extend his tenure beyond the constitutional limit. Installing the Yushin Regime, an extremely authoritarian emergency regime modelled after the Japanese Yushin in the 1870s, he 'closed all the political space and bestowed upon himself a life-time presidency with unchecked executive power' (Koo & Kim, 1992: 132). This new regime shrewdly rescued *chaebols* from serious debt troubles by nullifying all the loan agreements between business firms and private moneylenders and by replacing a large number of short-term loans with long-term ones at a lower interest rate. It also imposed harsher measures against organized labour by suspending the workers' right to collective bargaining and action, and by prohibiting strikes at foreign-invested firms.

After resolving these issues, Park announced a new plan to build up the heavy and chemical industries in his New Year's address in 1973. Although the feasibility of the plan attracted much scepticism and criticism from both inside and outside of Korea, the

government decided to concentrate all the resources at its disposal on nurturing the six selected strategic industries; steel, electronics, petrochemicals, shipbuilding, machinery and nonferrous metals. Even though significant changes of international economic and political conditions in the early 1970s must have influenced this decision to pursue the new kind of export-oriented industrialization,¹⁶ the ‘most important factor’ was probably the urgent need to diffuse popular discontent led by Kim Dae-Jung, whom Park defeated very narrowly in the 1971 presidential election ‘despite all the propaganda and alleged vote-buying by the regime’ (Koo & Kim, 1992: 133). The government once again deployed the sacred mission of economic development in order to divert people’s interest and energy from their political demands, and triggered major changes in the industrial and financial structure. Rapidly increased international capital flows and the creation of new organizations, such as the General Trading Company that was also modelled after the Japanese example, enabled the government to provide the *chaebols* with great support during the second half of the 1970s,¹⁷ so that they could achieve the fundamental industrial turnaround and the ambitious economic goals that the government had set.

In a nutshell, during the 1960s and 1970s, Park’s developmental state achieved impressive economic growth in Korea by making every effort ‘to mobilize and control labor to make possible the formation and growth of the *Chaebol*’ (Castells, 1992: 38). To be more specific, the Korean developmental state devised an extreme version of authoritarian entrepreneurialism for the country’s rapid industrialization: *president-centred, state-directed, chaebol-led, labour-sacrificed, export-oriented industrialization*. It is again noteworthy that the success of this strategy was entirely predicated on particular internal and external conditions: the nationalistic exploitation of the people through top-town manipulation and bottom-up participation, as well as generous military, financial and political support from anti-communist allies.

3.2.3 Transition toward Liberalization, Democratization and Globalization (1980-98)

As *the* supreme ruler for almost two decades, President Park did not merely achieve impressive growth performance, but also established conditions and trajectories that

¹⁶ For instance, the collapse of the Bretton Woods system in 1971, Japan’s move into high-tech industries letting go of some labour-intensive sectors of heavy industries, the Nixon doctrine which stressed greater effort for self-defence among US allies.

¹⁷ Key examples are as follows: giving a dozen *chaebols* monopolistic licenses to enjoy an attractive package of trade, finance and tax advantages and opportunities to acquire ill-managed companies.

were inescapable for the course of development under subsequent governments. Above all, the *growth first, distribution later* strategy set by Park was faithfully followed by the succeeding former-general presidents. However, at the same time, the third period (1980-98) saw the slow eclipse of Park's axiom of Korean industrialization. This was due to the impact of three fundamental changes; liberalization, democratization and globalization.

The first president in this *transition* period was Chun Doo-Hwan (1980-87), who assumed power in another military coup in December 1979 shortly after Park's assassination. General Chun elected himself president after massacring hundreds of students and citizens that were protesting the arrest of Kim Dae-Jung and the imposition of martial law in Kwangju in May 1980. Mainly owing to the rise of neo-liberalism in the US, however, the junta couldn't avoid introducing some 'liberalization' measures into Korean industrial policy, covering international trade (e.g. the Tariff Reform Act, 1984), foreign investment (e.g. Foreign Capital Inducement Law, 1984) and the financial system (e.g. denationalization, rather than privatization, of commercial banks in the early 1980s) (Kim Linsu, 1997: 33-39). Meanwhile, in order to resolve problems of excess investment and capacity in the heavy and chemical industries, the regime sought to reorganize both the industrial composition and firm-level structure by issuing several laws and orders, such as the Measure to Rationalize Corporate Structure in 1980 and the Fair Trade Act in 1981. The regime also responded to growing pressure from the opposition group, by publicly admitting the need to nurture SMEs, increase social welfare, and broaden wealth distribution, which led to the SME Formation Act of 1986 and a change of nomenclature in the title of five-year economic plan to the *Five-Year Economic and Social Development Plan*. However, this 'public gesture' designed to reconcile with the 'distributional alliance' (i.e. the antipode of the state-*chaebol* collusion), shortly turned out to be insubstantial. Despite much 'public fanfare' for the reform of *chaebols*, the assets of top *chaebols* grew substantially over the period, while the share of loans made to SMEs declined conspicuously and labour faced harsher restrictions and controls than they had done under any previous regime (Koo & Kim, 1992: 141-143).

Korea started down the path towards democratization in 1987, when President Chun neglected fervent popular demand for constitutional reform, and announced the transition of power to Roh Tae-Woo, a military general who had served him faithfully during the 1979/1980 coup. Intensely dissatisfied with this decision, increasing numbers of university students led escalating public violence and were joined by many other

groups including middle class citizens. They took the upcoming 1988 Seoul Olympics as political hostage. Consequently, on 29 June, Roh reluctantly reversed Chun's decision and accepted the opposition's eight demands: (1) direct presidential elections, (2) an amnesty for Kim Dae-Jung, (3) the release of all political prisoners except those charged with serious crimes, (4) guaranteed human rights, (5) freedom of the press, (6) local autonomy, (7) freedom for political parties, and (8) a campaign against crime and corruption (Bedeski, 1994: 69). Ironically, the amnesty for Kim Dae-Jung intensified the long rivalry between him and Kim Young-Sam, the other significant leader of the Korean movement for democratization, thus helping Roh Tae-Woo win the direct election in late 1987. The split between opposition parties contributed to the continuation of the military dictatorship in Korea. Nevertheless, the constitutional changes of 1987 ensured that this last military president could not implement the type of dictatorship that previous juntas had enjoyed. 'Because of his relatively weak political status', president Roh Tae-Woo (1988-93) was not able to initiate strong industrial restructuring, especially while striving to respond to the pressure for greater democratization and consumer demand at home and to changing international dynamics triggered by the collapse of the communist bloc (Hahm & Plein, 1998: 103). Even so, the Korean strategy of *Chaebol*-led export-oriented industrialization worked very well in the late 1980s due to the so-called 'three low-tides' of low interest rates, low oil prices and low US dollar exchange rates.

After merging his party with Roh Tae-Woo's ruling party, Kim Young-Sam (hereafter, YS) was able to win the presidential election against Kim Dae-Jung (hereafter, DJ) in 1992. Despite offering the excuse that 'if you want to catch a tiger, you must get into the tiger's den', YS's merger with Roh's party came under severe criticism as being both shameful and regressive. Nonetheless, as the first civilian President after thirty-two-years of military dictatorship, YS set 'New Korea' as the official vision of his government and freely initiated new political and economic agendas. Consequently, during his presidency, Korea experienced not only the more radical implications of the liberalization and democratization initiated in the 1980s,¹⁸ but also the completely new effects of globalization. For instance, the ambitious five-year economic plan that the YS government announced in June 1993 set out the direction of the new economy for the *New Korea*, highlighting the necessity of 'reforms' to achieve economic justice through fair income distribution, the 'deregulation' of economic activities to align the Korean

¹⁸ Key examples are as follows: the renunciation of formal control over the appointment of bank management in 1993, the liberalisation of interest rates by 1996, the induction of anti-corruption measures such as 'disclosure of assets' of high-ranking civil servants and the 'real-name financial transaction system', the reestablishment of local government election in 1995.

economy for increasing liberalization, and ‘internationalization’ to catch up with inevitable globalization trends (Oh, 1999: 137). More symbolically, the YS government made a radical decision to join the OECD in order to accelerate and advance domestic ‘neo-liberal’ reforms up to the so-called ‘global standard’, and by doing so, differentiated itself from the previous juntas.

According to Pirie’s (2008: 77) analysis based upon Jessop’s (2002) concepts, this *transition* period can be divided into two stages. The period governed by General Chun and General Roh was the stage of ‘neo-liberal policy adjustment’, in which the governments tried to improve the existing mode of regulation and the regime of accumulation with some neo-liberal measures. Then, during the second stage under the YS government, a ‘neo-liberal regime shift’ was pursued, in which the government attempted to introduce new systems of regulation and establish a new regime of accumulation along neo-liberal lines, while core elements of the Korean developmental state were dismantled. What should be noted, however, is that the outcome was not very satisfactory. Despite the promising start, the result of the YS administration’s ambitious reform efforts turned out to be ‘Korea’s greatest political failure’ (Shin, 1999: 9-11). The government fell back on the ‘repressive measures of the authoritarian past’ with regard to democratization, invoking the familiar excuses of ‘fighting against communist forces’ and ‘improving national competitiveness’. Also, in relation to liberalization, a series of ‘spectacular bribes-for-loans scandals’ in and around the government rendered the effectiveness of the reform gestures suspect. More fundamentally, in 1997, Korea came to experience an unprecedented economic crisis and financial meltdown, which resulted in the currency collapse and a chain of bankruptcies that forced the YS government to appeal to the IMF. In spite of ‘neo-liberal policy adjustments’ followed by ‘neo-liberal regime shift’ over two decades, the dragon ‘in distress’ (Bello & Rosenfield, 1990) ended up hitting the buffers.

3.2.4 The Asian Financial Crisis and the Rise of the Neo-Developmental State (1998-2008)

There is no doubt that ‘the year 1997 proved to be a turning point in Korea’s modern history’ (Chung & Kirkby, 2002: 1). The turning point was marked by two interrelated events of huge significance: the unprecedented financial crisis in the economy and the first change of governmental party in politics.

There is some debate about the cause of the Asian Economic Crisis, which spread from Thailand and Singapore to Indonesia and Korea in the summer of 1997. Some have argued that neo-liberal reforms, such as market opening and the liberalization of industrial planning played a decisive role in accordance with the increased volatility of international capital flows (Shin & Chang, 2003; Winters, 1999). This is true, insofar as a series of moral hazards are noted to have been pervasive among the Korean political and business elites of the time. Put another way, it is clear that the traumatic crisis was the direct result of a 'combination' of hasty market opening and a continued failure to address structural problems in the Korean economy (Pirie, 2008: 94). If that was the case, then, why was it that the reforms toward liberalization, democratization and globalization during the *transition* period had not been able to tackle the structural problems? Above all, the key reason is that the three presidents of the period were part of the state-*chaebol* alliance rather than part of the oppositional distributional alliance. In other words, they were never free from the profound structural problem of 'crony capitalism', which sprung from the early days of Korean developmental state.

As was stressed earlier, Korea's meteoric economic transformation was achieved through nurturing the *chaebols* as national champions. However, this strategy was based upon a mutual dependency between the state and big business; a double-edged sword that produced both rapid growth and crony capitalism. The somewhat rational corruption under crony capitalism, 'with cash flowing from state to business and from business to politician in truly floodtide dimensions' (Woo-Cumings, 1999: 16), prevented the *chaebols* from being truly self-reliant and entrepreneurial, driving them to take the easy option of relying on guidance and insurance from the state. They were neither rent-seeking, because they took many risks in expanding their domestic and overseas businesses, nor entrepreneurial, because they knew that the state would refund any costs of their failures insofar as they obeyed its orders. Furthermore, the economic growth led by this collusion was built upon the sacrifice of labour—the common people—that was imposed and/or encouraged by the authoritarian state. As Castells (1992: 40) points out, 'the mode of incorporation of labor into the industrial structure was much more brutal and repressive' in Korea than in other developmental states. Labour was the biggest victim of crony capitalism, stuck between the two extreme options of militant confrontation and servile adaptation. The three presidents in the transition period who succeeded the ruling party established by General Park in the 1960s were not only incompetent in unravelling these structural problems of crony capitalism, but also masters at taking advantage of them. In 1997, Presidents Chun and Roh were

convicted of bribery for receiving \$276 million and \$350 million (respectively) while in office. Similarly, YS suffered from one 'slush fund' scandal after another that extended to his second son and several close staff, and became 'both morally and politically dead' in his later days in office (Shin, 1999: 8, 11). The reforms undertaken by their governments were meaningful in initiating the transition from the old mode of the developmental state, but were not sufficient to achieve it.

Then, the Asian financial crisis became a key factor in the first democratic change of government in Korea. Without the crisis, the election of President Kim Dae-Jung in December 1997, which is 'often compared with the elections of South Africa's Nelson Mandela and Poland's Lech Walesa', would have been unimaginable (Shin, 1999: 12). Since the 1960s, DJ had always been the number one *enemy* of the military juntas, and suffered from ceaseless threats to his life under the accusation of being the leading *communist*. This was why in 1992, when DJ was in competition with YS for the presidency, army generals openly warned that they would stage a coup if DJ won the election. However, the unprecedented crisis in 1997 undid such out-dated McCarthyism, allowing the champion of the distributional allies in Korea to become president.

In his inauguration address, therefore, DJ (1998b) signified the inauguration day as 'historic' and 'proud' one in Korean history, in that 'a government that champions both democratic and economic development is established finally'. Put another way, as the first president from the opposition camp, he was officially criticizing former Korean governments for pursuing only economic development at the cost of democratic development. This unique identity was more dramatically expressed in his Liberation Day address in August 1999. In the middle of implementing various reforms of the *chaebols*, DJ declared, 'I am determined to go down in Korea's history as [the] president who first accomplished corporate reforms and straightened things out in the economy for the middle and working classes' (Cited in Ha & Lee, 2007: 908). As Rodney Hall notes (2003: 95), with strong support from the U.S. Treasury and the IMF, DJ 'as reformer and democratizer' kept executing the 'discursive representation of key practices associated with the Asian development model as cronyism and corruption' in order to normatively delegitimize the practices. That is, 'the old regime was politically reconfigured' by DJ who aggressively used the crisis period to 'attack the country's long-powerful *chaebol* and to force through financial restructuring' (Pempel, 1999b: 226). DJ's successor, President Roh Moo-Hyun inherited this mission. When it comes to principle-led reforms and anti-authoritarian character, he can be regarded as more thorough than DJ. Nonetheless, in an interview at the end of his Presidency, Roh

acknowledged his debt to DJ, saying: 'I thought I had initiated many new programmes and projects. In the end, however, I came to realize that most of them had already been started by President Kim Dae-Jung. I followed in his footsteps' (Oh, 2009).

Under the two progressive governments (1998-2008), therefore, Korea saw the *real* demise of the developmental state. On the one hand, the coercive industrial policies for maximal industrial mobilization were cleared away by intensive and extensive financial and corporate reforms. The former were designed to ensure the 're-capitalization of weak financial intermediaries', the 'establishment of prudential supervisory frameworks', and a 'radical liberalization of financial markets', while the latter were orientated toward 'enhancing transparency by introducing combined financial statements', 'strengthening minority shareholder rights', and 'toughening the role of directors'.¹⁹ On the other hand, the oppressive labour policy of authoritarian societal integration was replaced with one for democratic reconciliation and thus cooperation. For example, for the first time in Korean history, a tripartite committee was established to develop a social pact among the government, labour, and business, and 'unprecedented social safety net measures', including unemployment insurance and a national basic livelihood, were introduced (cf. Ha & Lee, 2007; Pirie, 2008). What should be noted is that although these reforms look very similar to the universal measures of 'neo-liberalism', what the two progressive governments pursued was not neo-liberalism, but the Third Way (cf. section 5.1.2).

3.3 Korean Cultural (Industries) Policy during the Transition Period

The previous section examined the historical development of the Korean developmental state. I shall now turn to the Korean cultural (industries) policies existent before the Asian financial crisis in 1997. The aim is to define the core features of Korean CI policy before the rise of the neo-developmental state with reference to its industrial policy.

As discussed above, it was in the second period led by President Park, the champion of Korean developmental state, that the Korean government started to produce 'cultural policy' in earnest. In that period, Korea saw significant development in terms of

¹⁹ As a result of the financial reform, for instance, a number of ill-managed financial institutions disappeared between January 1998 and June 2006; including 15 commercial banks, 29 merchant banks, 15 securities houses, 17 insurance companies, and 11 investment trusts (Ha & Lee, 2007: 899). In addition, to ensure corporate reform, the government announced in June 1998 a corporate 'blacklist' naming 55 firms that were classified as insolvent and non-viable including 20 affiliates of the top five *chaebols* and 32 affiliates of the top six to 64 *chaebols* (ibid.: 904).

organizations, institutions and budgets related to the cultural sector. The ‘Culture and Arts Promotion Act’ (1972) was the first move the Korean government made to define the cultural sector as a whole and to promote it. The *First Five-Year Plan for Culture and Arts Promotion* (1973) was indeed the first long-term plan the Korean government produced for the cultural sector; while the Korean Motion Picture Promotion Corporation (1973) and the Korean Culture and Arts Foundation (1973) were the first quangos in the cultural sector. Nevertheless, it cannot be stressed enough that these policy moves were connected with the theme of regime legitimacy, and precisely resembled the government’s industrial policy in justifying state-led development with the goal of rapid quantitative growth. Of course, this key mechanism was ensured by both controlling and insulating the domestic cultural market thoroughly through various institutional sticks and carrots; most significantly, censorship and subsidies. Just as in industrial policy, the overall trends set in place by the Park government in cultural policy were gradually changed by the three governments in the transition period. So, to what extent did the basic direction of the *developmental* cultural policy shift during the period?

3.3.1 The Chun Government: Expanding the Role of Government in Cultural Policy

Despite visible advances in many areas of cultural policy, the Park regime did not regard the cultural sector as something important or autonomous. Therefore, instead of promoting the sector, the government tried to subject it to ideological functions, such as the advancement of nationalism or anti-communism. For example, in 1966 the government established a new category of ‘anti-communist film’ in the Grand Bell Awards²⁰ and set as the prize for the category a license to import one foreign film, which led to a boom in the production of anti-communist films among film production companies and a concomitant ‘qualitative downgrade of Korean films’ (Jwa & Lee, 2006: 131). Moreover, the regime directed nearly ‘70% of total public expenditure on the cultural sector’ into nurturing Korea’s traditional culture and heritage in order to stress the importance of national cultural identity (Yim, 2002: 40).

Given this legacy, the Chun government’s (1980-88) major contribution to Korean cultural policy can be said to be its significant enhancement of the role of the state. Its two major plans, *The New Plan for Cultural Development* (1981) and *The Cultural Plan*

²⁰ It was the most prestigious film award in Korea at the time.

in the *Sixth Five-Year Plan for Economic and Social Development* (1986), illustrate the extent to which the government had started to recognize other objectives of cultural policy, such as 'promoting the excellence of the arts, improving cultural welfare, promoting regional culture, and expanding cultural exchange with other countries' (Yim, 2002: 40-41). As a result, the previously tight and severe control over the cultural sector was loosened a little. For example, the fifth revision of the 'Film Act' in December 1984 replaced the licensing system with the registration and also replaced censorship by the Ministry of Culture and Public Information with a process of deliberation by the Performance Ethics Board, thus freeing up to some extent both the content of films and the conditions of their production. In addition, the strong protection of the domestic cultural market started to break down. For instance, as a result of the first US-Korean negotiations about the Korean film market in 1985, the government implemented the sixth revision of the 'Film Act' in December 1986, and allowed foreigners and foreign corporations to operate in the Korean film industry, while also abolishing import quotas and prices ceilings for foreign and imported films respectively.

However, as an authoritarian military regime, the government could not overcome the limitations of the previous Park government. Because of its illegitimate origin (i.e. the coup in 1979/80), the government censorship of political expression was more severe than ever (Jwa & Lee, 2006: 103-104). Even though other kinds of freedom of expression were loosened, relating to sex or violence for example, restrictions on the freedom of expression for political matters, including the freedom of press, were tightened. The expression of '*ddang*-Chun news' shows this point very well. During the fifth republic all the broadcasting companies started their evening news with the report of the daily activity of President Chun right after the bell sound at nine o'clock. Korean intellectuals criticized this situation of severe press control by employing the cynical phrase '*ddang*-Chun news'.²¹ The opening of the domestic market was also problematic. It was not the result of any consideration of the current conditions or the future needs of the domestic cultural ecology (KOFIC, 2007b: 38). The government was startled by strong criticism of its policies by the United States Trade Representative instigated by the MPEAA (Motion Picture Export Association of America) (Jwa & Lee, 2006: 104), and hastily decided to open the Korean film market in order to maintain the export of Korean industrial goods to the US, which was at that time the biggest market for Korea. It is thus fair to say that as with the Park government, the Chun government saw the cultural sector broadly as

²¹ *Ddang* is the onomatopoeia for the bell sound in Korean.

an add-on, and adhered to the old wisdom of developmental cultural policy, which advocated ‘constructing the absent cultural institutions and infrastructure’ rapidly under tight control so as to ‘contribute to the justification and integration of the regime’ (Kim Yer-Su, 1988: 27).

3.3.2 The Roh Government: Introducing Democracy into Korean Cultural Policy

These limitations needed to be addressed under Roh Tae-Woo’s presidency (1988-93), which was established immediately following the powerful democratization movement of June 1987. Along with many significant political reforms directed towards a more democratic society, agendas familiar from the international policy scene, such as the ‘democratization of culture’ and ‘cultural democracy’, started to be discussed in the Korean cultural policy field during this period (Kim Moon-Hwan, 1988; 1996). One of the results was the establishment of Cultural Development Research Institute, the first cultural policy research institute in Korea. It was established within the Korean Culture and Arts Foundation (KCAF), and shortly thereafter began to publish *The Journal of Cultural Policy*, which was the first journal of cultural policy in Korea.²² From this moment, it can be said that the Korean government started to regard the cultural sector and cultural policy as something worthy of scientific research.

The first volume of *The Journal of Cultural Policy* (1988) clearly reveals the mood of the time in Korean cultural policy. Kim Yer-Su (1988) presented his earnest hope that this democratic change in cultural policies would lead to the enhancement of ‘people’s capacities for cultural creation’, as well as a ‘status change for culture’ from a means of social control to a driver of national development. Noting the significance of democratization in the cultural policy field, Park (1988) also maintained that ‘government-led control-oriented systems and acts’ would soon have to be replaced with new ones led by the private and voluntary sectors, since the former had suppressed the basic conditions of cultural creation, such as freedom of expression and creative activities, for too long and to too great an extent. In a similar vein, Shin (1988) noted the close relationship between the paternalistic dictatorship and the hyper-centralized system in the Korean cultural sector, and insisted that the era of democratization had to take note of the imbalance in the level of local cultural sector development between

²² Before the establishment of this research institute and its journal, there was virtually no space for cultural policy research in Korea. In 1994 the institute was expanded and re-established as the KCPI (Korea Cultural Policy Institute). In 2002 it became the KCTI (Korean Culture and Tourism Institute) by merging with the KTRI (Korea Tourism Research Institute).

the capital, Seoul, and the other cities, provinces and regions. Most noteworthy, is the strong consensus across all the commentators that the Korean cultural sector had been lethargic because of the former authoritarian military governments, and that therefore a new era of democratic cultural policies was desperately needed for the survival of 'Korean culture'. They all agreed that it was impossible to keep the state, the market and civil society closed from the outside world and it was thus inevitable to implement the opening and internationalization of the Korean cultural sector. On these grounds, they suggested that the policy milieu should be democratized as quickly as possible in order to be competitive and therefore avoid the imminent loss of cultural identity (cf. Park, 1988: 34-36).

Under this strong consensus, the Roh government divided the Ministry of Culture and Public Information into the Ministry of Culture and the Department of the Public Information in 1990. This was a very symbolic event, which marked the institutional separation of cultural administration from the functions of public surveillance and nationalistic mobilization. This was indeed the moment when the *independence of culture* that many cultural activists had demanded exuberantly since the 1987 protest was finally achieved within government policy. The French Ministry of Culture was taken as a benchmark, according to Kim Moon-Hwan (November, 2009), who took part in establishing the new Culture Ministry. For instance, the first Korean Culture Minister was openly called the 'Korean Andre Malraux' by others and himself (Kyunghyang-Shinmun, 1991). One of the reasons behind this was that UNESCO was not only situated in France, but led by French practitioners at that time. *The 10-Year Plan for Developing Culture: 1990-1999*, which the new Culture Ministry drew up in 1990 as a kind of declaration, was openly designed to correspond to or import UNESCO's current scheme of 'cultural development'. In this way, the effort to build up a new kind of cultural policy for the new era of democratization drew heavily on French agendas.

3.3.3 The YS Government: Initiating Korean Cultural Industries Policy

Kim Young-Sam was the first civilian president following 32-years of military rule and was the last president of the transition period. To distinguish its different origin from the preceding military governments, the YS government stressed its objective of cultural democracy, the importance of cultural creativity and even the necessity of 'cultural welfare' (Shim, 1993: 22-26). As the nation was in preparation for joining the OECD, the liberalization and opening of the cultural sector was also accelerated. To

illustrate, in *The New Five-Year Plan for Promoting Cultural Development* (1993) the government adopted the following key cultural policy objectives: enhancing cultural creativity and improving the cultural environment; activating local culture and balancing cultural welfare; developing cultural industries and activating corporate cultures; establishing national righteousness; building up pan-Korean culture and globalizing national culture.

The most important of these objectives for CI was of course that of developing the cultural industries. After YS issued orders that culture should be used effectively to add economic value (Park et al., 2007: 3), the objective became an urgent task for the Culture Ministry, with the result that the Ministry established the Cultural Industry Bureau in 1994. Many scholars agree that this marks the point from which the Korean government started to formulate serious CI policies (Lee et al., 2005; Park et al., 2007). Prior to this point, the government had not felt any difference between film policy and arts policy, for example. However, in preparing for the full-scale globalization it sought after, the government came to understand the difference between the *cultural industries* sector and the *culture and the arts* sector, and took note of the importance of the former in national economic development. This divergence is of significant importance because it can be considered the turning point in Korean CI policy between regulating individual firms from a national perspective and promoting cultural industries as a whole from an international perspective.

For all its symbolic importance, however, the establishment of the CI Bureau could not ensure the development of the new cultural industries in itself. Even though the Bureau sought to change the government's attitude toward the CI sector and in turn the people's perception of CI, in a frank assessment, it failed to make any visible or significant interventions in the policy field. Above all, the Bureau did not contribute any major additions or revisions in terms of legislation for promoting CI. While many kinds of rhetoric were developed and distributed, they were hardly transformed into a sustainable legal base for the industries. Likewise, in contrast to the heightened interest in CI, the government did not allot sufficient budget for the newly established CI Bureau. The budget of the Ministry of Culture and Sports represented only a very small portion of the total budget (0.63% in 1993, 0.68% in 1995, 0.73% in 1996, 0.91% in 1997). Moreover, the budget for the CI Bureau accounted for only a slight fraction of the Ministry's budget (as of 1997, only 2%) (MCST, 2008a: 5).

To sum up, although the YS government opened a new era in Korean CI policy by establishing an independent bureau for CI promotion within the Culture Ministry, this was a long way from the emergence of a systematic and well-supported CI policy framework. Its various efforts notwithstanding, the reality is that the YS government was unsuccessful in removing the conceptual straight jacket that saw the cultural sector as a mere add-on, and was thus not dissimilar to the previous two governments of the transition period. This speculation is well evidenced by the fact that when the economic crisis occurred in 1997, the government quite promptly cancelled all budgets for ten major cultural projects (Park et al., 2007: 16). It may therefore be concluded that, while the YS government was eager to develop the Korean CI sector and CI policy, it remained unable to make a real impact (Lee et al., 2005). It built up organizations which were neither professional nor strong enough to lead the restructuring; it introduced new perspectives on and rhetoric about cultural industries which were not developed further to ensure the necessary legal frameworks; and although it increased the budget for the sector, it did not provide sufficient funding to secure a substantial take-off.

3.4 Conclusion

This chapter has examined the features of East Asian developmental states in general, the historical development of the Korean developmental state in particular and the history of Korean cultural (industries) policy. The ‘state science’ of the developmental state was first explored in relation to its distinctive ideological/theoretical position concerning the relationship between state and market; its institutional interventions to initiate and facilitate economic restructuring and growth; and its mediation between domestic society and the international arena. With these categories, I have extracted three fundamental aspects of the developmental states, all of which illustrate the character of eclecticism very well; the plan-rational state, their authoritarian entrepreneurialism and their realistically semi-sovereign status.

First, the developmental state took the ‘plan-rational’ position between plan-irrational and market-rational positions, which can be characterized by ‘embedded autonomy’ in terms of the structural relationships between the bureaucratized state and its social groups. As to institutional intervention by the state into domestic society, the developmental state adopted a principle that may be called *authoritarian*

entrepreneurialism, and which blossomed through ‘collusion between the state and the big businesses’ at the cost of sacrificing the ‘distributional alliance’. Finally, in contrast to the ultimate power it enjoyed within domestic society, the developmental state attained little autonomy in the international field throughout the Cold War, and made itself into a ‘semi-sovereign state’ heavily dependent on the US for security, capital and trade.

Since the 1980s, these features of the developmental state have started to disintegrate. The international conditions changed first. The US adopted a completely new economic policy of neo-liberalism and the Cold War ended with the collapse of the communist bloc. For example, in 1992 Korea normalized its relationship with China in exchange for breaking its relationship with Taiwan, and now China has replaced the US to become the biggest market for Korean exports. Secondly, in parallel with these international fluctuations, the mode of authoritarian intervention gradually *dissolved* under the direction of liberalization, democratization and globalization in Korea until the economic crisis of 1997, and has *disappeared* rapidly since then. The half-hearted governments during the transition period could not prevent the economic crisis, because they were part of the state-*chaebol* collusion, which had been at the core of Korean industrialization strategy since the Park regime. They could only be limited in their ability to tackle the structural problems of Korean crony capitalism—the dark side of that collusion. Therefore, it is not surprising that the demise of the Korean developmental state was realized under DJ’s reign. He had been the leader of oppositional distributional allies for decades before becoming president. As Pempel (1999a: 167) argues,

Union membership stood at approximately 10 percent of the workforce in South Korea; there were no minimum-wage standards, and strikes and closed shops had long been outlawed. ... Even the liberalization following 1987 subsequently gave way to massive police interventions to break up serious strikes in the 1990s and to antilabor laws in 1996. Only with the election of Kim Dae-Jung in 1997 did Korean labor seem to have an official governmental ally.

On top of the democratization and liberalization of labour policy, the DJ government focused on removing the harmful consequences of crony capitalism by introducing, for the first time, a ‘modern’ legal system concerning financial structure and corporate governance (Pirie, 2008: 129). The economic crisis was the fundamental background to all these policy activities. The intervention of international organizations also played a significant role in removing the old conventions of the developmental state. For example, the IMF demanded the removal of restrictions on capital account transactions

in exchange for financial assistance and the DJ government accepted this demand in hopes of attracting foreign investment (Ha & Lee, 2007: 902). However, DJ's identity as the leader of the distributional allies was most prominent in this process of replacing the old regime with a new one. Given such dynamics, the centre-left governments continued to implement reforms of the previous 'coercive industrial policy' and 'oppressive labour policy', which had been the two strongest weapons of the Korean developmental state.

The ideological position of the developmental state requires special attention, given that the removal of state intervention from financial structure and international trade does not necessarily mean the end of plan-rational state. As Kohli (1999) puts it, East Asian developmental states opted for 'active market manipulation' instead of deifying 'the market', but in ways that were 'market enhancing rather than market rejecting'. In this sense of mercantilism, the DJ government was second to none, compared with previous Korean governments. Beyond introducing some of the roles of the 'regulatory state', the DJ government also made every effort to discover and nurture new kinds of national strategic industries, such as Information Technology and Bio-Technology. To illustrate, after running through DJ's IT policy, Choi and Kim (2005: 49) concluded that it was definitely a familiar kind of 'state-led, supplier-centred, quantity-focused' policy. Note that under the DJ government, culture technology (CT) became one of the six growth-driving technologies, including IT and BT, that the government decided to promote intensively.

The last section confirmed that this scheme of transition and transformation from the Korean developmental state, which is clearly shown in its industrial policy, applies well to the development of Korean cultural policy. Korean cultural policy started under Park's government, resembling industrial policy and serving several ideological functions. Before the advent of democratization in 1987 the policy initiatives were orientated around display in favour of the government, and not to the ordinary people's needs or audience demand. Under the Roh Tae-Woo government, autonomous cultural policies emerged for the first time in Korea, and under the YS government Korean CI policy was launched officially with the establishment of the CI Bureau. Nonetheless, as was the case in industrial policy, these reforms did not bear fruit in the cultural policy field. Regardless of government rhetoric, during the transition period the cultural sector (including CI) continued to be regarded as an add-on, as the underdeveloped organization, delayed legislation and curtailed budget for it suggest.

Nobody expected all these Issues to be completely changed under the DJ government, which was inaugurated in the middle of an unprecedented, traumatic financial crisis. Born at the crossroads between cultural policy and industrial policy and at the transitional juncture between the developmental and the neo-developmental (or neo-liberal) eras, the subject of Korean cultural industries policy can be, indeed, considered a salient point from which one can get a sense of the subtle and complicated position that the Korean neo-developmental state has been recently seeking or been subjected to. However, before scrutinizing the shift in Korean CI policy since 1998, *coordinated*, rather than *directed*, by the DJ government, it is essential to discuss the methodology that this research has adopted.

4. Methodology

This chapter outlines and reflects on the methods used in my research to inform the work that follows in the subsequent chapters. I originally intended to compare the British and Korean CI policy shifts since 1997 to examine the *creative turn* in national cultural policy around the world in parallel with the rise of the new economy. However, it was found during the review of existing research reports that in contrast to the British policy shift, the similar shift in Korean cultural industries policy had not been the topic of comprehensive and critical investigation. What emerged from this observation was the need to focus on the Korean experience to provide the cultural policy research field, both domestic and international, with a new explanatory dimension.

Hence, while maintaining the original interest in the creative turn pursued by many countries across the world, this research turned into a case study on the Korean government's CI policy. The primary aim was to describe what happened in the Korean CI policy arena during the shift and to explain how and why that policy shift was first initiated and then realized in the way that it was. It was expected that since the Korean policy shift had been received as not only a very radical, but also a successful case in the East Asian region, the case study could yield a meaningful and generalizable perspective that would lead to a better understanding of the background and the procedures involved in the fashionable rise of creativity discourse in the world's cultural policy arena. To put it another way, this research is an 'explanatory case study' in terms of the Korean CI policy shift, but simultaneously is an 'exploratory case study' in terms of the world-wide creative turn in national cultural policy (cf. Yin, 2003: 5-7).

Conducting a case study is a comprehensive research strategy rather than merely a method of data collection (Doyle & Frith, 2006: 565; Gillham, 2000: 13), and therefore appropriate methods need to be carefully chosen for their fit to the purpose of the case study. As Creswell (2007: 37-39) noted, qualitative approaches are recommended when researchers have to collect data in 'natural settings' rather than in a contrived situation, when they need to gather 'multiple forms of data' rather than relying on a single data source, and when there is a need to 'collect data themselves' through documentation, observation and interviews instead of drawing on questionnaires or instruments developed by other researchers. Since there was a narrow range of research on the topic, it was inevitable for the researcher to adopt qualitative approaches. In this vein,

several qualitative methods and strategies were mobilized, of which desk-based research, semi-structured interviews and two smaller case studies are the most notable.

The first step was to draw up a historical and conceptual map of the Korean CI policy field. Desk research was a necessary method for collecting relevant data for this purpose. Many secondary sources published by other scholars were first gathered and analyzed. This was followed by intensive collection and in-depth analysis of various kinds of policy documents produced during the policy shift, such as long-term policy plans, a variety of White Papers,²³ and presidential speeches. With the help of an outline produced during the desk research, semi-structured interviews with key figures were designed and conducted to explore the issues further. The people who were directly involved in the policy shift furnished new and invaluable data and perspectives. Finally, this case study of one country's CI policy shift employed smaller case studies of two representative quangos in the policy field. They were chosen to provide more detailed information and evidence about the policy shift while complementing the broad interest at the level of national cultural policy. These three methods are explained in turn below.

4.1 Desk-Based Research

Desk-based research or documentary research was the starting point of this project. As Derrida (1976) noted with the concept of the 'metaphysics of presence', Western philosophy has valued speech more than writing, pushing out the latter to a marginal and secondary position. This seems to correspond well to a trend which underestimates the role of documentation in the social research field. However, are documents only a subsidiary source? Directly challenging this trend, Prior (2003: 26) argues:

Documents form a 'field' for research in their own right, and should not be considered as mere props to human action. Documents need to be considered as situated products, rather than as fixed and stable 'things' in the world. ... Documents are produced in social settings and are always to be regarded as collective (social) products. Determining how documents are consumed and used in organized settings - that is, how they function - should form an important part of any social scientific research project. Content is not the most important feature of a document.

Concisely, desk research has at least two distinctive dimensions. Documents need to be

²³ In Korea, the term, 'White Paper' is used to denote an annual report of governmental activities rather than forerunners to legislation.

first examined as the ‘containers’ of existing content, and their function as active signifying ‘agents’ also needs to be traced. Put another way, a document can be the object of not only ‘content’ analysis, but also ‘discourse’ analysis which further concerns the author, authority, audience, and objective of the text in terms of ‘the application of power’ (Jupp, 1996: 300). During the early stage of my desk research, documents were treated as a mere ‘resource’ for content analysis; yet as document collection proceeded and other kinds of data were collated, the documents became another ‘topic’ themselves, requiring discourse analysis to see beyond their textual content (Prior, 2008: 824). This development may be viewed as a matter of necessity, rather than of choice, for a policy research project like this study. Two phases of documentary research need to be distinguished: the review of ‘secondary’ documents and the collection and analysis of ‘primary’ documents (cf. Finnegan, 1996: 141-143).²⁴

As noted, this study started with a review of a variety of literature on the CI policy in both the UK and in Korea. Since New Labour’s Britain was the most conspicuous reference point for this new trend in the global cultural policy arena, the literature on the British policy shift was examined first. Major electronic academic databases, such as socIndex, ASSIA, Index of Theses, were searched with the key words of ‘creative industries’, ‘cultural industries’ and ‘creativity’. Key policy documents, published by the DCMS and major quangos, were briefly examined as well. After becoming familiar with both academic and policy documents on the rise of CI policy, the British policy shift was summarized to provide a lens with which the Korean experience could be looked into. This summarization required a conceptual framework that covered the different aspects of the policy shift. As shown in Chapter 2, three aspects were stressed: How and why was the policy shift initiated and developed (the process of the policy shift)? What kind of policy framework came about during the process (its product)? And how have both the policy shift and the policy framework been evaluated (its performance)?

Following that, the literature on Korean CI policy making was searched, categorized and analyzed in a similar way. Since there was an extremely narrow range of research on the Korean CI policy (shift) in English, a far greater amount of time was spent searching Korean databases. Two major academic search engines in Korea (that is, KISS and RISS) were mobilized. In addition, in order to identify the policy research reports written by government-sponsored researchers, the digital archives of the Culture Ministry and its

²⁴ ‘Primary’ source is defined here as ‘the basic and original material for providing the researcher’s raw evidence’.

major quangos (including research institutions) were searched time and again. Although the academic articles and the policy reports were very helpful for understanding the historical context, current structure and core issues of the Korean CI policy arena, I could not find any research in which the CI policy shift became a theme in its own right. At this stage of desk research, a possibly key variable between the British and Korean experiences emerged: the concept of the developmental state. However, it was not explored in detail until the end of the field work.

Meanwhile, the research scope was revised to focus on the Korean case. This marked the beginning of the second round of my documentary research: the collection and analysis of primary documents. Three kinds of documents deserve separate attention. First of all, two types of 'official state' documents and records were collected (Scott, 1990: 14).²⁵ To understand the direction of the policy shift, I identified and gathered key long-term policy plans published by the Korean Culture Ministry and its major quangos during DJ and Roh's presidencies. The homepage of the Culture Ministry (<http://www.mcst.go.kr>) was not that useful, especially since its archive did not contain some of the key plans. Fortunately, most of the plans were available in the digital archive of the National Assembly Library (<http://www.nanet.go.kr>). Since KOCCA and KOFIC were to be my smaller case studies, particular attention was paid to their plans as well. Then, to understand what activities were implemented to realize the plans and how the activities were evaluated by the Ministry itself, I collected and reviewed the White Papers on 'Korean cultural policy' and 'Korean CI policy' which contain the annual review of activities of the Ministry and its quangos. White Papers for individual genres of Korean CI, published by the quangos for themselves, were also included in this process. Most of them were available through the on-line archives of the Korean Culture and Tourism Institute (KCTI), the individual quangos or the National Assembly Library. These official documents provided foundational data for the analysis of the official definitions, the perceived problems, and the preferred solutions concerning the Korean CI policy shift.

The second kind of documents comprised those produced by key figures. These included both 'official' and 'personal' documents. Above all, since it became clear at this stage that the role of President Kim Dae-Jung was decisive in the policy transformation, his presidential speech books, (auto)biographies, letters, and so forth were collected. The

²⁵ According to Scott (1990), documents may be roughly divided into official or personal ones according to their 'authorship'. The documents which have their source in bureaucracies can be viewed as official ones, which can be further divided into official state and official private documents.

Korean digital Presidential Archive (<http://www.pa.go.kr>), the archives of the Kim Dae-Jung Presidential Library & Museum (<http://www.kdjlibrary.org>) and the Kim Dae-Jung Peace Centre (<http://kdjpeace.com>) were prominent sources for these documents. Among others, his presidential speech books required special attention on the grounds that they can be considered to be the most influential and official documents in the Korean policy arena. Hence, the speeches that contain words such as 'culture', 'creativity' and 'cultural industries' were all listed and scrutinized. A similar type of data collection and examination was applied to the speeches of his successor, President Roh. Compared to DJ, Roh made far fewer speeches which contained those key words. In addition, the speeches that the Culture Ministers made under the two governments were reviewed on the Culture Ministry's homepage.

The last kind of documents collected comprised non-official documents. Two types of data were especially notable. First, in order to assess the Korean media's view of the policy transformation and the core events during the shift, I searched KINDS (<http://www.kinds.or.kr>), the 'state-of-the art database system' of Korean news articles managed by the Korea Press Foundation, a quango under the Culture Ministry.²⁶ Then, the statements and reviews produced by key NGOs and interest groups in the cultural sector were collected through search engines provided by DAUM and NAVER, two flagship internet portal sites in the Korean language. While the first two types of documents collected were 'internal documents' published by official policy participants, these final two types were categorized as 'external documents' on the policy shift, and these provided an alternative perspective from which the somewhat subjective descriptions and interpretations of major events in the official documents could be supplemented and also challenged.

This document collection and the following preliminary investigation were important in designing the field work as well as in building up a knowledge base for the research. However, the field work in Korea in turn made a huge difference to the later process of documentary research. It enabled my desk research to proceed from 'textual' analysis to 'discourse' analysis (Fairclough, 2003: 3). I shall now turn to the second major method for the research, the semi-structured interviews.

²⁶ KINDS (Korean Integrated Newspaper Database System) was established in January 1990, and offers over 12 million media articles from not only major central and local daily newspapers, but also internet newspapers, televised news text, weekly newspapers, etc.

4.2 Semi-Structured Interviews

The major part of the field work in Korea between August and November 2009 was taken up with conducting interviews with key figures directly involved in the policy shift. At the early stage of research design, interviews were considered necessary for verifying the findings from the desk research through comparison with the elite participants' voices. They would also allow for the collection of direct and original data that was simply unavailable or intentionally hidden in the published documents. In preparing for the field work, therefore, the first task involved identifying the key figures that led or witnessed the Korean CI policy shift and that could thereby provide *authoritative* descriptions and explanations of it.

In addressing this issue, the knowledge gained through the earlier desk research was actively mobilized. For example, during the desk research I discovered that the three CI Bureau chiefs under the DJ government played a pivotal role, because many media articles at that time interviewed them or were written drawing on their statements covering almost all significant events in the CI policy arena. Besides, the three civil servants not only made key decisions at the Ministry level under DJ's presidency, but were all also promoted to the position of Vice Minister or Assistant Minister in the following Roh administration. Therefore, in terms of both time-span and interest-scope, they were regarded as the most promising informants for this research. After listing their names, the media articles were re-read to avoid stereotypical questions and to develop questions that fitted the interests of this research project. Through a similar kind of selection process, a list of potential interviewees was produced which covered three broad sectors: the Ministry, major quangos, and government-supported research institutions.

These potential interviewees were contacted via e-mail or telephone. Some were not available, yet new names were introduced during the early interviews. Consequently, over the course of the three-month field work period spent in Korea, I was able to conduct thirty interviews with twenty-six interviewees (See Appendix A for the whole list). The average interview length was about one and a half hours and all interviews were recorded. Since highly sensitive issues concerning the governance of the policy field were to be discussed, it was agreed that the recordings should be kept private. All respondents agreed to be cited in my research by name, on the condition that they could review any direct citations before publication.

Among the many forms interviews can take, the semi-structured face-to-face interview was chosen. The reason for selecting semi-structured open-ended interviews was that they are very useful for obtaining ‘descriptions of the life world of the interviewee with respect to interpreting the meaning of the described phenomena’ (Kvale, 1996: 5-6). Since all my interviewees’ life worlds were the policy arena where the policy shift had happened, this technique was viewed as highly appropriate to the researcher’s interest.

The use of the interview as a research method is nothing mysterious: An interview is a conversation that has a structure and a purpose. It goes beyond the spontaneous exchange of views as in every day conversation, and becomes a careful questioning and listening approach with the purpose of obtaining thoroughly tested knowledge (Ibid.).

In short, the semi-structured interview can be defined as an art of ‘ordered but flexible questioning’ (Dunn, 2000: 61). Therefore, before the interviews a guideline was prepared with a dozen questions which emerged during the desk research as core areas to be explored. In practice, however, according to both the interviewee’s role in the shift and the information about the interviewee that I was able to gain before the interview, some questions were not asked, new questions were added, or the same questions were asked in a different order and form. During the interviews, the format of face-to-face individual conversation in a naturalized setting turned out quite useful.²⁷ It enabled me to openly ask about the respondents’ practices and reactions, as well as their feelings and impressions concerning major events and principles of the policy shift. This resulted in a large amount of highly detailed data (Johnson, 2002). In addition, the interview method allowed me to observe closely the interviewees’ nonverbal responses and thus discern their distinctively sensitive positions and memories (Kadushin & Kadushin, 1997: 309-311).

Once the interviews were completed, they were first transcribed in Korean and later partly in English. To make sense of the large amount of qualitative data required highly intuitive work. However, since the same dozen questions were asked in nearly all of the interviews, the coding process was not so difficult. As expected, in the course of reading and highlighting the transcripts, several repeated themes and ideas which the researcher had not recognized earlier started to emerge across the various responses. As the analysis proceeded, therefore, the list of key issues against which the transcripts were categorized and compared was inevitably and constantly renewed. Meanwhile, the

²⁷ All interviews were individual interviews with one exception. When interviewing KOFIC’s staff, I had to meet two researchers at the same time at their request.

transcripts were analyzed in order. The interviews with civil servants and Ministers were analyzed first. The analysis of the interviews with quango personnel and policy researchers followed in turn. This phased analysis of the transcripts contributed to producing and developing workable data sets, and also to comprehending the three groups' different positions and perspectives.

These data sets were then connected to the broad conceptual framework of this research, that is, the process, product and performance of the Korean policy shift. Although the framework emerged in the early stage of desk research, it appeared still useful for presenting the findings from the interviews. Hence, the three areas of the framework could each be deployed as the main theme of one of the three findings chapters. Therefore, I sought to connect the findings from the interviews with those from the documentation in relation to each theme. There is an important point to be made concerning this stage. As noted earlier, before the field work in Korea, I had mainly treated the related policy documents as passive 'resources' or inert 'containers'. However, interviewing the people who planned and/or produced such documents enabled me to view the ways in which they were actually called upon and functioned in the policy arena. As I understood 'the documents in action' (Prior, 2008) during the policy shift, the documents also started their second role of active 'agent' within my research, incorporating themselves into the core organizations, institutions and people in the policy field. For instance, when I first read *Contents Korea Vision 21* (MCT, 2001b), a long-term plan for CI promotion published in June 2001, I was perplexed by the sudden appearance of a new term, 'cultural contents industries', at a time when the Ministry was still actively using the traditional term 'cultural industries'. When I met the CI Bureau chief who first introduced that concept, I was able to understand how furious the competition between the Ministries was around the leadership of promoting digital industries and what kind of results this struggle brought about. This kind of first-hand knowledge enabled me to re-read all the documents from a different perspective and thus to understand the functions and implications of the documents more properly.

Accordingly, as the analysis of the interview transcripts progressed, it was necessary to continue revising the original narrative assumed during previous documentary research. In turn, the new understanding of the key policy documents enabled a more comprehensive investigation of the interview transcripts. This stage of articulating the findings from interviews and from documentation was understood by the researcher to prove that qualitative research can only be a highly 'interpretive inquiry' and thus an

‘emergent’ process rather than tightly prefigured one (Creswell, 2007: 39).

4.3 Case Studies

The last research method to be explained is the case study method applied to two quangos, the Korean Film Council (KOFIC) and the Korea Culture and Content Agency (KOCCA). As noted earlier, this thesis itself can be regarded as an explanatory case study of the Korean CI policy shift that took place under the two centre-left governments (1998-2008). At the same time, it can be considered as an exploratory case study which seeks to contribute to the understanding of the fashionable *creative turn* across the world through the transformative experience of a former developmental state. For this purpose, the examination of the role of representative CI promotion quangos was indispensable, because the quangos have been widely understood to be not only one of the most important products of the policy shift, but also one of the most important agents of the policy shift after their establishment or transformation. At the core of the Korean CI policy shift, it may be said, was a group of emergent CI promotion quangos which displayed the ambivalent character of *product-agent*. This establishes an ideal condition for the use of the case study method.

[The] Case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident. (Yin, 2003: 13)

Why, then, were KOFIC and KOCA chosen as the objects of the smaller case studies? To explain this choice, it is useful to outline the contours of the CI policy arena in the early days of the policy shift. Before the inauguration of the DJ government, there had been only two quangos with a remit for cultural industries promotion. The first was the Korean Motion Picture Promotion Corporation (KMPPC) for film promotion; and the other was the Korea Broadcasting Institute (KBI) for broadcasting promotion. However, since the latter was more like a research institution that covered various issues around the broadcasting industry and the related policies, the KMPPC had been in fact the only quango for CI promotion in Korea. To make things worse, the quango had long suffered from strong criticisms by the film industry that it was not only incompetent but also too authoritarian. Since the newly-elected DJ government had great interest in and passion for nurturing CI, this problematic situation needed to be addressed quickly. Therefore, DJ’s Culture Ministry selected five strategic genres among Korean CI for intensive promotion (i.e. film, broadcasting, games, animation and popular music) (MCT, 1998;

1999a), and decided to make one quango for the promotion of each genre. The two strategies employed to do this were to transform existing quangos and to establish new ones.

Following the first of these strategies, the KBI was expanded and the KMPPC was transformed into KOFIC. In the case of the KBI, however, the expansion did not change its major function as research institute for the broadcasting industry. In contrast, the transformation of the KMPPC into KOFIC in May 1999 was indeed a paradigm shift in the policy arena. Many film industry experts who had once criticized the KMPPC heavily came to actively participate in formulating DJ's cultural pledges and then realizing them in the policy field. The establishment of KOFIC was one of the major pledges concerning cultural matters. For these reasons, KOFIC was chosen as the most appropriate case study, and moreover, the only case which could provide opportunities to directly compare the situations existing before and after the policy shift at the level of a single (transformed) quango.

Of the newly established quangos, the first to be set up was the Korea Games Promotion Centre (KGPC) for games promotion. This was followed by the establishment of KOCCA for the final two of the five genres highlighted by the Culture Ministry, animation and popular music. KOCCA was chosen instead of the KGPC for three reasons. Firstly, the success of the KGPC prepared the ground for the establishment of KOCCA, which was consequently based on the KGPC model. Therefore, examining KOCCA would enable the experience of the KGPC to be learned, but not vice versa. Secondly, while the KGPC was created only two months after the establishment of KOFIC, KOCCA was established about two years later in August 2001. KOCCA can therefore furnish an opportunity to comprehend the change in atmosphere over the two-year take-off period of the new Korean CI policy. Finally, since it was established when the cultural industries were designated as one of the national strategic industries in Korea, KOCCA was designed to be and actually became a symbolic CI promotion quango. It started as a quango for the promotion of minor genres of CI, such as animation, comics and music industries, but evolved into the 'head temple' (KOCCA, 2009: 23) for Korean CI promotion charged with taking care of the whole eco-system of Korean CI. This evolution ended up with KOCCA's merger with, or acquisition of, the KBI and KOGIA (the former KGPC) under the current Lee government in May 2009,²⁸ when the researcher was preparing for the field work.

²⁸ On 7 May 2009, KOCCA merged with the Korea Games Industry Agency (KOGIA), the Korea Broadcasting Institute (KBI), the Cultural Contents Centre, and the Digital Contents Business Group (which had belonged to Korea IT industry

Therefore, KOCCA was regarded as the only quango with the same significance as KOFIC, and provided a good example of the establishment and growth of a completely new quango.

Because examining these two quangos was initially part of the broader research design, the researcher did not employ any additional data collection methods for the case studies. As explained, during desk research and interviews these case studies were an essential part of the inquiry and investigation. During the early stage of analysis, these case studies seemed to be well used as part of the second findings chapter (Chapter 6) which deals with the product of the Korean CI policy shift. However, further analyses confirmed that these quangos were not merely the most visible products of the shift, but also pivotal factors and agents of the shift. Therefore, it was judged better to designate a separate chapter (Chapter 7) for the two cases, with the aim of re-examining the process and the product of the national CI policy shift from the perspective of the major quangos.

In this light, the role of these case studies in the research project may be summarized in three distinctive senses. Above all, since the two quangos were representative product-agents of the Korean CI policy shift, examining their experiences in greater detail can complement the findings from the examination of the policy shift from the perspective of a broader interest in national CI policy. That is, these more micro-level descriptions and explanations would be conducive to fleshing out the fuller picture of the Korean CI policy shift. The case studies can also be used as means of ‘triangulation’ (Gillham, 2000: 29-30). What were the common policy practices that KOFIC and KOCCA both focused on implementing? Did they follow the broader direction of the new CI policy that the MCT endeavoured to introduce and promote? Addressing these kinds of questions can provide an opportunity to compare the perspectives of the major quangos and the records/documents they produced with the perspectives of the Culture Ministry and the records/documents it produced, in order to gain a more straightforward picture of the policy shift. Finally, even if both quangos were the key product-agents of the policy shift, they displayed significant differences from the beginning. They were created in different ways and at different stages of the policy shift. Therefore, tracing the reasons for the emergence of these differences at the outset and also the further differences that later ensued can lead to a better understanding of the structure and power-relations of the Korean CI policy field. It can therefore aid in the unravelling of

Promotion Agency). As a result, KOCCA changed its name from the ‘Korea Culture and Content Agency’ (2001-09) to the ‘Korea Creative Content Agency’.

several seemingly paradoxical phenomena observed in the process and the product of the policy shift.

4.4 Conclusion

This chapter has highlighted the research methodology that underpins this thesis. Desk-based research, semi-structured interviews and case studies constitute the major methods, and thus the rationale, context, procedure and significance of employing each method were explained in turn. In sum, desk research provided a knowledge base about the research topic and guidelines for the field work. The semi-structured interviews with key figures furnished first-hand information and perspectives unavailable in the published documents, and thereby transformed the desk research at the later stage from textual analysis to discourse analysis. Articulating these two sources to unravel or reconstruct the process, product and performance of the Korean CI policy shift was a very challenging, but rewarding process. Two case studies were employed for the purpose of providing a more detailed elaboration of the shift, validating the narratives from the Ministry level against the experiences of the major quangos, and deepening the understanding of the policy arena through the examination of the differences between the quangos.

Through the whole process of the research, one of the major concerns was to ‘strike a balance between academic distance’ from the interviewees and understanding closely the ‘specific codes and conventions of their environment’ (Boyle, 1995: 36). It was indeed difficult to put myself in the various policy participants’ places to understand the varying meanings of the same policy process and product to them, while simultaneously trying to take a more comprehensive and critical stance myself. As a qualitative case study, it should be acknowledged, there was in the end nothing I could do other than to remain sensitive and aware in order not to allow ‘equivocal evidence or biased views to influence the direction of [my] findings and conclusions’ (Yin, 2003: 10). The following four chapters present the results of these earnest efforts.

5. The Process of the Korean Cultural Industries (CI) Policy Shift

A major shift has taken place in Korean CI policy over recent years, and this chapter presents my findings of why and how this shift has occurred. Focusing on Kim Dae-Jung's presidency (1998-2003), when a progressive government gained power in the country for the first time, this chapter seeks to trace the new development of Korean CI policy chronologically and to clarify major landmarks in the process, including new policy initiatives and the establishment of new acts, plans and institutions.

As noted earlier, Korea is well known for its compressed industrialization process. Being the biggest of the 'four little dragons' (Vogel, 1991) or 'Asia's next giant' (Amsden, 1989), Korea is representative of the developmental states during the post-Second World War period, and has achieved impressive economic growth by formulating and implementing a particular set of industrial and labour policies. This process was led by three military governments (1961-93), and thus led to a centralization of authoritarian power under the Office of the President that came to be institutionalized in Korea, which became a sort of 'unipolar system' with all powers being concentrated in the hands of 'one person' (Kim Y-M, 1996). Due to this particular history and this particular feature of Korean politics, it is not only appropriate but also methodologically sound to pay close attention to the context of the Presidents' decision-making processes in order to examine major policy changes in Korea.

In Chapter 3, I briefly examined how Korean cultural policy evolved in accordance with its industrial policy during the country's developmental and the transitional periods. I concluded that in real terms Korean CI policy emerged into the national policy arena during DJ's presidency, even though it had been officially (yet ineffectually) initiated in 1994 with the establishment of the CI Bureau. As the most charismatic leader and symbol of the opposition, DJ had been the 'loathed-beyond-measure *bete noire* of the dictators' for about three decades (Cumings, 1999b: 36). However, after his election victory in December 1997, DJ's longstanding principle of the 'parallel development of democracy and the market economy' which had once been used to attack the authoritarian military governments became the prime principle of the new Korean government. Along with all the other policy reforms introduced by DJ, the CI policy shift under his presidency stemmed from this overarching principle.

In many speeches, DJ regarded himself as ‘a cultural president in the cultural age’. How and why, then, did the cultural president lead the CI policy shift and what kinds of consequences were delivered in the policy field? To answer this question, I shall distinguish three distinctive stages: (1) the period leading up to DJ’s inauguration, (2) his early presidency, and (3) his late presidency. The first section draws on primary sources, such as historical records, news articles, letters and biographies, and deals with the formation of DJ’s key ideas about CI, and those who played a key role in the process. The second section explores how DJ’s ideas were first translated by his Culture Ministry during the early part of his presidency (1998-2000), and the CI policy landmarks that followed. Finally, the third section focuses upon the period 2001 to 2003, when the MCT (Ministry of Culture and Tourism) started to initiate various projects on its own, including the invention of new policy terms. During this period, the MCT drove a more ambitious and aggressive CI promotion policy in order to compete with other ministries. The final two sections will mainly draw on two sources: interviews with key witnesses of the policy shift and key policy documents produced by the MCT and its quangos.

5.1 Early Influences over Kim Dae-Jung’s Approach to CI Policy: 1980-98

Two factors appear to have had a significant influence on the type of CI policy that DJ implemented; the convictions born of his life and political experience as an opposition leader, and the range of political-economic conditions that prevailed when he came to office. In addition, a number of advisers and experts were influential in helping him link these convictions and experiences to the necessities of the political economic conditions. Therefore, this section deals with the period starting from his death sentence in 1980 up to his presidential inauguration in 1998, and focuses on what DJ’s main philosophy of CI policy was, on how and why it was formed, and on its significance. Three figures had an important impact on the development of DJ’s political philosophy, namely, Alvin Toffler, Anthony Giddens and Lee Kuan-Yew. DJ wanted to go beyond the East Asian developmental state model led by authoritarian leaders such as Singaporean Prime Minister Lee and South Korean General-President Park, and therefore actively embraced and mobilized Toffler’s idea of the ‘Third Wave’ (1980) and Giddens’s concept of the ‘Third Way’ (1998) in constructing his policy directions. CI policy was one of the policy areas where this strategy to overcome the limitations of the developmental state was executed most faithfully and thus revealed most clearly.

5.1.1 Reading Toffler in Prison: The Third Wave and Information Revolution

In August 1973, DJ was kidnapped by Korean CIA agents in Tokyo and rescued by American CIA moments before being thrown into the sea. In December 1979, President Park was assassinated by the chief of Korean CIA, one of his closest associates. Between these two events, DJ was arrested and remained either in prison or under house arrest. DJ was pardoned after Park's death, but before long Major General Chun Doo-Hwan took power in another military coup. Consequently, DJ and his associates were arrested under the Martial Act Command and sentenced to death on fabricated charges of treason in 1980. DJ's key philosophy was formed during this time that he spent in prison. Recalling those painful days, First Lady Lee Hee-Ho (2008: 235) wrote in her biography:

Two days after the reduction from Death to life imprisonment [25 January 1981], my husband told me that since he no longer needed to fear death, from then on he would prefer to read about history, philosophy, theology, economics and national defence than religion. ... The prison was the very university where he was able to focus on reading, thinking and faith, and thereby to train and enrich his soul. ... I sent him about 500-600 books over those 2 years and 6 months.

Of the many books he read in prison, there is no doubt that Arnold Toynbee, one of the most famous British historians, had the greatest influence on DJ, as confirmed in several of his letters and interviews (cf. Kim, 2000: 93-101). DJ read *A Study of History* (1934-61) again and again, and internalized Toynbee's framework of human history, including the concepts of 'challenge and response', while summarizing impressive historic cases to be used as key references later. What then is the *challenge* the contemporary world is facing? DJ found the answer in Alvin Toffler's book, *The Third Wave* (1980). However, it was not only Toffler's *book* which influenced DJ's thought; they met face-to-face for the first time in September 1997 when the Asian Financial Crisis was deepening and DJ had become a presidential candidate for the fourth time. During the meeting, DJ answered Toffler's first question about the restructuring needed for Korea as follows:

First of all, I want to mention that your books have affected my philosophy a lot. I read *The Third Wave* in prison. Your books, including *Future Shock* and *Power Shift*, have had great influence on all of us. In them, you stressed 'demassifying' and 'decentralizing'. ...The Korean economic structure also needs to be decentralized by breaking the links through which the government controls the banks and thus the conglomerates. (Hanguk-Gyeongje, 1997)

During this meeting, Toffler gave his word that if DJ won the election, he would help his government (Donga-Ilbo, 1998a). When this came about, Toffler visited Seoul to become

DJ's adviser. During this visit, Toffler said, 'there are not many national leaders who have an accurate perception of the importance of informationalization. I would like to share my vision with President Kim' (Hankook-Ilbo, 1998). How did that 'sharing' develop thereafter?

In March 2000, Toffler came to Korea once again to deliver lectures at the APEC (Asia-Pacific Economic Cooperation) Seoul Forum, which DJ suggested at the APEC Summit in 1999. Later, in June 2001, he revisited Korea to give DJ a briefing of his policy report, *Beyond the Crisis: Korea in the 21st Century* (Toffler Associates, 2001). Suggesting seven urgent tasks for the sustainable development of the Korean economy, Toffler stressed that 'Korea stands at the crossroad of a choice. If Korea does not choose for itself, the choice will be forced. The choice is between being left as a subjected country with a low-cost labour economy, or becoming a leading country in world economy by ensuring its competitiveness' (Segye-Ilbo, 2001). In his following lectures and interviews in Seoul, he kept stressing that the 'new economy', the 'knowledge-based economy' or the 'Third Wave economy' must be the key for the survival of post-crisis Korea.

How then is Toffler's role to be evaluated? On 4 September 2000, DJ had a special joint interview with three major Broadcasting companies in Korea. When asked what the motive behind his strong drive toward the knowledge economy was, DJ answered that he had always wanted to promote the coming of the information age in Korea 'after reading Alvin Toffler's *The Third Wave*', but did not have the opportunity as an opposition leader. 'That is why I strongly drove policies in that direction as soon as I became President', DJ added (Kukmin-Ilbo, 2000). There is another interesting episode. About four years after DJ's retirement, Toffler visited DJ's house in Seoul on 31 May 2007. This time, DJ more clearly declared that 'the most influential person for the informationalization of Korea must be Dr. Toffler' (Newsmaker, 2007).

5.1.2 Meeting Giddens in Cambridge: the Third Way and Productive Welfare

Another *key adviser* was the also internationally known academic, Anthony Giddens, who unlike Toffler, was not officially appointed as an advisor by DJ. However, his influence on the Korean policy field was just as great as Toffler's, and all the fundamental philosophies of the DJ government bear the mark of his influence. It was in Cambridge in 1993 that DJ first met Giddens. After losing the 1992 election, DJ retired from politics and departed to Cambridge in order to start a new career as a researcher.

During this period (January to June 1993), he maintained a close relationship with his neighbours, one of whom was Giddens. Both publicly and privately, they had many discussions with each other. For example,

The 20th century is the century when the human beings have universalized democracy. However, the democracy of the 20th-century is still a democracy that works within the nation state. Therefore, even democratic countries pursue their own interests at the cost of others. Now we need to go beyond such a nation-state democracy so that the human rights and happiness of all the nations and states can be guaranteed equally. When I stayed in Cambridge, I discussed this type of democracy with its famous scholars such as Anthony Giddens and John Dunn. Giddens told me that he was considering calling this 'cosmopolitan democracy'. I suggested that he call it 'global democracy'. (Kim, 1998a: 56)

Why is this relationship between DJ and Giddens important? First of all, the similarity between DJ's and Giddens's thoughts about desirable political ideology is noteworthy. While in prison, DJ established his foundational positions not only about the contemporary *challenge* (i.e. the information revolution), but also about the contemporary *response* to it (i.e. the parallel development of democracy and the market economy). This thesis of parallel development takes Britain as its model.

In theory, modernization (in economic sense) does not need to be developed in parallel with democracy. Both are the products of the genius of British people. Watching British experiences, we can find that by becoming the cause and result to each other the two have developed successfully to become a model. Many countries have learned this from Britain. Two different types of learning can be traced. The US and France took modernization and democracy together, while Prussia, Japan and Russia took only modernization, rejecting democracy. ... Roughly speaking, the US and France has made sustainable development by overcoming several crises and maintaining national cohesion. To be contrary, the countries which rejected democracy pressed their nationals inside and kept engaging with invading wars outside. As a result, Russia became a communist country, and Japan and Germany could not but suffer from their tragic defeat. (Kim, 1982/2000: 311)²⁹

On this ground, he pursued a position on Korean politics different from both the Minja Party that pursued the market economy at the cost of democracy, and from the Minjung Party which pursued democracy at the cost of the market economy (Kim, 1992). This perspective was also expressed as an objection to both General Park's economic development and North Korea's communism. Thus, it can be said that DJ's political position is very similar to Giddens's Third Way which went beyond neo-liberalism (i.e. Thatcherism) and old Labour's corporatism.

DJ's answer to a question about 'DJ-nomics' during an interview in May 1999 provides a clear example of this position: 'It is not neo-liberalism, which believes that the market

²⁹ This was originally written on 23 September 1982 as his twenty-sixth prison letter.

is omnipotent. It is the pre-condition for establishing community on the basis of humanism. ... I pursue the 'Third Way' that Giddens has advocated in the UK' (Maeil-Kyungje, 1999). On the other side, in his second visit of DJ's presidency, Giddens said in an interview that he positioned DJ's ideology as 'centre-left' after listening to DJ's speech in Cambridge, and that the establishment of his government in Asia could be taken as proof for the revival of social democracy (Hanguk-Gyeongje, 2001).

To go into further detail, Giddens's Third Way played a fundamental role in revising the Korean government's philosophy. In August 1998, DJ initiated the 'Second National Building' movement (Kim, 1998c) on the basis of the parallel development thesis. However, after he mentioned for the first time the concept of 'productive welfare' in his 1999 New Year's day speech, the basic philosophy of the government expanded from that of parallel development into the 'trinity thesis', so as to incorporate the new concept (Kim, 1999a; 1999b). The Korean media regarded this revision to be very significant in that it showed the DJ government's turn from the neo-liberal reforms imposed by the IMF to the Third Way with the strong emphasis on new types of welfare system (Donga-Ilbo, 1999; Kyunghyang-Shinmun, 1999b). What, then, happened between August 1998 and January 1999?

In October, Giddens visited Korea at the invitation of Han Sang-Jin, who was the Chief Secretary of the Presidential Committee on Policy Planning and who later translated *The Third Way* into Korean. During this first visit, Giddens met DJ in the Blue House (the official residence of the Korean President). According to a news article titled 'Meeting between the Second National Building Movement and the Third Way' (Maeil-Kyungje, 1998), DJ asked about Giddens's concept of 'social partnership' after explaining his 'Second National Building' movement in this meeting. In the interview with Han on the next day, Giddens summarized the meeting as follows:

When I met President Kim yesterday, we talked about this matter for quite some time. My concept of social investment means investment in human capital. The previous welfare state tried to help people in suffering by giving money. But what I am talking about is to create jobs through policies such as job training and education reform. (Donga-Ilbo, 1998b)

In April 1999, DJ declared that since the previous year had seen the fruits of his radical reforms, from then on his government would pursue a policy of making Korea a 'productive welfare country' (Segye-Ilbo, 1999). 'This idea is what I have insisted on since I was an opposition leader. It is almost the same as the Third Way Anthony Giddens designed', he elaborated. This is the secret behind the DJ administration's

revision or expansion of the governmental philosophy in 1999. Giddens's influence was very much decisive.

5.1.3 Debate with Lee Kuan-Yew: Going beyond the Developmental State Model

While Toffler inspired DJ's convictions about the post-industrial society and the information revolution, Giddens strengthened his belief in parallel development and productive welfare. DJ had close relationships with them and actively utilized their ideas in his government policy. Even though the core concepts were absorbed by DJ at different times and for different reasons, in the long run they were intricately combined in DJ's policy planning and CI policy making. DJ's debate with Lee Kuan-Yew, Singapore's former Prime Minister, can be considered an important moment in the process that led to this combination.

DJ (1994) published an article in *Foreign Affairs*, 'Is Culture Destiny? The Myth of Asia's Anti-Democratic Values'. In this article he expressed his deep objection to Lee's belief, suggested in the same journal a few months earlier, that Western-style democracy was not applicable to East Asia. Setting this argument off against his parallel development thesis, DJ defined it as 'lingering doubts', which have been raised mainly by 'Asia's authoritarian leaders, Lee being the most articulate among them'. DJ went on to argue that Lee's view of Asian cultures is 'not only unsupportable but self-serving'.

A key point is that this article shows how DJ combined the parallel development and the information revolution theses in order to both describe and prescribe the Asian political and economic context. For instance, from the following quotation, one can infer paradoxically his perception of impending crisis in the East Asian political economy that arguably foreshadows the coming Asian financial Crisis.

Despite the stubborn resistance of authoritarian rulers like Lee, Asia has made great strides toward democracy. ... The Asian economies are moving from a capital- and labor-intensive industrial phase into an information- and technology-intensive one. Many experts have acknowledged that this new economic world order requires guaranteed freedom of information and creativity. These things are possible only in a democratic society. Thus Asia has no practical alternative to democracy; it is a matter of survival in an age of intensifying global economic competition. (Kim, 1994)

Compare the above statement with the below statement written in the prison era.

Firstly, democratic countries such as Britain, the US and France prepared the institutional structures through which the contradictions of the modernization process, especially the working class's or common people's discontent can be instantly expressed through the free press or the political system before it accumulates and becomes cemented. This is why they have succeeded in overcoming several crises so efficiently, as their histories show. Secondly, on the other hand, the countries which rejected democracy did not ensure freedom of the press and thus blocked the path through which the people's discontent could be formed and reflected. ... When it is impossible to solve problems through public opinion and institutions, the dissatisfaction between people and the maldistribution of wealth cannot but increase more and more. (Kim, 1982/2000: 312)

The second quotation is the original version of the parallel development thesis. Here, one can see a formula for a society's sustainable development: democratic society → public sphere (established through freedom of expression including a free press) → social capital (ensured by naturally resolving discontent and dissatisfaction between people) → sustainable growth. What about the first quotation which combines the parallel development thesis with the informational revolution thesis? It suggests a similar, but slightly distinct formula for a society's survival: democratic society → guaranteed freedom of information and creativity → the development of the new (knowledge) economy. It would be possible to call the former *social capital logic* and the latter *creative capital logic*. Both are based on the assumption that democratic society ensures a public sphere which can, in turn, produce significant capital for the economic development of society.

These two logics of democratic advantage cannot be stressed enough, as far as DJ's policy planning including CI policy is concerned. DJ often expressed the social capital logic in terms of the 'arm's length principle' and the creative capital logic with the phrase of 'CI as a new national basic industry', as we shall see. The social capital logic seems to stress a *political* function of democracy in the development of the economy in general, while the creative capital logic emphasizes an *economic* role of democracy in the development of the new economy in particular. To go one step further, the former is primarily related to the *removal of a negative environment* for CI development through the abolition of conditions that deter the growth of the public sphere and thus social capital, while the latter is more concerned with the *establishment of a positive environment* by promoting the information society and thus creative capital. This is probably the reason why reactions to CI policy proposed by DJ tend to focus on either the radically increased interest in cultural value, or an extreme stress on CI's economic value. However, it is not fair to judge DJ's position either way, because the essence of DJ's thinking is 'parallel development' ensured through democratic advantage.

Table 5.1 DJ's Two Logics of Democratic Advantage

	Social capital logic	Creative capital logic
Key foundation	The Third Way: Parallel development thesis	The Third Wave: Informational evolution thesis
Key mechanism	Ensuring social capital by abolishing authoritarian state intervention and establishing public sphere	Ensuring creative capital by actively promoting the (importance of) CI in the informational and globalized era
Democratic advantage	Removal of negative environment	Establishment of positive environment
Related policy term	Arm's length principle	CI as a national basic industry

5.1.4 DJ's Election Pledge and Inauguration Speech

DJ's long-held convictions were first translated into CI policy language through his election pledge and inauguration speech. In the 1992 election, DJ started to present his philosophy of cultural policy with the concept of the 'arm's length principle' and suggested key pledges such as; reform of government and public organizations, a change in the government's role, and an expansion of the government budget for the cultural sector (Koo, 2000: 142). In the 1997 election, while the broad positioning of policies was maintained, the promotion of CI rose to become one of the top objectives. For example, in his 1997 cultural pledge, among its 13 objectives the two most stressed were number one, 'the abolition of censorship of culture and the arts, and the provision of an autonomous environment', and number five, 'nurturing cultural industries as a national basic industry of the 21st century' (Ibid.: 146-147). It is notable that these two objectives directly reflect the social capital logic and the creative capital logic respectively.

Furthermore, in his inauguration speech, DJ clearly repeated the two logics of democratic advantage:

The information age means that everyone will have access to information whenever and wherever and will be able to easily and cheaply make use of it. Only a democratic society will be able to take full advantage of benefits of the information age. ... Culture is also one of the rising industries of the 21st century. Tourism, the convention industry, the audio-visual industry, and unique cultural commodities are a treasure trove for which a limitless market is awaiting. (Kim, 1998b)

According to my interview with Kim Moon-Hwan (November 2009), who was in charge of the cultural part of DJ's inauguration speech, the script was revised several times in the direction which, for him, the 'economic importance of CI was stressed too much'. When he asked the top authority what happened, the answer was that DJ himself had changed it. This episode indicates how firmly DJ held the belief that democratic reforms could ensure both social and creative advantage in the information age, and that that advantage could directly contribute to the economic performance of Korean CI. The fact that DJ stressed the importance of CI as one of the fundamental national industries of the 21st century in his inauguration speech was later proudly and repeatedly mentioned by his Ministers and civil servants at the MCT.

5.2 CI Policy Development during Kim Dae-Jung's Early Presidency: 1998-2000

After finally winning the Presidential election in his fourth challenge, DJ brought about quite a few changes in the CI policy field which were highly significant for the future development of CI in Korea. It is undeniable that although DJ was the most important player in this shift, it could not have been achieved without the parts played by civil servants who responded actively to DJ's call. An important aim of this section is to clarify how DJ's longstanding convictions were translated into actual events by the civil servants at the Ministry. Other players such as quangos and experts in the industry, almost neglected by the previous governments, also played their parts. In tracing the process, two concepts require special attention: the 'arm's length principle' and 'CI as a new national basic industry'. The CI policymakers under the DJ government did not only use them as foundational concepts, but deliberately combined them to produce the assumed democratic advantages. This section deals with the early stage of DJ's presidency, while the next focuses on the later stage.

5.2.1 Establishment of the MCT and Expansion of the CI Bureau (February 1998)

Preparing the inauguration, DJ declared that he would change the Ministry of Culture and Sport (MCS) into the Ministry of Culture and Tourism (MCT) as a means for governmental reform. A key change was to abolish the Department of Public Information and transfer its key divisions to the Culture Ministry. This is quite symptomatic of his policy, because when they had been part of the same ministry

before being separated in 1990, the cultural divisions had always come second and were subjected to the *public information* function. Now, the shoe was to be on the other foot! One direct result was the expansion of the CI Bureau within the MCT with its absorption of divisions which covered broadcasting and newspapers. Later, in August 1998, the Bureau also absorbed the Games Industry Division from the Ministry of Health and Welfare. Consequently, the CI Bureau was re-established to lead every sector of Korean CI, with its power and status significantly enhanced within the Ministry in terms of staff numbers, budget levels, and so forth. Two early episodes highlight the rising status of the Culture Ministry and its CI Bureau.

In February 1998, the MCT became the first Ministry that was asked to present a report to the President under the new administration. According to Kim Sung-Jae (October 2009), then Chair of the Advisory Committee to the MCT and later DJ's last Culture Minister, since the Culture Ministry was still 'one of the smallest', this was a very unusual event and thus interpreted as a clear sign of 'how strong DJ's belief was in the importance of the cultural sector in the 21st century'. Besides, through this reporting, the MCT could take 'arm's length principle' (hereafter, ALP) as its title phrase and further made it a buzzword of the DJ government. The first section of the report was titled 'Supporting without Interfering' and the President showed strong agreement with the title. Other Ministries took note and were extremely impressed by the event. That was one of the reasons why the ALP concept, usually circulating only in the cultural policy field, spread so widely beyond the MCT. As a result, 'ALP became the principle of governance not only for culture and the arts sector, but for the whole sector of social policy in the DJ government' (Kim Sung-Jae, October 2009).

The other episode is DJ's first meeting with high-ranking civil servants held on 27 April 1998. During the conversation, the CI Bureau Chief intentionally asked DJ to ensure one more time the significance of CI to the civil servants gathered. DJ responded very decisively that if somebody still thought the cultural industries were not one of the 'national basic industries', he or she would be absolutely wrong since 'in the 21st century national power means economic and cultural power', whereas it had meant 'economic and military power in the 20th'.

Cultural industries, especially audio-visual industries have enormous added value. This is no less than shipbuilding or car manufacturing. A recent movie, 'Titanic' has earned more than \$1 billion in international markets. 'Jurassic Park' directed by Spielberg earned \$850 million. The animation, 'Lion King' earned \$840 million. The total cost was only \$50 million. To earn \$850 million, all the Korean car manufacturers would have to export more than their entire annual output. ... In

addition, cultural industries not only earn money, but spread Korea's image around the world. In competing with other countries, both the quality of products and the image of the country are important. If the image is bad, the country cannot attract foreign investment. Culture is the means to polish the image. You cannot emphasize the importance of culture enough. (Kim, 1998d)

Such *aggressive* official confirmation from the new President in front of all the key figures of his Ministries can be regarded as the turning point from which the weight of CI started to surpass that of *culture and the arts* for the first time in the history of Korean cultural policy and, more importantly, the point from which the power of the Culture Ministry started to surpass that of other small Ministries for the first time in the history of Korean government policy.

5.2.2 Opening the Korean Market to Japanese Popular Culture (October 1998)

On 20 October 1998, the Day of Culture in Korea, the MCT published *The Government of the People's New Policy for Culture and Tourism* to 'overcome the current crisis and realize the "Second National Building" through the power of culture' (MCT, 1998). One of its action plans was to 'open up the Korean market to Japanese popular culture' in order 'to realize universal globalism on the grounds of cultural identity'. On the same day, the 'Basic Direction and Action Plans for Cultural Exchange between Korea and Japan' was passed after deliberation in the cabinet meeting. As soon as a plan was suggested, it was simultaneously brought into implementation. This was due to the strong will of the top decision maker, DJ. According to his speech made in Japan just 10 days ago,

Right before this summit between Korea and Japan, I decided on the policy to receive Japanese culture which had been prohibited in Korea. There was a sharp division of opinions between those who approved and disapproved. However, according to history, it is obvious that a closed-door policy of culture is one of the worst to the development of a nation. A closed country inevitably denies itself positive stimulation from quality foreign culture and becomes stagnant to collapse. ... Receiving Japanese culture and thereby getting stimulated, Korea can develop its culture more. This in turn can contribute to the development of Japanese culture. In this regard, I sought to persuade the Korean people that receiving Japanese culture is good for Korea and that Korea should not be out of date anymore. (Kim, 1998e)

My interview with Oh Jee-Chul, then CI Bureau Chief, revealed this opening had been discussed for quite some time under the previous government. There had been vehement debates about the pros and cons of opening to Japanese cultural products in and around the Culture Ministry. Therefore, the Ministry had hesitated to go forward on

account of the many worries and criticisms that bitter memories of Japanese colonization induced. However, in the name of ‘grand reconciliation’ for mutual development, DJ made the decision to open up the market to Japanese popular culture. He regarded it as a necessary condition for Korea to enter the new era of ‘universal globalism’ for the 21st century. Of course, there were some practical considerations behind the scenes which helped DJ make the decision. At that time, only a few years before the 2002 FIFA World Cup which Korea and Japan co-hosted, ‘illegal copies of many Japanese cultural products were being widely distributed among the younger generation’ and ‘the internet superhighway the government was planning to build would soon connect countries to each other anyway’ (Oh Jee-Chul, October 2009). So, what was the result? Did *strong* Japanese popular culture encroach on the *weak* Korean market as many had worried, destroying Korean cultural contents and thus identity? Over the last decade, the result has been quite the opposite. Indeed, as Oh notes, without it the phenomenal success of the Korean wave might not have been possible:

Much of the economic benefit from exporting Korean cultural products now comes from the Japanese market. The Korean wave started from China, but the success in Japan was more crucial for Korean cultural products to be widely distributed among other countries across Asia. Without opening the Korean market to Japan, could it have been possible? YS considered opening the market, but did not do so. On the contrary, DJ made the decision, taking full responsibility himself. This difference is really important in understanding the distinct achievements of the two governments. There has always been national animosity toward Japan in Korea since the liberation. DJ thought the 21st century was the time to move forward. His challenging mind and attitude were the very background of the Korean wave. (Oh, October 2009)

5.2.3 Promulgation of the Framework Act on the Promotion of CI (February 1999)

In February 1999, the Framework Act for the Promotion of the Cultural Industries was passed by the Korean National Assembly. This has been widely assessed as one of the most memorable achievements by the DJ government in the cultural policy field (Park et al., 2007). As seen in the title of the act, it was designed to be the framework or mother law for the sector. While the Culture and Arts Promotion Act (1972) had covered all the genres within *culture and the arts* sector, there was no law which covered all the genres within the *CI* sector. Before it was passed, there were only laws for some genres of CI enacted in response to different situations. Besides, they were positioned as sub-acts of the Culture and Arts Promotion Act. With the promulgation of the Framework Act on the Promotion of the Cultural Industries (hereafter, the ‘Framework Act’) the existing laws were separated from the *culture and the arts* sector and

connected systematically to each other. As a result, the ‘conceptual, financial and legal foundation for CI promotion’ could be clearly defined and secured in Korea for the first time (Lee Hae-Don, September 2009).

The ‘Framework Act’ (1999) declared the aim of Korean CI policy as the ‘enhancement of the cultural quality of life for the people and the development of the national economy’. To achieve these aims, it prescribed the following: the definition and the scope of CI, the duties of the Ministry and the Minister, the rationale of promotion, the establishment of the cultural industry quarter, and the establishment of a promotion fund for the cultural industry. Above all, it is noteworthy that the act specified the direct object of CI policy by providing a clear definition and scope. According to the act, ‘cultural industries’ refers to the industries related to the production, distribution and consumption of cultural products, and ‘cultural products’ refers to both tangible and intangible goods and services that create economic value by embodying cultural elements.

Furthermore, the act legally declared that cultural industries consist of 9 categories: industries related with film as described in the Promotion of the Motion Pictures Industry Act; those related to sound recording, video products and games software as described in the Sound Records, Video Products and Games Software Act; those relating to publishing, printing and periodicals as described in the relevant acts; broadcasting programmes as described in the Broadcasting Act; broadcasting programmes as described in the Cable Broadcasting Act, cultural properties as described in the Protection of Cultural Properties Act; *character* products,³⁰ animation, design (except industrial design), traditional craft, advertising, art work, theatrical performance which embody cultural elements; multi-media contents made by two-way multi-media technology (except ICT); and traditional clothes, food, etc. which are defined by Presidential decrees.

As the categories of CI show, the scope was not designed according to a deep philosophy, but according to existing acts which seemed related to CI. The reason why industrial design and ICT were excluded was to avoid conflicts with other Ministries which were already responsible for those sectors (Chung K-R et al., 2004: 84). Therefore, the ‘Framework Act’ was not limitless. However, nobody can deny that it has ensured a high

³⁰ In Korea, the ‘character’ industry refers to the industry to merchandize the characters in cultural contents such as ‘Teletubies’ and ‘Charlie & Lola’.

priority for the CI sector within the government in terms of strong organization, consistent policies, and a sufficient budget. The Korean cultural industries were able to become one of the key industries in the country due to this act, in a very real sense beyond the status of mere rhetoric. It should be also mentioned that this new comprehensive act for CI promotion brought about a series of fundamental revisions to the existing acts, which had functioned to control individual sectors such as the Act on Sound Recordings, Video Products & Games Software (1999), that covering films (2002), and that concerning publishing and print (2002).

5.2.4 The First Long-Term Plan for CI (March 1999)

Owing to DJ's particular interest, 'the expansion of the knowledge base' and 'the promotion of culture and tourism' were included among the five major directives of the government's policies in 1999. As the Ministry that took charge of two of the five directives, the status of the MCT further soared. It was against this background that *The Five-Year Plan for CI Development* (1999) was produced by the MCT as the first long-term government plan for CI. It was also the plan that 'established detailed policies for promoting CI for the first time' (MCT, 2001a: 39). That is, one month after the monumental promulgation of the 'Framework Act', another landmark came out.

Right after the publication of the *New Policy*, Oh Jee-Chul constructed a taskforce research team to develop its CI part into a long-term plan with more specific objectives and phased action plans. According to a researcher who participated in the taskforce, this team published a cultural policy plan that was completely new in both kind and attitude.

Even though the CI Bureau was established in 1994, the bureau had initiated few actions. For example, even in 1997 when the CI Bureau was working in the Culture Ministry, a number of comic books were confiscated from book shops in the name of youth protection. In other words, there was deep tension between regulation and promotion. Although the bureau understood the importance of CI, it could not activate substantial policies against the then popular notion that some CI had negative effects on youth. ... Given this situation, *The Five-Year Plan for CI Development* was totally different from previous cultural policy plans. This plan daringly defined comics, games and popular music as 'industries' and insisted that the government make dramatic investments in them. (Yim Hak-Soon, September 2009)

It can be stressed again here that this plan was prepared as part of the MCT's response to the Second National Building movement which DJ passionately initiated in the middle

of the Asian financial crisis. This was why the civil servants at the MCT were able to undertake the radical shift from regulation for 'youth protection' to the promotion of the knowledge economy without worrying that they might be criticized heavily as they had been in the past. The new 'Framework Act' also encouraged them to move forward against the negative social consensus about certain CI genres at the time.

Most noteworthy in this shift is its similarity to the shift towards opening the market to Japanese popular culture. In essence, 'this shift was far from a natural evolution of CI policy' (Yim, Sep 2009). While the unprecedented situation in the national political economy at the time prepared the environment for the shift, DJ led the move as the top decision maker through his solid philosophy and conviction. Following this new tradition, DJ's MCT published a series of new-type policy plans. In February 2000, it published a revised version of the five-year plan, *Cultural Industries Vision 21*. In June 2001, *Contents Korea Vision 21* was published and introduced the new key concept of 'cultural contents industries'.

5.2.5 Introducing British Discourse of Creative Industries (April 1999)

In April 1998, only two months after his inauguration, DJ took part in the second ASEM (Asia-Europe Meeting) held in London. Tony Blair, who was launching the then iconic political hype of 'Cool Britannia', presided at this meeting, while DJ was to host the third meeting in 2000. Agreeing on the importance of CI, these two leaders co-launched a website called 'design challenge' (www.designit.org) which was introduced with the following message:

We believe that young people all over the world, working together on creative new ideas and with the enthusiasm to see them through, have a special contribution to make towards the well-being of us all. That's why the United Kingdom and Korea are inviting you to participate in this website which we have set up under the umbrella of ASEM.³¹

This kind of cooperation was reproduced at the level of research also. In December 1998, Kim Moon-Hwan, the Chief of KCPI (Korea Cultural Policy Institute) at the time, visited the UK at the invitation from the British government. He visited the DCMS and its quangos, and gathered many reports and documents produced by them. In April 1999, when Korea was excited with the British Queen's first-ever visit to the country, he

³¹ Cited in <http://www.designdb.com/db20/webzine/mag158/m2.htm> [Accessed on 5 May 2009].

published an introductory report with the help of three researchers, *Cultural Policies in the World (1): British Cultural Policy* (Yang et al., 1999). Of particular importance is that the report introduced the newly coined concept of ‘creative industries’. Given that the famous *Creative Industries Mapping Document* was published in November 1998, just one month later the researchers in KCPI, the then only national institute in Korea for cultural policy research, were introduced to the new British trend in CI policy and started to use it as a crucial reference point. In the introduction, Kim Moon-Hwan says,

Under the label of the creative industries, cultural heritage, arts works and various kinds of cultural industries are supported in balance, from which we can learn a lot. (Ibid.: ii)

From this point on, it seems that the MCT really did ‘learn a lot’ from British creative industries policy. To take a few examples from the CI Bureau chiefs under DJ’s presidency, ‘Somebody gave me *Cool Britannia*, a short compilation of Blair’s speeches about culture. I got very impressed and copied them to distribute my staff in the Bureau’ (Oh, the first chief); ‘while I was in the Bureau, we often took a look at what was happening in the UK’ (Lim, the second chief); ‘since the MCT covers similar areas as the DCMS does, there were quite a few policies we could benchmark’ (Yoo, the third chief).³² Even Park Ji-Won, the most powerful Culture Minister under DJ’s presidency, made a speech from which the following is an extract that discusses how to turn Korea into a ‘cultural country’:

The British Prime Minister, Tony Blair said that British arts, cultural industries and creative talent are playing very significant roles in renewing the sense of community, national identity and national pride, and thereby are becoming not only a source of national pride but also the power to maintain the country. This is the very reason why the government should support culture and the arts. (Park, 2000b)

The discussion above can be seen as illustrating how the Korean Culture Ministry, which was established by benchmarking the French Culture Ministry and its discourses on cultural identity and exception had slowly ‘moved toward the British discourse’, which stresses individual creativity, the creative industries and the cultural economy (Kim Moon-Hwan, November 2009). In the late 1980s the former corresponded well to matters of immediate concern in Korea which was then in the middle of a nation-wide democratization movement. However, the British approach’s emphasis on the promotion and nurture of CI as national strategic industries must have appeared more

³² Consequently, it is not surprising that when KCPI (former body of KCTI) published *Research on the Actual Condition of Cultural Industries Statistics* (December 1999) in order to solve the problem that there was no reliable statistics of Korean CI, British statistics of creative industries prepared by CI Task Force was scrutinized (KCPI, 1999: 42-45).

useful and persuasive to the Korean policymakers in the late 1990s, who were charged with the priority of overcoming the current economic crisis.

5.2.6 Establishing KOFIC (May 1999), KMRB (June 1999), and KGPC (July 1999)

Along with the expansive restructuring of the CI Bureau, new quangos were established to support and promote the newly rising CI sector. At the early stage of this process, the cases of KOFIC (Korean Film Council), KMRB (Korea Media Rating Board) and KGPC (Korea Games Promotion Centre) are noteworthy.

KOFIC was established first in May 1999. As DJ promised before the election, his MCT transformed several existing corporations that had been tightly controlled by the Ministry into autonomous commissions or councils, which operated through consensus between civil experts that staffed them. The establishment of KOFIC was certainly a *landmark* in that it was the first example of DJ's pledge to apply the ALP concept to all quangos in the cultural sector. It was indeed established under the leadership of experts from the film industry rather than of civil servants. As will be shown in a later chapter, although its implementation process was full of conflicts, the establishment of KOFIC could not have been imaginable without close cooperation between DJ and progressive figures from the industry. Since the film industry had always been the most watched and the most prestigious sector of the Korean cultural industries, this move had substantial impact on other CI genres.

The KMRB was established in June 1999 under similar circumstances, directly related to DJ's pledge to 'abolish censorship' and guarantee freedom of expression (Hankook-Ilbo, 1998b). Its establishment can be traced back to 5 October 1996, when the Constitutional Court issued a judgement declaring that the censorship before exhibition of films by the Performance Ethics Board was against the Constitution. Many believed the era of film censorship, that has spanned the last 75 years, was finally over (Kukmin-Ilbo, 1996; Hankyoreh-Shinmun, 1996). However, that was not yet the case. Although the MCT revised the Public Performance Act and thereby transformed the 'Performance Ethics Board' into the 'Korean Performing Arts Promotion Commission' in October 1997, indirect censorship that did not directly contradict the judgement remained in place. The emphasis shifted from censorship to a rating system, but some films were still refused a commercial rating and thus could not be exhibited anywhere. DJ wanted to resolve this problem. Revising the 'Film Promotion Act', his MCT transformed the

‘Korean Performing Arts Promotion Commission’ into the ‘Korea Media Rating Board’ which maintained greater independence and transparency than its predecessors.³³

While KOFIC and the KMRB were transformed from old-style quangos, the KGPC was built from scratch in July 1999. Taking over responsibility for the games industry from the Ministry of Health and Welfare, the MCT decided to create a completely new type of promotion organization in order to establish a completely new consensus that the games industry was indeed worthy of governmental support. The strategy the MCT chose was to select an expert from the private sector and give him significant and autonomous power without intervention. This was another version of ALP! The expert was Lee Jung-Hyun, who was working at a leading IT company and later became the first Secretary General of the KGPC. Fully trusting him, the MCT gave him seed money to construct a team of experts from the industry and lent him a huge office space in Technomart, a complex which contains the first multiplex cinema in Korea. Since there were not many people engaged in the games industry at that time and the working conditions of Korean game companies were very crude, the team could easily persuade their fellows to move their companies into the space by promising many benefits. This was the process through which the KGPC was established with close relations to the industry.

Civil servants at the MCT had played a crucial role in the process. They did not only trust, but also respected the experts who were recruited as staff of KGPC. They also gave us as much support of various sorts as possible. For example, when we were pondering whether promoting the video-games industry was possible in Korea; they convened Samsung CEOs into a meeting to discuss with us the possibility of surpassing foreign competitors such as Sony. It should be also noted that half of the arcade-games industry was dominated by organized criminal gangs at that time. Without the efforts of civil servants, it would have been much harder to build up a rational and transparent channel of distribution for the Korean games industry. (Lee Jung-Hyun, September 2009)

In a nutshell, the establishment of all of these three quangos in the middle of 1999 was predicated on the ‘arm’s length principle’, although they were each different from the others in purpose and structure. In the early stage, DJ’s MCT made every effort to transform old-style organizations, to ensure the freedom of expression, and to establish new types of promotion organizations. The intention of applying ALP to the new quangos was to establish democratic and cooperative governance in the policy field, and thereby to transform CI into a national basic industry for the new millennium.

³³ Nevertheless, under the KMRB rating reservation was preserved. A specialist film industry lawyer, Cho recognized that it was against the Constitution and succeeded one more time to induce the judgement by the Constitutional Court that rating reservation was unconstitutional in August 2001. However, this time his battle was strongly supported by KOFIC where he would work as an inspector later (Cho Gwang-Hee, September 2009).

5.2.7 Appointing Powerful Ministers (May 1999)

The events discussed up to now demonstrate the rapid elevation of the status of the MCT and its CI Bureau within the government. This tendency accelerated with the appointment of Park Ji-Won as the Culture Minister in May 1999. Although the first Minister under DJ's presidency established some landmarks in Korean CI policy, she was replaced despite her desire to stay on in the post. According to one of my interviewees, this replacement was due to the evaluation that 'she was not implementing the required reforms strongly enough'.

To complete the mission, DJ sent Park Ji-Won to the Ministry; one of his closest staff, who had been called 'DJ's mouth' since the 1980s. While he was Minister, he was sent to North Korea as DJ's special envoy for the first-ever summit between the two Koreas. After finishing his duty as Culture Minister, he became the Presidential Chief of Staff. This career path shows very well how close he was to DJ and thus how powerful he was within the government. Among the many things he achieved, the most important thing might be the key role that he played in ensuring that the MCT was successful in the competition between various Ministries over which one would assume leadership in promoting CI. According to the then CI Bureau chief,

When his staff asked for help, Minister Park was always thorough about everything. Whenever the Ministry of Information showed their will to take initiatives in promoting the games industry, Park threw a direct punch. After a Cabinet Meeting, for instance, Minister Park took off his cabinet badge and tried to pin it on to the Minister of Information, saying 'OK, You do my job from now on!' Of course, the Information Minister had to back off, because the Culture Minister was so powerful. And when Park heard that a high-ranking official in the Ministry of Information kept talking about their stake, he summoned the official to say, 'You shouldn't have done that. It is already decided at a much higher level than yours'. (Lim Byoung-Soo, October 2009)

This episode clearly demonstrates how strong and broad his influence was within the government. Moreover, his role was also conspicuous outside the government. During his term of office, for example, Park picked up a suggestion from the CI Bureau that Korea should host the 'World Cyber Games' (a kind of gaming Olympics), got permission and support directly from DJ, and persuaded Samsung to sponsor the Gaming Olympics annually to the tune of 20-30 billion Won (Lim, October 2009). This kind of power could never have been imaginable for the Culture Ministry even a few years earlier.

After Park went back to the Blue House, he continued to play key roles in the government, as the Senior Secretary for Policy Planning and later as the Chief of Staff. Nothing could have been better for the civil servants in the Culture Ministry. Furthermore, it is notable that Minister Park's successors were also very powerful. As seen in the table below, they were all Senior Secretaries under DJ's presidency before their appointment as Culture Minister.

Table 5.2 Culture Ministers during the DJ Administration

Minister (period)	Career
Shin, Nak-Kyun (03/03/98-23/05/99)	President of Korean League of Woman Voters, Vice President of DJ's Party
Park, Ji-Won (24/05/99-19/09/00)	Senior Secretary to the President for Press, Special envoy to North Korea, (later) Senior Secretary for Policy Planning, Presidential Chief of Staff
Kim, Han-Gil (20/09/00-18/09/01)	Novelist and columnist, Chief Campaign Planner for Presidential election, Senior Secretary to the President for Policy Planning
Namgoong, Jin (19/09/01-10/07/02)	Secretary who prepared Kim Dae-Jung Peace Foundation in 1993, Senior Secretary to the President for Political Affairs
Kim, Sung-Jae (11/07/02-26/02/03)	Chief of Advisory Committee for Ministry of Culture, Senior Secretary to the President for Civil Affairs, Senior Secretary to the President for Policy Planning

At least three points follow on from this observation. Firstly, all the Culture Ministers during DJ's term in office were close and faithful followers of the President, which shows DJ's desire to maintain close and consistent control of the Ministry in order to ensure the reforms required for the 'cultural age'. Secondly, most of them were very powerful people within the government, which is the reason why the Culture Ministry's status was raised significantly so that it could compete with other Ministries. Finally, the Ministers actually used all their powers to achieve DJ's election pledges for cultural matters, which indicates that most of the achievements in cultural (industries) policy under DJ's presidency were intentionally planned, rather than the result of coincidence.

5.2.8 Ensuring 'More Than 1%' of the Government Budget (since 2000)

As mentioned earlier, one important part of DJ's election pledges had been his plan to allot one per cent of the government's entire budget to the promotion of the cultural

sector. At the dawn of the new millennium, when Minister Park was in charge, this pledge was realized one year earlier than planned. Since the establishment of the Korean Culture Ministry in 1990, together with ALP, this was the phrase mentioned by cultural policy experts whenever the future of the Ministry was discussed (Kim Moon-Hwan, November 2009). However, it can be said that before DJ's inauguration these objectives remained merely wishful thinking. Presidents mentioned them as political rhetoric, but they were backed with little political will. Moreover, the Culture Ministry had neither the power nor the clarity of vision required to pursue them. This situation was completely reversed under DJ's presidency.

Kim Sung-Jae was the Senior Secretary for Policy Planning who took charge of the government budget in the Blue House, and was therefore in a position to know how this '1% pledge' was realized. With Minister Park, this future Culture Minister played a key role:

Reminding ourselves of the IMF loan situation at the time, it should be regarded a miracle. ... When we pursued the realization of the 1% pledge, other Ministries raised a considerable fuss. They asked 'Why does the MCT need so large a budget?' They had thought the Ministry would be only for consumption. It took much time and effort for us to build up a new perception that culture can be another sector of production. (Kim, October 2009)

The year 2000 was very symbolic to the MCT because DJ always defined the 21st century as the 'cultural age'. Consequently, as seen in Table 5.3, in 2000 the budget for the Culture Ministry exceeded the 1% line for the first time. In the end, the other Ministries had to accept this decision, because DJ's determination was too strong and the Culture Minister was too powerful. What is quite interesting is that the symbolic year's budget for the CI Bureau was 15.3% of the whole Ministry budget, which remains the highest level on record. The rise in the CI Bureau's share of the Culture Ministry's budget was also quite dramatic: In the final budget prepared by the previous YS government its share had been only 2.2% (1998); in the first budget prepared by the DJ government, however, it rose to 11.7% (1999). Between 1998 and 2002, therefore, the CI Bureau budget skyrocketed by a factor of more than 1100% from 16.8 billion won to 195.8 billion won. This rapid budget increase for CI was far more shocking than it might initially appear, given that this budget was prepared in the middle of a serious economic crisis and carefully monitored by the IMF which had lent money to the Korean government.

Table 5.3 The Culture Ministry and the CI Bureau Budgets between 1994 and 2007

Year	Government budget	Culture Ministry budget		CI Bureau budget		Cultural Media Bureau budget	
		Total	Share in Government	Total	Share in Ministry	Total	Share in Ministry
1994	476,262	3012	0.63	54	1.8	-	-
1995	567,173	3838	0.68	152	4.0	-	-
1996	629,626	4591	0.73	189	4.1	-	-
1997	714,006	6531	0.91	132	2.0	-	-
1998	807,629	7574	0.94	168	2.2	-	-
1999	884,850	8563	0.97	1000	11.7	-	-
2000	949,199	11,707	1.23	1787	15.3	-	-
2001	1,060,963	12,431	1.17	1474	11.9	-	-
2002	1,161,198	13,985	1.20	1958	14.0	-	-
2003	1,151,323	14,864	1.29	1890	12.7	-	-
2004	1,201,394	15,675	1.30	1725	11.0	-	-
2005	1,352,156	15,856	1.17	1911	12.1	-	-
2006	1,448,076	17,385	1.20	1363	7.8	890	5.1
2007	1,565,177	18,239	1.17	1287	7.1	1047	5.7

Unit: hundred million won (\equiv hundred thousand US dollar)³⁴

Source: MCST (2008a: 5)

5.3 CI policy Development during Kim Dae-Jung's Late Presidency: 2001-03

The last section dealt with landmarks in CI policy development made during DJ's early presidency. Foregrounding the twin principles of 'ALP' and 'CI as a National Basic Industry', the cultural president led the Korean CI policy shift by reorganizing the Culture Ministry, expanding its budget, transforming and/or establishing quangos, enacting monumental acts, and publishing new-style policy plans, and so forth. DJ actively intervened in key matters concerning CI policy to secure the shift that he desired, and also appointed his closest associates as his Culture Ministers. However, a slightly different pattern emerged from 2001 onwards. Whilst the MCT continued to follow DJ's overarching guidance and to take advantage of DJ's special interest in their sector, the civil servants started to devise their own projects, using the experience and knowledge they had accumulated over the previous three years. In this later stage, key

³⁴ In understanding the statics in this thesis, 1 US dollar may be roughly calculated to be equal to 1,000 Korean Won. For example, the exchange rate on 31 December 2002 was \$:W=1:1200, while that on 31 December 2007 was 1:938.

new CI policy concepts were invented, CI's new status as a national strategic industry was declared officially, and the most prestigious quango in the CI sector was established.

5.3.1 The Rise of 'Cultural Contents Industries' and 'CT' (early 2001)

In June 2001, the MCT published *Contents Korea Vision 21*, which was based on *The Five-Year Plan for CI Development*, but suggested the revision of its action plans in accordance with rapidly changing policy environment. Defining 'accelerating digitization and media convergence' as the potential sources of a 'radical expansion of the contents market', the new policy plan insisted that the existing support policy system should be reorganized so as to respond to market flexibility (MCT, 2001b: 1). The key point here is that this report introduced a new concept, 'cultural contents industries' that refers to a new version of the cultural industries for the digital age.

Even if responding actively to 'accelerating digitization' was the declared reason, the MCT's adoption of the new concept seems to have instead stemmed from fierce conflict between that ministry and the Ministry of Information and Communication (MIC). Around 2000, the MIC tried to take over responsibility for the whole area of the digital media industry. It insisted that because digital software was part of their territory, it followed that internet games were also. According to Oh Jee-Chul (October 2009), there were two major reasons behind the move. Firstly, as the MIC's main task of setting up infrastructure for informationalization, such as internet networks, was almost complete, that ministry came to think that the content distributed over its infrastructures would become increasingly important. Secondly, the games industry was expanding rapidly and they wanted to lay claim to this important territory, insisting that the MCT should deal with off-line games and the MIC with on-line ones.

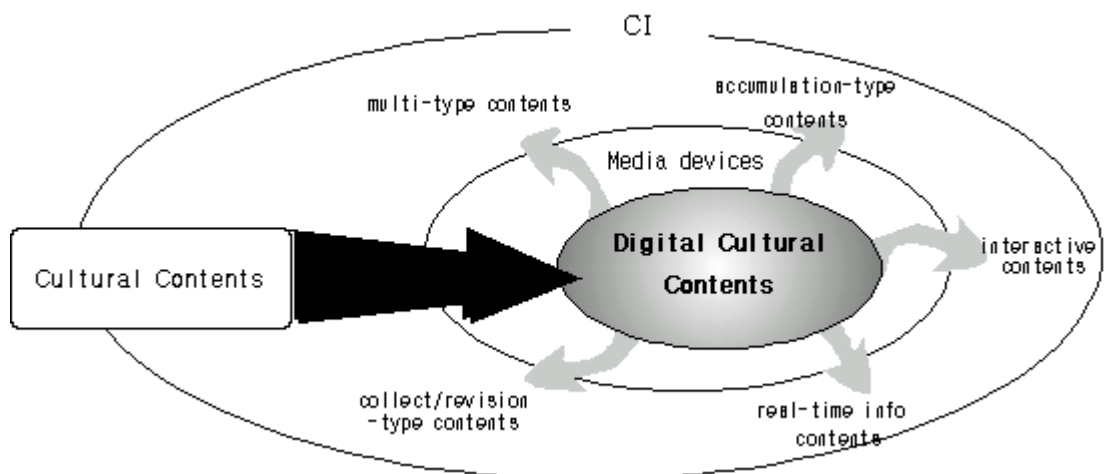
This was unacceptable to the MCT, because from the outset and especially from the establishment of the KGPC, it had strategically focused on nurturing the on-line gaming sector. In this light, the MCT's adoption of the term *Cultural Contents Industry* can be seen as an attempt to counter encroachment from the MIC with the argument that the key issue at stake was not the on-or-off line status of the games, but rather the nature of their cultural contents. This is to say that insofar as cultural contents were involved, the MCT had both right and cause to get into the digital world.

To meet the challenge from the MIC, we chose the concept of ‘contents’ against their concept of ‘software’. I borrowed the idea from top managers at MBC.³⁵ After a private meeting with them, as the Chief of the CI Bureau, I spent a long time with the then Chief of Planning and Management Office thinking how to make this concept appealing. As a result, in the first Ministry reporting session in 2001, we could foreground this concept of cultural contents industries with another key concept of ‘CT’. During the session, DJ actively accepted the two concepts. It was after the event that ‘cultural contents industries’ and ‘CT’ became official terms in the CI policy field. Since DJ said that the MCT must do its best to nurture the cultural contents industries, the roles were clearly divided between the MCT and the MIC. In this context, some of Information Promotion Fund could be transferred from the MIC to the MCT. (Lim Byung-Soo, October 2009)

The additional concept mentioned in the quote, that of ‘CT’ (culture technology), requires more explanation here. To ensure its power over the digital world, the MCT promoted this term passionately. According to *Contents Korea Vision 21*, CT refers to ‘the technology with which cultural contents can be digitized’. The implication was that IT would inevitably become CT during the digitalization process under which culture was converted into digital cultural contents (cf. Figure 5.1).

Figure 5.1 A Conceptual Map of ‘Culture Technology’ (CT)

Source: MCT (2001b: 4)



This political rise of the concepts of ‘cultural contents industries’ and ‘CT’ can be regarded as the turning point from which CI policy started out in the second half of DJ’s presidency. Indeed, through utilizing these concepts, the MCT was able to reorganize its CI Bureau (e.g. establishing the Cultural Contents Promotion Division in May 2001), revise its long-term plan for CI promotion significantly (June 2001), launch a new initiative to raise the status of CI in the public’s perception (i.e. designation of CT as a

³⁵ MBC stands for Munhwa Broadcasting Corporation, one of the three major broadcasting companies in Korea with KBS and SBS. ‘Munhwa’ means ‘culture’ in Korean.

growth-driving industry), and establish KOCCA, a monumental quango for the comprehensive promotion of the CI sector (August 2001). The last two need to be discussed in greater detail.

5.3.2 Designating CT as a New Driving Industry & Establishing KOCCA (August 2001)

In August 2001 the Presidential Advisory Committee on the National Economy declared CT as one of the country's six next-generation growth-driving industries, thus publicly ensuring the MCT's leading position in the promotion of the cultural contents industries (MCT, 2003a: 54). As a result, Culture Technology came to have the same status as Information Technology, Biological Technology, Nano Technology, Space Technology, and Environmental Technology. This was the moment when DJ's conviction that CI should be a national basic industry was realized in a literal sense. This initiative attracted much intense media interest, which in turn played a key role in changing people's lingering doubts about the vulgarity of *popular culture*. In addition, with the official recognition of CT as an independent subject, several departments and research institutes related to the topic were set up.

Designating CT as a next-generation industry, government promised to invest 377.1 billion won into CT up to 2006 (MCT, 2002a: 659), and plans to exempt practitioners from the requirement of military service were announced in order to attract key talent into the sector. On top of this, the MCT established a new quango to lead this huge, new project. At the macro-level, this explains the reason for and context of the establishment of the KOCCA (Korea Culture and Content Agency) in August 2001. KOCCA is one of the two case studies presented in Chapter 7, thus it is sufficient here to point out the main similarities and disparities between the KGPC and KOCCA.

The KGPC and KOCCA were both newly established quangos, the former for the promotion of the games industry and the latter for the promotion of the 'cultural contents industries' excluding film, broadcasting and games. Lee Jung-Hyun, who had been the first secretary general of the KGPC, was appointed to be the first secretary general of KOCCA. In this light, it can be said that the MCT's strategy for establishing KOCCA was not that different from the case of KGPC—recruiting experts from related industries and giving them full power without interference.

However, this time the budget was much larger and the project was closely monitored by DJ and the Korean media. In response to this unprecedented situation, the MCT decided to invite a high-profile figure as the first chief of KOCCA, and chose Suh Byung-Moon, then a Vice Chairman at Samsung Electronics. He was the man who, in July 1995, established the 'Samsung Entertainment Group' that covered various genres of CI and employed around 600 staff members. After the group was closed (against his will) in January 1999 due to the Asian financial crisis, Suh decided to take up the opportunity offered to him at KOCCA, abandoning around a million pounds of stock options in order to do so (Suh Byung-Moon, November 2009). As a result of his appointment, many former members of the Samsung Entertainment Group, who had dispersed to take up positions at other companies, were once again brought together through their recruitment into KOCCA. Therefore, Suh noted that the dismissal of Samsung Entertainment Group was 'bitter to Samsung, but became sweet to Korean CI as a whole'.

For these reasons, KOCCA was able to build up a stable organizational structure in a relatively short time, and established a wide network through various industries, thus growing into the most influential centre for the promotion of Korean CI. According to the CI Bureau chief at the time,

The early stage was ideal since the Ministry was eager to invite excellent talent into the organization and to guarantee full support. The passion was everywhere both in the Ministry and in KOCCA. It was very rewarding to see the pioneering efforts to quickly bring about visible performances. (Yoo, November 2009)

5.3.3 Publishing White Papers Annually (since 2000)

The final landmark of CI policy under DJ's presidency is that the MCT started to publish information relating to its policies and performance regularly. Although a white paper was once published in 1997, it was only from 2000 onwards that the MCT has been publishing the *Cultural Industries White Paper* annually. According to *Research on the Actual Condition of Cultural Industries Statistics* (KCPI, 1999), there were no reliable statistics on Korean CI from either the public or private sector at that time. Consequently, along with the *CI White Paper*, the MCT also started to publish *Cultural Industries Statistics* annually. Moreover, white papers on individual genres of CI started to be published under the DJ government. To take a few examples, the *2000 White*

Paper of Broadcasting Statistics, (KBI, 2000); the *2000 White Paper on Film Promotion* (KOFIC, 2001); and the *2001 White Paper on Games* (KGDPI, 2001).

There is no doubt that ‘these white papers and statistics have provided much better conditions’ not only for evaluating existing policies and thus formulating new ones, but also for preparing businesses or planning academic research (Park Sea-Young, a founding member of KGPC and KOCCA, September 2009). Before these data started to be published regularly under the DJ government, there were no official data that could be trusted for such purposes. What made this difference? Above all, it should be noted that the ‘Framework Act’ added the production and publishing of an annual report on CI promotion as one of the Minister’s duties. In addition, by clarifying the scope of CI, the act provided the criteria with which existing statistics could be significantly revised and integrated. New quangos such as the KGPC and KOCCA, therefore, recruited experts who specialized in gathering related information and statistics. Meanwhile, as a ‘research control tower’, KCTI (former KCPI) expanded the research division of CI and kept publishing upgraded and more detailed research reports, synthesizing the increased volume of information. With this *new* tradition, data about the actual conditions of and significant changes in Korean CI could be systematically accumulated, distributed and easily mobilized. This was indeed an important shift.

5.4 Conclusion

This chapter has discussed the processes through which Korean CI policy shifted under the Kim Dae-Jung government. I have examined the main landmarks in CI policy chronologically, and have identified the main forces and factors that shaped how these policies emerged and developed. The role of DJ and his close staff cannot be stressed strongly enough, but key roles were also played by the civil servants at the MCT who faithfully implemented DJ’s philosophy and by the private sector experts who established and ran the new quangos. The conflict between the Ministries and the import of British discourse on the creative industries were also important factors behind the shift.

The first section touched upon how DJ’s overarching philosophy and ideas about CI were formed before he became President. Combining the Third Wave (Toffler) with the Third Way (Giddens), DJ came to the conclusion that the lack of democracy, freedom of

expression, a public sphere, social capital and creative capital caused the serious Asian financial crisis in the late 1990s. This failure was regarded as the ‘Second National Shame’ (next to Japanese occupation) by the Korean people. As his heavy criticism of Lee Kuan-Yew reveals, DJ believed that this failure was caused by the limitations of the developmental state that had been promoted by Asia’s authoritarian leaders without the guarantee of the public sphere and democratic advantages that sustainable development required (cf. Hall, 2003). Therefore, democratic reform became the prime task of his government, which aimed to ensure the twin advantages of social and creative capital in order to successfully launch Korea’s ‘Second National Building’.

After his inauguration, DJ’s ideas were faithfully translated into concrete CI policies. CI should be regarded as a particularly important sector for the DJ government, because as a forerunner of the new economy, CI were believed to be a kind of touchstone which could prove whether or not DJ’s reforms were producing the democratic advantages they aimed to ensure. In section 2 and 3, I explored eleven landmarks in the CI policy shift which emerged under DJ’s presidency. These landmarks are very important in understanding the future development of Korean CI.

Table 5.4 Landmarks of the Korean CI Policy Shift during the DJ Administration

No	Landmark events	Date
1	Establishment of the MCT and expansion of the CI Bureau	Feb 1998
2	Opening the Korean Market to Japanese popular culture	Oct 1998
3	Promulgation of the Framework Act on the Promotion of CI	Feb 1999
4	Publishing the first long-term plan for CI	Mar 1999
5	Introducing British discourse of creative industries	Apr 1999
6	Establishing KOFIC (May 1999), KMRB (June 1999), and KGPC (July 1999)	Mid-1999
7	Appointing powerful Ministers	May 1999
8	Ensuring ‘more than 1%’ of the government budget	Since 2000
9	The rise of ‘Cultural Contents Industries’ and ‘CT’	Early 2001
10	Designating CT as a new driving industry and Establishing KOCCA	Aug 2001
11	Publishing <i>CI White Papers</i> and statistics annually	Since 2000

Through this analysis, at least four key findings can be suggested concerning the factors and forces driving the policy shift. First of all, the landmarks came about as part of a *national survival discourse* in a real sense. For example, key policy documents in the early days regarded the promotion of CI as a key task for the Second National Building

(MCT, 1998; 1999a). In this vein Korean policymakers believed that without an ‘active response to the advanced countries’ domination over the world market for CI’, Korea would be bound to lose ‘competitiveness in cultural industries’ and would thus lack both ‘national culture and national competitiveness’ (MCT, 2000b: 9). However, they also believed that ‘thanks to the changing environment of competition due to the arrival of the knowledge society’, there was ‘little gap between Korea and advanced countries in terms of the starting line’ for nurturing CI (ibid.). Here, the key word must be *national competitiveness* in the cultural industries. It was highlighted as essential for national survival in the 21st century.

Another undeniable finding is that the two significant external events in 1997 set up the perfect backdrop for the survival discourse. The first was the 1997-98 Asian financial crisis which may be regarded as shock at the regional level, ‘as the Great Depression of the 1920s and 1930s or the breakdown of the Bretton Woods system and the oil shocks of the early 1970s were worldwide’ (Pempel, 1999b: 224). As with other great crises, this economic crisis challenged and changed the conventional wisdom of society; namely, the developmental state model. Due to this upheaval, DJ, who had been bullied as the leading ‘communist’ by the developmental state, was able to win the presidential election in December 1997. This was the second event. These shifting conditions in the Korean political economy paved the way for the rapid shift in CI policy to be implemented. Without them, it would undoubtedly have taken considerably more energy and a longer time to form the requisite social consensus, change people’s fixed ideas and thereby initiate various policy changes.

It should be also pointed out that behind almost every key moment in the shift in CI policy lay the *visible hand* of the ultimate boss, DJ. This is not to underestimate the roles played by cultural NGOs, especially in the film industry, and the civil servants, especially those in the CI Bureau. As a result of the first power change in South Korean history, the interests of these players all converged for the first time on a certain point; that is, DJ’s firm philosophy of parallel development and information revolution. The belief—Korea could go beyond the old developmental state model and ensure world-class competitiveness by combining the Third Wave with the Third Way—became a kind of ‘credo’ (Schlesinger, 2007) that centred the discursive practices underlying the CI policy shift. DJ and his staff made all the important decisions on the grounds of that credo, while taking advantage of the two unprecedented events. As the slogan of the ‘Second National Building Movement’ implies, the survival discourse and following reforms were very desperate. In this context, in contrast to previous Presidents, DJ was

able to take on the full responsibility for the daring realization of traditional cultural pledges, such as the arms' length policy, the 1% budget, and the opening of the Korean market to Japanese popular culture. This is how the shift could be put into practice so radically and coherently.

The final finding is that the eleven landmarks can be broadly categorized under the two directions: 'ensuring ALP' on the one hand and 'nurturing CI into a national basic industry' on the other. These are closely related with the two logics of democratic advantage respectively: social capital logic and creative capital logic. With the aid of these mottos, the MCT was able to change its own governance style over the cultural policy field, initiate new types of government plans and acts, nurture the cultural and creative ecology, and establish new types of promotion organizations. Even though each and every landmark shows that these two directions were considered at the same time, some display stronger emphasis on the first principle and others on the second. For instance, while 'Establishing KOFIC, KMRB and KGPC' can be taken as the good example of the implementation of ALP, 'Designating CT as a new driving industry and establishing KOCCA' can be seen as the clearest case relating to the development of CI as a new national basic Industry. On the other hand, 'Publishing white papers and statistics' is an example where both principles were equally stressed, because it ensured that relevant information could be distributed quickly and transparently to both the commercial and public spheres. The two-track strategy composed of 'Arm's Length Principle' and 'National Basic Industry' clearly provides the overarching direction for the Korean CI policy shift under Kim Dae-Jung.

To conclude, the Korean CI policy shift was surely a result of the broader shift in the Korean political economy and the Korean state. At first glance, one may notice that this policy transformation initiated by DJ looks similar to the transformation of the Korean state by President Park Jung-Hee, in that the rise of the Korean developmental state was also based upon a sort of national survival discourse posited against international competition and was led by a thorough, powerful and visionary President. For instance, just as President Park declared six national strategic industries to open a new era of Korean industrialization in the 1970s, DJ declared six national strategic technologies to open a new era of Korean (post)industrialization for the new millennium;³⁶ and, just as Park launched a nation-wide mass mobilization movement (i.e. Saemaul movement), DJ initiated the Second National Building movement. This observation is nonetheless half

³⁶ Park's six industries were steel, electronics, petrochemicals, shipbuilding, machinery and nonferrous metals industries, while DJ's six technologies were information, biological, nano, space, environment, and culture technologies.

right because, even if the second half of DJ's reform (i.e. making CI into a new national basic industry) corresponds to Park's policies in some ways, this is not true of the principles, such as the arm's length principle, that underlie the first half of his reform. Such principles were entirely absent during the developmental transformation of Korea in the 1960s and 1970s. It can be thus said that although DJ promoted CI and several other national strategic industries for the nation's survival, this logic was not merely based upon a familiar set of industrial mobilization policies, but also on the introduction of completely new kinds of institutions designed to ensure democratic governance over the industries and the policy field. This is where a clear distinction can and should be drawn between Park's policy regime and DJ's, marking the latter's CI policy shift as *neo-developmental*.

6. The Product of the Korean Cultural Industries Policy Shift

In the previous chapter I discussed the origins of the major shift in Korean CI policy over the last decade, and examined the process through which the shift was materialized. Following the Asian financial crisis and the first democratic change of government in Korea, the administration of President Kim Dae-Jung introduced a series of significant changes in the Korean CI policy arena. The Roh Moo-Hyun administration (2003-08) that followed inherited this neo-developmental policy shift, and went on to upgrade it by shaping a much clearer policy framework. Drawing on empirical evidence from interviews with key players as well as analysis of major policy plans and reports, this chapter seeks to (re)construct the policy framework which came into being in the process of, and as a result of, the policy transformation under the two progressive governments. How did it emerge and evolve during the course of its institutionalization? What are the structure and content of the framework? How different is it from the policy framework of the previous developmental state?

As noted in the last chapter, the key points of the policy shift can be boiled down to the arm's length principle and the emphasis on developing CI as a national basic industry. According to the *Cultural Industries White Paper 2003* (MCT, 2003a: 9-10), the Korean government 'had to' actively intervene into its CI sector, because 'in Korea the industrial base of CI is relatively weak, compared with that of advanced countries'. It was therefore argued that the government had to take the lead in establishing the 'industrial infrastructure' necessary for increasing the global competitiveness of Korean CI and thereby turn the cultural industries into 'a national basic industry of the 21st century'. This attitude is obviously the result of Korea's experience of rapid industrialization led by the developmental state. However, both in theory and in practice, the introduction of new governance principles from the regulatory states, such as the UK and the US, into the Korean policy field was a more urgent task for the policymakers. Indeed, it was out of this set of complex relations that linked the Korean neo-developmental state with both the old developmental and the current regulatory states that the particular eclectic characteristic of the Korean CI policy framework emerged.

The first section will address the emergence and development of the policy framework by analyzing and comparing the aims stated and the objectives evident in key CI policy

plans produced by the MCT between the publication of the *New Policy* (MCT, 1998) and that of *C-Korea 2010* (MCT, 2005a). I shall tentatively suggest three stages in the evolution of Korean CI policy in order to trace the complicated (but real) characteristic of the eclectic policy framework and thus establish its distinctiveness. This will allow me to proceed to the second section aim, which is to delineate the architecture of the framework, which achieved full shape after the publication of *Creative Korea* (MCT, 2004b). Three major strategies of the framework will be identified and explained in detail, mainly drawing on *Cultural Industries White Papers* (CIWPs, hereafter). These are: the introduction of a new style of governance system, the construction of new kinds of infrastructure, and the initiation of a new mode of intervention into the CI value chain. These strategies had been initiated early on under the DJ government, but emerged as a clear system during the Roh government when they became more closely connected to each other and converged on the concept of the ‘National Innovation System’. This chapter concludes by arguing that my analysis of the main policy documents and the interviews I conducted with key participants demonstrate that the neo-developmental transformation of Korean CI policy produced a conceptual architecture that was poised between those of the regulatory state and the developmental state models.

6.1 The Evolution of the Korean CI Policy Framework: Three Stages

The table below shows the major long-term Korean CI plans published during DJ and Roh’s presidencies. These plans can be divided into three groups in relation to the development of the policy framework: the beginning (1); the unfolding (from 2 to 5); and the climax (6 and 7).

Table 6.1 Key CI Policy Development Plans during the DJ and Roh Administrations

No	Title	Date
1	<i>The Government of the People’s New Policy for Culture and Tourism</i>	October 1998
2	<i>The Five-Year Plan for CI Development</i>	March 1999
3	<i>Cultural Industries Vision 21: The Five-Year Plan for CI Promotion</i>	February 2000
4	<i>Contents Korea Vision 21: Plans for Driving CCI Development</i>	June 2001
5	<i>The Participatory Government’s CI Policy Vision</i>	December 2003
6	<i>Creative Korea</i>	June 2004
7	<i>C-Korea 2010</i>	July 2005

The *New Policy* was the master plan that set out the DJ government's cultural policy. Therefore, it reveals the big picture concerning the promotion of Korean CI, which, while it was drawn up in the early stages of the policy shift, has been maintained up to now. The plans that followed sought to realize the big picture in concrete steps. For example, as noted earlier, the CI section of the *New Policy* was further developed into the monumental *Five-Year Plan for CI Development* (MCT, 1999a). It was then 'upgraded' into *Cultural Industries Vision 21* (MCT, 2000b) and later revised to cope with the rapid digitization, as in *Contents Korea Vision 21* (MCT, 2001b). However, with the publication of *Creative Korea* (MCT, 2004b) the unfolding process went through a qualitative transformation. By successfully synthesizing and systematizing previous policy plans and initiatives, the final document brought about the climax of the whole process through which the Korean CI policy framework was produced.

6.1.1 The Beginning: The *New Policy* (October 1998)

The *New Policy*, published by the MCT in October 1998, had four grand 'objectives'. These were the realization of the 'Second National Building' through the power of culture; the pursuance of the 'knowledge and information society' in which the cultural sector was to play a central role; the formulation of a 'productive and civic cultural society' (within South Korea) and the establishment of a 'mature national community' (including North Korea); and, finally, the embodiment of 'open culture' through the harmonization of the Korean cultural identity with universal globalism. With the exception of the forth one, these objectives are not directly related to *culture* in the traditional sense, and this reveals that the original intention of the DJ government's cultural policy was to engage much wider sectors of society.

The MCT introduced three strategies to expand the coverage of cultural policy and thus achieve these objectives (MCT, 1998: 8-10). Firstly, in order to produce a new kind of vision fit for the 'cultural century', the *New Policy* called for the establishment of macro-policy directions rather than micro-policy activities. It also called for the aggressive mobilization of the symbolic power of the coming new millennium. To change the status of culture into a key driver of national development, the plan attacked the 'old' view that culture was something limited to the 'value of purpose and abstractness'. Instead, the *New Policy* argued that culture was 'directly and actively related to other social sectors' and thus had also 'pragmatic and strategic value' for high-value-added creation, social inclusion and Korean reunification, and so forth. Finally, the authors of

New Policy realized that a number of changes were urgently required if Korea was to move away from the methods of cultural administration that had previously prevailed. The first mission was to shift away from a ‘department store-like policy’, which simply managed various cultural sectors separately, towards a select-and-focus policy which would ‘nurture key sectors’, such as CI, in order to enhance the efficiency of the policy. The second mission was to replace the ‘provider-centred regulation policy’ under which the government had unilaterally led changes of policy object, and replace it with a ‘consumer-centred participation policy’ which would enable the government and the people to work together to make changes autonomously. The final mission was to pay attention to not only ‘the changes of the policy object’, but also to changes in the ‘policy subject’. So these strategies encompassed establishing a new policy vision, a new status for culture, and new styles of cultural administration.

In order to embody these core strategies, ten smaller objectives were introduced in various areas of Korean cultural policy. For the purpose of this research project, I need to shed light on the seventh of these objectives, which concerns CI policy. The *New Policy* identified the nine most important tasks that were necessary for ‘establishing a system for the radical development of CI’ as follows:

- (a) Preparing the institutional base for CI development;
- (b) Establishing CI infrastructure as quickly as possible;
- (c) Selecting strategic genres (i.e. film, animation, broadcasting, music and games) and preparing support systems for them;
- (d) Enhancing synergistic effects between CI genres (e.g. establishing the system for sharing CI-related information);
- (e) Promoting the inception and production of CI and developing a modernized distribution structures for CI;
- (f) Establishing a system for nurturing skilled talent;
- (g) Supporting strategic export products and their entry into overseas markets;
- (h) Promoting fashion design products;
- (i) Preparing responses for the planned opening of the market to Japanese popular culture.

During the later development of Korean CI policy, the last two of the nine tasks disappeared. However, the others have remained firmly entrenched as key objectives in each and every long-term policy plan.³⁷

³⁷ The tasks can be categorized as either ‘establishing comprehensive *infrastructures*’ (a, b, f) or ‘symbolic intervention into the CI value chain (c, d, e, g), although this policy framework was not yet introduced at the early stage.

6.1.2 The Unfolding: Three ‘Visions’ of CI (February 2000 - December 2003)

The Five-Year Plan for CI Development was monumental in that it was the first government plan solely dedicated to CI promotion (cf. 5.2.4). According to the plan (MCT, 1999a), Korean CI policy had to focus on ‘establishing the base’ for CI development by aligning institutions, ensuring financial resources, nurturing skilled talent, and so forth for the first stage (1999). It was then to focus on ‘strengthening international competitiveness’ by developing strategic products for export and pioneering overseas markets for the second stage (2000-01). Finally, it was to attend to the ‘actualization’ of the vision of ‘CI as a national basic industry’ through the establishment of a symbolic CI complex and the consolidation of international competitiveness for the final stage of the plan (2002). The stress on export expansion is fairly conspicuous.

About a year later, the plan was upgraded in *CI Vision 21: The Five-Year Plan for CI Promotion* (MCT, 2000b), which retained the same basic structure as the previous plan. Therefore, it is better to deal with the latter plan in greater detail to comprehend how the policy framework set out in the *New Policy* unfolded. The MCT also published similar long-term plans for CI promotion over the next few years: *Contents Korea Vision 21* (MCT, 2001b) and *The Participatory Government’s CI Policy Vision* (MCT, 2003b). These three plans, which contain ‘vision’ in their titles, are very similar in both form and content.

For example, each plan suggested almost the same *rationales* for supporting CI, although the terms were slightly changed each time. To be concise, the plans conceived the rationale for promoting CI in connection with four different kinds of impact: Direct Cultural Impact (promoting cultural democracy, enhancing the creativity of the people, raising the diversity of cultural contents); Indirect Cultural Impact (strengthening the fine/basic arts sector, protecting cultural identity, improving the national brand); Direct economic impact (creating jobs and high added value in the CI sector, expanding exports of cultural contents, activating local creative economy); and Indirect Economic Impact (activating related industries, promoting exportation of other industries, improving local conditions) (see also MCT, 2000a: 22; 2003a: 4). Within this consensus, the later plans were produced to revise and complement the vision, strategy and action

plans suggested in the earlier plans. Therefore, an examination of each plan is required, along with a comparison between them.

Table 6.2 Comparing the Three ‘Vision’ Plans for CI

	<i>CI Vision 21: Five-year plan for CI promotion (2000)</i>	<i>Contents Korea Vision 21 (2001)</i>	<i>CI Policy Vision of the Participatory Government (2003)</i>
vision	❑ Making CI into a national basic industry of the 21 st century and into a leading industry of the knowledge-based economy	❑ Making Korea a strong Country in the knowledge economy as well as in culture, by preparing the base for becoming a key producer of cultural contents by 2003	❑ Making Korea the fifth strongest producer of CI in the world by 2008
Strategy	<ul style="list-style-type: none"> ▪ Driving aggressive promotion policies ▪ Strengthening the private sector and nurturing the environment for investment ▪ Developing original and world-class cultural products 	<ul style="list-style-type: none"> ▪ Supporting the development of high-quality cultural contents ▪ Maximizing synergy effects between various genres of CI ▪ Nurturing strategic genres of content industries intensively 	<ul style="list-style-type: none"> ▪ Establishing the cooperative system ▪ Strengthening the growth base
Action plan	<ul style="list-style-type: none"> ❖ Quickly establishing the infrastructure for CI promotion ❖ Establishing the information network of CI ❖ Establishing the fostering system of skilled talent ❖ Promoting inception/production and supporting technology development ❖ Developing strategic products for exports 	<ul style="list-style-type: none"> ❖ Aligning laws and institutions for digital era ❖ Expanding the capacity of cultural contents creation ❖ Establishing infrastructures to ensure CI development ❖ Fostering skilled talent to lead the knowledge-based economy ❖ Strengthening overseas expansion 	<ul style="list-style-type: none"> ❖ Fostering creative, skilled talent and technology development ❖ Expanding contents creation base ❖ Expanding investment and improving distribution ❖ Establishing the base for the development of local CI ❖ Strengthening overseas expansion and international exchange ❖ Establishing firm support systems through laws and institutions

As seen in the table above, the policy plans can be compared to each other in relation to at least three aspects; vision, strategy, and action plans. The broadest aspect for comparison is *vision*. The policymakers had quite ambitious objectives concerning the promotion of CI as ‘environment-friendly’ (smokeless) and ‘knowledge-intensive’ (weightless) industries. It is notable that the Korean CI policy vision became gradually more concrete with each new policy document, although each plan expressed its vision in the same tone, heavily stressing the importance of economic value. The first vision was very abstract and directly borrowed DJ’s phrase ‘make CI into a national basic industry of the 21st century and into a leading industry of the knowledge-based economy’. The vision became more concrete in the second; ‘preparing the base for becoming a key producer of cultural contents by 2003’. The final plan declared a very

specific vision; ‘making Korea the fifth strongest producer of CI in the world’ by 2008. Here, the ‘fifth strongest’ measures strength in terms of the domestic market size. According to the plan (MCT, 2003b: 5), the Korean CI market accounted for 1.5% of the world market in 2003, which was about the tenth in the ranking. It then set an ambitious goal of climbing up the rankings to fifth place after ‘America (40%), Japan (10%), Germany (5.5%) and Britain (4.4%)’ by 2008. The economic logic became increasingly clear as the policy vision evolved to stipulate very specific figures.

In terms of *strategy*, the second aspect of comparison, the first two plans seem to have been well summarized in the last plan. The strategies for the promotion of Korean CI in *The Participatory Government’s CI Policy Vision* (MCT, 2003b) can be divided into two categories. They either seek to establish cooperation ‘between the central and municipal governments, private companies and related universities’ or to strengthen the growth base in terms of ‘talent, infrastructure, investment and R&D, and overseas expansion’. In the first two plans the establishment of a cooperative system for CI had been presented as simply an action plan for building an information-sharing network. However, it was elevated in the third plan to become one of the two overarching strategies of Korean CI policy. The second strategy of ‘strengthening the growth base’ in fact covers two related, but distinctive strategies suggested by former plans. The first is the nurture of various types of ‘infrastructure’ to enhance the basic competitiveness of CI, while the second concerns the promotion of strategic ‘genres’ and ‘products’ to achieve rapid growth in both domestic audience share and export scale.

The final aspect of comparison between the plans is the *action plans* they put forward. As shown very well in the bottom row of Table 6.2, after the introduction of nine action plans for CI promotion in the *New Policy*, no significant changes were made throughout the evolution of the three long-term plans. Aligning laws and institutions, developing infrastructure and technology, promoting production, distribution and consumption, nurturing talent, expanding exportation, and promoting local CI are the main repertoires. At the same time, however, comparing each plan reveals that the policymakers who authored each plan did not employ the same theoretical framework for the action plans of CI promotion. For example, the concept of ‘infrastructure’ is very obscure. In some cases it refers to the facilities such as the CI complex or quango buildings, but in others it includes very broadly information networks or education systems. Additionally, each new plan made quite a few trivial changes. For instance, ‘technology development’ was suggested together with ‘promoting inception/production’ in *CI Vision 21*, but was aligned with ‘fostering skilled talent’ in *The Participatory government’s CI Policy Vision*. Similarly, ‘aligning laws and

institutions' was given the highest priority in *Contents Korea vision 21*, but was given the lowest in the next plan. No reasons were given for these changes. In line with the definition and scope of CI *prescribed* by the Framework Act on the Promotion of CI (cf. 5.2.3), these numerous and surplus changes in the key policy plans can be taken as evidence of a lack of consistent theoretical perspectives. However, this is not to say that there was no underlying policy direction for CI promotion or that the policy framework for CI changed very often. In spite of various insignificant changes at the action plan level, the core logic and main direction of CI promotion were inherited and refined in each successive plan.

6.1.3 Climax: *Creative Korea* (June 2004) and *C-Korea* (July 2005)

Korean CI planning went through a qualitative transformation with the publication of *Creative Korea* in June 2004. The background needs to be briefly explained. After President Roh's inauguration, the MCT started to feel a strong pressure to 'restructure Korean CI policy' from both 'civil society outside the government' and the 'Ministry of Planning and Budget' (MPB) within the government (MCT, 2004a: 18). The concerns expressed from within civil society about the MCT's stress on economic rationales for CI promotion were hardly new. Yet the pressure from the MPB to 'prove the substance and efficiency of the CI-related budget' was not only new but also very threatening, because from 2004 Roh's MPB introduced an annual evaluation programme for public corporations and quangos supported by a government budget with the declared intention of cutting budgets for any organization with low performance grades. From this moment, the Korean CI policymakers started to expand the meaning of the 'Arms' Length Principle' from 'supporting without interfering' to 'supporting without interfering, but with thorough assessment' (Kim Hyae-Joon, September 2009; Yoo Jin-Ryong, November 2009). There were also factors inside the Culture Ministry that contributed to the publication of *Creative Korea*.

The traditional way of publishing a plan in the cultural policy field was to pick up smart civil servants and then order them to write it night and day for about two weeks. During the DJ government each sector in the cultural policy field started to accumulate capacity to make this kind of plan for itself. In addition, when the Roh government took office, civilian experts in their 40s suddenly assumed positions of power in the policy field through their appointment to the Committee of Policy Planning; a new organization established in the MCT. They made a guideline that the plans for cultural policy should be prepared under the leadership of researchers rather than of civil servants from then on. More importantly, Minister Lee Chang-Dong, who had absolutely perfectionist tendencies, was unsatisfied with the convention of recycling the same ideas from previous plans and asked us to make a *Yellow Pages* of Korean cultural policy. He kept turning down our drafts, which made

us feel frustrated. As a result, we realized that Minister Lee really wanted the *Yellow Pages*.³⁸ We were expected not only to cover all the sectors of Korean cultural policy, but also to connect them with new and substantial logics. These missions had never been considered before in making any cultural policy plans or reports in Korea. (Yang Hyun-Mee who led the Research team for publishing *Creative Korea*, September 2009)

Accordingly, a new type of task force was required at this time, composed of a committee of six scholars, a research project team of 16 researchers and experts, and an administrative support team of 14 civil servants. In addition, more than 20 sub-task forces were established, composed of around 200 experts from various cultural sectors. For about ten months, these people prepared the new ‘vision’ for Korean cultural policy. The result was *Creative Korea*, which was indeed a significant upgrade, compared to previous government plans. Its contribution to the Korean CI policy framework can be examined in several distinct dimensions.

First of all, under this memorable policy plan the position of CI policy was articulated for the first time within a systematic blueprint of Korean cultural policy as a whole. With the ultimate vision of making ‘Creative Korea’ by ensuring ‘creative cultural citizens, a diverse cultural society, and a vital cultural nation’, the plan systematically inter-connected the five cultural policy categories of ‘culture and individuals’, ‘culture and regions’, ‘culture and the world’, ‘culture and the economy’, ‘culture and society’ (MCT, 2004b: 32-47). This wider context provided the opportunity for reflection on the position and significance of Korean CI policy against a far more comprehensive background than mere economistic thinking.

The second important contribution made by *Creative Korea* was that it presented for the first time a comprehensive and integrated plan or framework for Korean CI policy. Since Korean CI policy had previously tended to be genre-centred and merely enumerated policy functions,

It was difficult to comprehend the substantial relationship between policy functions and the actual process of CI, and in turn it was almost impossible to measure the performance of support provided by CI policy. (MCT, 2004b: 356)

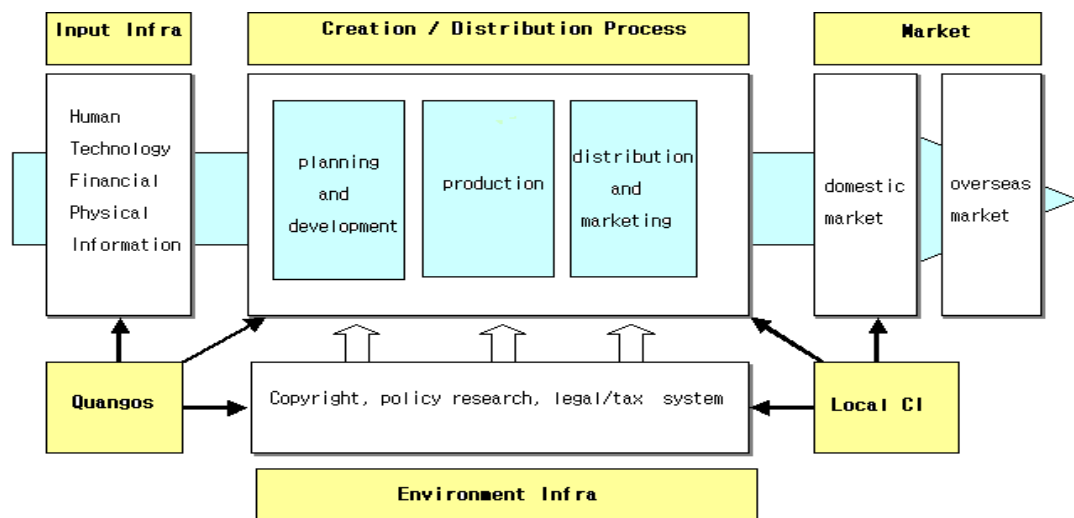
To overcome these limitations, *Creative Korea* introduced the Culture Industry Policy Process System (CIPPS) model so as to analyse the ‘organic connection between the input-out process, policy support, the various kinds of infrastructure, and so forth’, and

³⁸ Lee Chang-Dong, Roh’s first Culture Minister, is one of the most successful Korean movie directors and has earned many awards from international film festivals including Cannes and Venice. Thus it can be inferred that he wanted to have a perfect scenario of his new mission of formulating and implementing national cultural policy.

thereby to formulate ‘concrete strategies and action plans’ which reflected both the positive and negative feedback between policy support and industrial development. In fact, on the basis of ‘system theory’, the CIPPS model was able to synthesize the policy frameworks which had been unsystematically presented in former long-term CI plans.

Figure 6.1 The CIPPS Model

Source: MCT (2004: 357)



As seen in Figure 6.1, this comprehensive system for the CI policy process consisted of six policy objects; quangos, local CI, environment *infra*, input *infra*, the production/distribution process, and the domestic and overseas markets. Each of them was not only identified as a key object of CI policy, but conceptualized as organically connected to the others. Hence, it can be argued that the success of the policy process system depends on the co-development of all the policy objects. It is important to remember that the six categories were deliberately formulated for the purpose of both describing the system properly and subsuming various strategy and action plans from previous long-term plans. As a result, some confusing concepts that had been used arbitrarily in former plans were refined and repositioned. For example, the problematic policy term, ‘*infra*’ was for the first time divided into two categories: five kinds of ‘input *infrastructure*’ and three kinds of ‘environment *infrastructure*’.³⁹

The final significant contribution made by *Creative Korea* is that because it was the most synthetic and systematic roadmap of Korean CI policy ever produced, it showed a

³⁹ The term ‘*infra*’ is often used in the Korean policy field as shortening of the English word, ‘infrastructure’. However, this word has evolved in its own way in Korea. Therefore, in this thesis I will use *infrastructure* (in Italics) to refer to the Korean version (i.e. *infra*) which can be understood as a common noun rather than an abstract noun.

way in which DJ's two most fundamental CI axioms could be combined smoothly. In short, the newly introduced concept of the 'national innovation system' can be understood to connect the arm's length principle's focus on democratic governance with the emphasis placed on economic development by the vision of CI as a national basic industry. For example, according to Yoo Jin-Ryong (November 2009), DJ's third CI Bureau chief and then Roh's third Vice Minister,

It was the concept of the national innovation system that assured me that the MCT had not produced such a notable performance in its early stages by chance. After finishing my job as the last CI Bureau chief under the DJ government, I had an opportunity to prepare my Ph. D thesis in the US for a year. During this period, I pondered the question of whether the explosive growth of Korean CI did really spring from the MCT's policies or from other conditions such as the rapid growth of the international CI market. In the end, I came to realize that the CI policies the MCT implemented in Korea were quite faithful to the theory of national innovation systems actively promoted by the OECD.

The Korean CI policymakers' tacit knowledge evolved into explicit knowledge in this way. Yoo became one of the active promoters for this new concept of the national innovation system (hereafter, NIS) for Korean CI in the cultural policy arena. Seen in this context, the CIPPS model in *Creative Korea* envisages the structure and process of this innovation system very clearly from the perspective of policymakers within the central government. Its six categories show how the 'network' between key players within the policy community can produce the optimal 'environment' within which the Korean CI value chain (from input through production and distribution to domestic consumption and export) could produce stable and sustainable performance. Although it will be discussed in greater detail in the next section, I should briefly note here that the three Korean CI policy strategies extracted from the three vision plans can be understood as the sub-strategies for building up this NIS. That is,

Cooperative Network + Comprehensive *Infrastructures* + Symbolic Intervention in the Value Chain = the Korean NIS for CI.

Thus, it is fair to argue that the CIPPS model not only redeployed but also synthesised the key points of the previous plans on the basis of 'system theory'. It sought to configure the NIS so that all players in the CI field would have to cooperate and drive the required innovation through a much clearer framework.

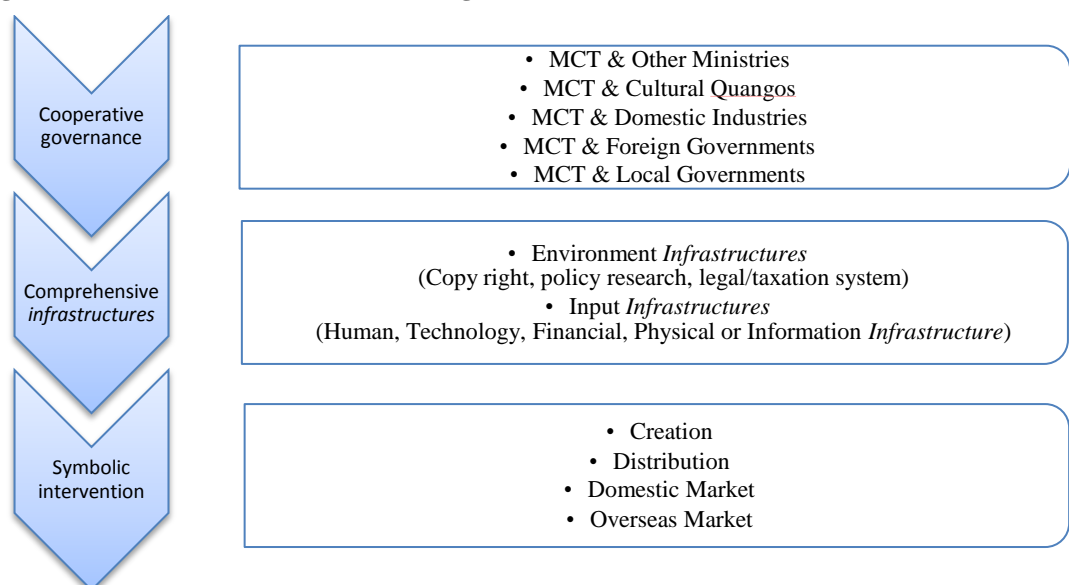
C-Korea 2010 (MCT, 2005a) took up the visions and strategies of the *Yellow Pages* for Korean cultural policy. However, this plan was unique in that it was made to cover three different industries at the same time; the cultural, tourism and leisure industries.

In this plan, ‘creativity’ was defined as the driving force of economic growth in the 21st century, ‘contents’ were viewed as a break-through in the era of job-less growth, and ‘culture’ was described as the core competence that would decide global competitiveness in the contemporary society. Declaring that these ‘three Cs’ were equally important for the development of the three different industries, *C-Korea 2010* attempted to produce a comprehensive picture for the co-development of the industries. Therefore, *C-Korea 2010* can be evaluated as a significant step forward from *Creative Korea*.

6.2 The Essence of the CI Policy Framework: Three Strategies

The preceding section explored seven long-term CI policy plans in order to examine how the Korean CI policy framework emerged and evolved during DJ and Roh’s presidencies. It became clear that the visions, strategies and action plans developed in a quite successive manner, and this evolution underwent structural transformation in *Creative Korea*. Indeed, the CIPPS model configured the synthetic version of the Korean CI policy framework very well. It should be also stressed that the arm’s length principle and the vision of a national basic industry were built up and combined to produce the Korean NIS for CI. To establish this NIS, three sub-strategies were introduced: democratic and cooperative governance, the establishment of comprehensive *infrastructures*, and symbolic intervention in the CI value chain.

Figure 6.2 Outline of the Three Sub-Strategies for the Korean NIS for CI



These strategies, as shown in the diagram above, took key positions in the conceptual architecture of the Korean CI policy framework. This section draws mainly on annual reports on the performance and content of Korean CI policy in the *CIWPs* to analyze the content of each strategy, the relationships between the strategies, and the promotion activities devised by the MCT and its quangos to put them into action.

6.2.1 The Cooperative Governance Strategy

As noted, the first major strategy of the policy framework was to ensure democratic and cooperative governance in the CI sector. Transforming the Korean CI policy community into the keystone of the NIS is what this strategy was all about. As clarified in Chapter 5, DJ's most urgent agenda had been to transform the policy community from an instrument of industry manipulation into one of industry promotion. The ALP concept was frequently mobilized to indicate the government's strong desire to establish a new type of governance system over the CI field. In this project, the most crucial agents were, of course, the civil servants who had previously been devoted to the country's developmental project.

In the past when the Korean private sector was much weaker than the public sector in terms of administrative and financial capacity, for example in the time of Park Jung-Hee, the role of spearhead might have been required. However, clearly, the times have changed. The age when 'hard working' was more important than 'creativity' is now over. I believe that two kinds of role are desirable for the government at this time. Firstly, it should not be an obstacle to development itself and should get rid of other obstacles quickly. This couldn't be truer for sectors which rely heavily on creativity. Creativity must be at the core of the cultural industries or the cultural contents industries. This also applies to other kinds of venture industries. I cannot think of any way in which the government could be more creative than the private sector concerning these industries.

As this quotation from DJ's last CI Bureau chief reveals, civil servants certainly began to feel that times were changing and that the role of the government was changing along with them. Moreover, there was a fundamental change in the way they perceived their own identity. He continued:

I always talked to the civil servants at the CI Bureau like this: 'Civil servants must be yard sweeping servants. When masters and customers need to walk through the yard, we must quickly sweep away the trash from the yard while staying out of the way ourselves. After sweeping all the inconvenient stuff, do not expect to be praised because that is what you must do as servants. All your policy practices should be conducted with this attitude. It is a delusion that you can lead the private sector'. (Yoo Jin-Ryong, November 2009)

On the basis of this identity change from ‘spearhead’ to ‘yard sweeping brush’, the MCT sought to achieve the transformation of the policy community as a whole. In order to achieve this, the MCT paid special attention to at least five relationships as the foundation of a new type of network (see Figure 6.2).

The first of these relationships is that with other ministries. The democratic governance and cooperative network strategy was first applied to reinforcing the CI Bureau’s position within the MCT as the reliable control tower. In the early days of the DJ government, the MCT expanded its CI Bureau by absorbing several government divisions from various different ministries. By bringing together these divisions that had once been beyond the reach of their policies, the MCT was able to reorganize its own structure and thus drive forward more efficient and influential promotion works. For example, if the MCT had not absorbed the games industry division from the Ministry of Health and Welfare in August 1998, the striking growth of Korean games industry in the 2000s might not have been possible (cf. Table 8.1). In turn, without the explosive growth of the games industry, it is highly doubtful that the MCT could have expanded its support for various other genres of CI so confidently. Since then, amid keen competition, the MCT has tried to maintain ‘cooperative networks with other Ministries’ (Oh Jee-Chul, October 2009; Yoo Jin-Ryong, November 2009).⁴⁰

The second group of relationships was with CI promotion quangos, where ALP was most *literally* applied. As will be shown in detail in Chapter 7, the MCT utilized the same philosophy of ALP in formulating and managing different quangos, although the civilian experts that staffed them and the genres they covered displayed quite distinctive characteristics. Contrary to the conventional wisdom of the developmental state, the MCT sought to ensure the autonomy and expertise of the quangos to the greatest extent possible. Therefore, they recruited experts from the various industrial sectors under their remit and avoided interfering directly with their decision-making processes. Under the Roh government, this relationship expanded to the traditional *culture and the arts* sector. ‘Both referring to the case of KOFIC and benchmarking British Arts Councils’, the MCT transformed the Korean Culture and Arts Foundation (KCAF) which had been governed by a chief executive into the Arts Council Korea (ARKO) managed by the consensus of commissioners, thus completing an aim that had not been realized under DJ’s presidency (Yang Hyun-Mee, September 2009).

⁴⁰ One of the notable examples is the construction of the ‘CI Promotion Committee’ which was composed of Ministers from related Ministries, in response to a prescription of the Framework Act on the Promotion of Cultural Industries.

Once the relationship with the quangos had been reorganized, the realignment of the third set of significant relationships, that with the domestic industries, followed naturally. Along with ALP, the ‘freedom of expression’ was a key driver in this shift. According to Cho Gwang-Hee (September 2009), former inspector of KOFIC,

Although judges are relatively conservative in their society, Korean judges made quite progressive judgments as to the matter of censorship around the mid-1990s. They were no longer able to turn their faces away because there was no legal logic or base to sustain censorship. My point is that, whereas the legal system usually trails behind developments in society, in that case the legal judgment walked ahead of the reality of Korean society. It was a peculiar case. The Ministry, the industry, and even society didn’t appear to be fully prepared for the constitutional decision.

Given this shift in the judiciary’s position, there was nothing for the administration to do other than abandon its old role as the headquarters of censorship. After DJ came to power with a major election pledge of ensuring freedom of expression, the MCT began wholeheartedly to accept the importance of freedom of expression for the future of the Korean CI sector, but also for the future of the Ministry itself. There is now a strong consensus within the Korean Culture Ministry that ‘ensuring the freedom of expression was the most important shift’ for the later growth of Korean CI (Oh Jee-Chul, October 2009; Lee Hae-Don, October 2009).

The fourth set of relationships to which the MCT paid particular attention was those with foreign governments, which were also changed considerably. Instead of insulating or blindly protecting Korean cultural industries, the MCT chose to let Korean CI compete with foreign products in the domestic market openly and squarely, and thus learn from them. The opening of the Korean market to Japanese popular culture is the best example of how this shift had a significant influence on the Korean CI field. In short, this shift from passive protectionism ‘in the logic of analogue’ to active exchange ‘in the logic of digital age’ did not only help enhance the quality of Korean cultural products by genuine competition, but also ‘brought about new chances to expand the market’ for Korean CI abroad (Oh Jee-Chul, October 2009). Since then, the opening has functioned as an archetypical reference point whenever the MCT deals with the matters concerning cultural exchange with foreign governments. For instance, in preparations for the FTA agreement with the US April 2007, Roh’s MCT cut the longstanding screen quotas by half from 146 to 73 days a year, and also reduced broadcasting quotas, from 25% to 20% for films and from 35% to 30% for animation. According to President Roh (2007), this decision was made against the logic that ‘to become the world number one, Korean CI must survive competition especially from the US’.

The final set of relationships that the MCT readdressed was those with local government in Korea. Activating local cultural and economic conditions and thus ensuring balanced development across the land had been one of the key rationales of CI promotion policies from the early days. To realize this objective, the MCT ‘used the project of CI clusters as the contact point with local governments’ (Oh Jee-Chul, October 2009). After the legislation of the ‘Framework Act’, many local CI clusters were constructed with the help of matching funds from the MTC. As a result, the MCT was able to designate official ‘CI quarters’ in eight cities in 2001, with a promise to support 30% of total construction expenses (MCT, 2002a: 711). Along with the promotion of CI clusters, the MCT also furnished a variety of support to ‘core cities’ in establishing and managing their own ‘CI promotion centres’. This aimed to ‘build up the national network’ through which the key information and experiences of CI policy making could be systematically developed and shared between the local/regional core cities (ibid.: 713).

6.2.2 The Comprehensive *infrastructures* Strategy

After establishing cooperative governance, the MCT concentrated on providing the necessary *infrastructures* for Korean CI. It is important to remember here that without the former the latter can only be a house of cards. For example, even though establishing CI *infrastructures* had also been a key strategy under the YS government, it was never achieved. According to Lee Jung-Hyun (September, 2009), former secretary general of the KGPC and later of KOCCA,

I had also worked closely with civil servants during YS’s presidency. However, at that time the civil servants [at the Ministry of Information] had treated civilian experts as their subordinates. It was like a relationship in the Army. However embarrassed, we thought to ourselves that the indignity must be endured for the nation’s development. At that moment of frustration, disappointment and betrayal when we were also struggling to survive, the financial crisis occurred and DJ became the President. He stressed the importance of the cultural industries heavily and suddenly everything changed. Even before his inauguration, there was surely a similar move toward it. However, despite many discussions, that movement did not produce core groups that had power to drive the agenda with subjecthood, nor the required *infrastructures* for the development. Only when a historical backdrop, core groups, and *infrastructures* are combined, can the explosive growth of an industry become possible, as was the case of Korean CI under the DJ government.

As seen in the evolution of the policy framework, *infrastructure* here refers not only to *environment infrastructure* but also input *infrastructure*. While the former is closely engaged in the governance over the policy community, the latter is more related to the

value chain of the industries. Put another way, the strategy of *nurturing infrastructures* was the linkage between the *cooperative governance* strategy and the *symbolic intervention* strategy.

Firstly, it should be noted that the policy community, transformed into the control tower for CI promotion, closely worked together to build a new type of policy environment in favour of the industries. The underlying aim was to form a 'creative environment for CI by replacing old institutions of regulation with new ones of promotion' (Lim Byoung-Soo, October 2009). For this, first of all, the continuous reform of the legal system needs to be stressed. For Kwak Young-Jin (2000: 54), then Director of the CI Policy Division, after the legislation of the 'Framework Act', the MCT could modify '72.8% of the regulations and rules that were harmful to the advancement of Korea's cultural industry in the interest of creative activities in the cultural and artistic arenas'. Furthermore, the 'Framework Act' was *fully* revised in 2002 in order to more actively 'respond to rapid changes in the CI environment, such as advanced digital technology'. It was then *partially* revised four times under the Roh government, driving the establishment and revision of many other acts concerning the sub-sectors of CI.

Under Roh's presidency, the taxation system and copyright system were also significantly upgraded in many aspects. In April 2006, for instance, Roh's government succeeded in introducing a whole new taxation system for CI by revising three acts; the 'Framework Act' to introduce Special Purpose Companies (SPC) for CI, the 'Corporation Tax Law' to help SPC avoid double taxation, and the 'Local Tax Law' to help them acquire reductions and exemptions from acquisition and registration taxes (MCST, 2008a: 188). Meanwhile, in order to protect and promote copyright, Korea fully accepted all the duties prescribed by the WIPO in 2003. Then in 2005 and 2006 the 'Copyright Act' was heavily revised to clarify the legal relationship between the copyright holder and the user, and to promote fair use of intellectual property, while the CI Bureau first set aside a budget for copyright issues in 2006 (ibid.: 3).

Finally, strengthening policy research also played a pivotal role in establishing the environment *infrastructure*. Because policy research deals with how to continue improving the above-mentioned systems, the quangos such as KOCCA, KOFIC, KGPC/KOGIA all expanded their policy research teams under DJ's presidencies. As a result, both the quantity and quality of Korean CI policy research were significantly enhanced by the time President Roh took office, and were further improved under his administration (Yang Hyun-Mee, September 2009).

Having detailed improvements in the environment *infrastructure*, I shall now turn to the five kinds of input *infrastructure* that directly impact the CI value chain (cf. Figure 6.2). Firstly, although the MCT had concentrated on the ‘quantitative expansion’ of human capital in the early days, from the middle of Roh’s presidency onwards, it started to place far greater stress on human *infrastructure*; and especially on ‘nurturing core talent’, in response to criticism that a ‘select-and-focus’ strategy was required (MCST, 2008a: 8). In this direction, Roh’s MCT provided intensive support for nearly 90 educational institutions; 5 high schools, 30 colleges, 44 universities and 10 graduate schools. In addition, the Graduate School of Culture Technology was established at KAIST, one of the top universities in Korea, in 2005. It planned to turn out about 100 skilled culture technologists annually. On top of this, the ‘Cyber Cultural Contents Academy’ project, which was co-managed by KOCCA and the MCT, developed 115 courses concerning cultural contents development that were available on-line and also accepted for credit as regular academic courses at 20 universities.

Technology *infrastructure* was also increasingly stressed under the Roh government. In February 2005, the MCT opened the ‘Centre for CT strategy’ within KOCCA, with the aim of becoming a hub for the Korean CI field by furnishing integrated policy support to research and development on CT. This enabled the MCT to publish the *CT Vision and Roadmap* (MCT, 2006b) and *The Five-Year Plan for CT Development* (MCT, 2006c). Meanwhile, the ‘Cultural Contents Technology Development’ programme launched by the DJ government in 2002 had evolved into three sub-programmes: the ‘Core Technology Development’, ‘Customized Technology Development’ and ‘CT research Centre support’ programme. These schemes had supported a total of 105 technology development projects by 2007, 54 of which succeeded in applying for and registering patents (MCST, 2008a: 9).

Thirdly, along with taxation reform, the MCT initiated several initiatives to ensure stable financing for Korean CI. Under DJ’s presidency, the MCT and its quangos created and expanded a variety of funds to stimulate the early development of CI, such as the CI Promotion Fund, the Film Promotion Fund, the Publishing Fund, and the Broadcasting Development Fund (MCT, 2003a: 23). These funds were mainly used either to supply loans to help small companies plan and produce cultural contents, or to support contents with high potential for success with the necessary investments. For example, 197.4 billion won was channelled through the CI Promotion Fund in the period up to 2006, which was indeed a large sum for the Korean CI field at that time. After a

comprehensive reform of the government-supported funding system under Roh's presidency, many of the existing funds were transferred to the 'Fund of Funds for Investing SMEs', and in turn the concept of SPC (Special Purpose Company) for CI was newly introduced. This reform is held to have enabled the private sector to save both time and money in organizing large-scale funds and thus to expand its investment into CI in a more stable environment (MCST, 2008a: 11).

According to *Creative Korea* (MCT, 2004b: 359), Korean CI policy for physical *infrastructure* was to focus on increasing the efficiency and efficacy with which the existing infrastructure was managed, rather than on constructing additional facilities. The primary reason for this decision was that most of the key quangos had already been established under the DJ government along with facilities which provided the 'necessary office space', while also offering 'prestigious equipment and studios for pre-production and post-production' that the CI sectors could utilize (Lim Byung-Soo, October 2009). As both the industries and the policy community became more mature, the need to develop such physical infrastructure continued to decrease under the Roh government. One exception was the Cultural Contents Centre built in a high-profile digital quarter called 'Digital Media City' in Seoul. The centre was planned in 2002 and completed in March 2007. As a symbolic cultural complex, this high-tech building came to host major cultural quangos (KOCCA, KGDPI, Korean Film Archive, etc), education and entertainment facilities, production studios, and numerous contents companies (KOCCA, 2009: 43-44).

Last but not least, the MCT also cultivated the information *infrastructure* intensively. Above all, the importance of the statistics and White Papers published annually needs to be reiterated (cf. 5.3.3). These diverse sources of information regularly provided comprehensive and up-to-date information about relevant industries and policies. This was 'a great advance' compared with the previous chronic unavailability of valid data about CI (Park Sea-Young, September 2009). Equally significant is that under Roh's presidency the MCT established various digital archives and information systems in order to systematically provide the industries with key information that was accessible at all times. The 'Media Education Archive', the 'Games Industry Total Information Service System', the 'Content Export Information System', the 'Media Production Information System' are core examples (MCT, 2007; MCST, 2008a).

6.2.3 The Symbolic Intervention Strategy

Nurturing input *infrastructures* might be regarded as part of the intervention in the CI value chain. Without nurturing stable systems for providing talent, finance, information, and so on, the value chain cannot be developed or even sustained in the long run. In this light, the civil servants at the MCT planned to build up ‘a sort of incubator’ for a variety of inputs and capital (Lim, October 2009). Nonetheless, the third strategy which entailed symbolic intervention in the value chain was different from the input *infrastructure* strategy in that, rather than engaging the value chain as a whole, it always dealt with specific stages of the chain and thus with concrete contents and enterprises. Then, what did the symbolic in the ‘symbolic intervention’ signify?

The industries have been asking us [civil servants at the MCT] for only two things: firstly, let them be and then give support when and where they are in desperate need. ... I believe this shows the essence of the arm’s length principle. When I was the CI Bureau chief, the bureau made a lot of plans and then interventions because there was a direct threat to the industries due to the then Asian financial crisis. In addition, at that time many genres of the industries were still in their infancy. However, the situation has changed significantly. Now the government must be more aware of the danger of unnecessary intervention, while providing active support when the industries demand it. (Oh Jee-Chul, October 2009)

As Oh confirms, the shifting mode of government intervention is noteworthy. As Korean CI grew, the kind of support that the industries needed and demanded also changed.

In the early stage KOCCA distributed a large amount of seed money to sustain and further promote the then infant content industries, which undoubtedly helped them substantially. However, the ‘symbolic function’ of the support that the MCT and KOCCA gave the industries is of greater importance. Korea is now a society where an idea can attract hundreds of million pounds in a moment. In this context, ‘direct support’ including the distribution of funds to enterprises has become increasingly less important. That kind of activity now only matters as a result of its symbolic function. That is, distributing money is still important insofar as it signifies the government’s will to nurture the industries and care for the individual firms endeavouring to grow. When I was at the MCT, I asked my staff to learn this point by heart. (Yoo Jin-Ryong, November 2009)

This shift away from ‘direct support’ went hand in hand with the increasing stress placed on the principle of ‘select-and-focus’. As noted earlier (cf. 6.1.1), this was one of the core strategies suggested in the *New Policy* (MCT, 1998). The MCT chose key genres of CI to promote intensively, the games industry for example, and thus establish ‘best practice’ for other genres to benchmark (MCT, 1999a). In relation to intervention in the value chain of particular genres, this strategy was understood to ‘support *star* contents which had high potential’ for commercial success in both the domestic and overseas markets (Suh, November 2009). Instead of ‘distributing subsidies to the

businesses according to the law of inertia’, as had been the case in the Korean *culture and the arts sector* at that time, the CI Bureau was eager to produce high profile examples of excellence in each CI genre (Oh, October 2009). This is the second aspect of the ‘symbolic’ intervention. The overall symbolic intervention strategy can be broken down into several categories that correspond to stages in the CI value chain (cf. Figure 6.2).

As the CIPPS model clearly suggests, Korean CI policymakers believed that the value chain comprised four stages from creation to overseas markets. Three policy objectives were repeatedly stressed in most CIWPs in relation to the first stage of *creation* or production. The first was to increase the industrial capacity for planning—since the production capacity had already been built up through OEM (original equipment manufacturing) arrangements—by reforming the finance and education systems. The second was to foster synergetic effects between CI genres in the age of OSMU (one source multi-use) by developing and accumulating various materials for content creation. The third was to discover excellent contents as early as possible and to motivate production companies to create high-quality contents by providing intensive support. Thus, in mobilizing all kinds of input *infrastructure* for promoting the activity of creation, the CI policymakers initiated quite a few promotion initiatives to stimulate individual companies and achieve CI policy objectives.

Table 6.3 The Number of Contents Supported by the ‘Excellent Pilot Production’ Programme

	2002	2003	2004	2005	2006	Total
Animation	29	16	13	22	19	99
Comics	18	19	17	19	12	85
Character	10	19	14	14	19	76
Edutainment	-	15	10	7	4	36
Games	44	47	33	17	23	164
Broadcasting	18	20	17	17	17	89
Star Project	4	6	6	3	4	23
Total	123	142	110	99	98	572

Source: MCST (2008a: 12)

Two important examples of these programmes should be mentioned (MCST, 2008a: 12-13). Firstly, the ‘Excellent Pilot Production’ programme supported the production of 572 contents between 2002 and 2006 (cf. Table 6.3). Under this scheme, some products were designated as a ‘Star Project’ and became international hits. The animations *Pororo* (2002) and *Pucca* (2004) are good examples. In a similar vein, the ‘Cultural Heritage’ programme, which involved the development of digital story-material for

content creation, supported 280 institutions, enabling them to complete some 160 projects between 2002 and 2006. With a budget of 50.4 billion won from the MCT, about 3,500 workers participated in the 160 projects and produced more than 600,000 digital items which have been utilized in many hit films, TV dramas and on-line games.

Secondly, the most important objective for the intervention in *distribution* was the ‘modernization of the distribution system’ (Oh Jee-Chul, October 2009). To achieve this objective, the MCT concentrated on introducing a new kind of (digital) information system which was not only ‘considerably more transparent than the previous one’, but which could ‘cover the whole country’. For example, with independent cinemas selling their own tickets, there was no system for measuring the nationwide audience for any film. Consequently, it was very difficult for Korean film companies to analyze their domestic market share in order to establish meticulous strategies for distribution and marketing. To address this issue the MCT and KOFIC set up an ‘Integrated Computer Network for Cinema Tickets’ in 1999, so as to provide the industry with accurate information about ticket sales and thus enhance the transparency of film distribution, while also cutting distribution costs. Although only 40% of Korean cinemas had joined the computer network by 2004, the percentage rose to 92% by 2006 (KOFIC, 2007b: 63). The distribution systems for other genres such as the publishing and the game industries were enhanced in similar ways.

It is also noteworthy that the MCT’s interventions related to expanding distribution channels. The internet superhighway was established rapidly under DJ’s presidency, so the illegal download of cultural contents had become both very easy and highly popular in Korea. To tackle this problem, the MCT enhanced the level of copyright protection and promotion (as part of nurturing environment *infrastructure*), and also initiated various projects and programmes to make the most of the technological revolution and the convergence between CI genres. The establishment of the ‘OSMU Centre for Cultural Contents’ in 2007 was the result of the policymakers’ long interest in the growing digital market. The mobile contents industry and the music industry were regarded as being at the vanguard of this kind of intervention, because of the newly emergent market for wireless communication (MCST, 2008a).

Thirdly, the intervention in the *domestic market* can be boiled down to managing promotion activities to change the public’s perception of CI on the one hand, and expanding consumers’ capacity and opportunities to enjoy cultural contents on the other. A senior civil servant, Lee (October 2009) asserted, ‘the best thing that DJ’s MCT

did was to change the public's negative perception of CI'. By stressing time and again that CI are one of the new strategic industries which would drive the national growth in the future, DJ and Roh's MCT succeeded in slowly changing perceptions at the other Ministries first, and in turn changed the Korean public's perception of the industries. Although the promotion activities implemented by the MCT were not the only factor which contributed to this perception change, some of them were quite effective. For example, the Culture Ministry initiated and actively promoted the WCG (World Cyber Games) and G-Star (Game Show & Trade, All-Round), while supporting many e-sport leagues such as 'Nationwide Amateur E-sport Competition' or 'E-sports Festival for the Disabled Students' (MCST, 2008a: 250).⁴¹ Given that before the DJ government the games and comics industries were often linked to juvenile delinquency, it might be argued that these activities officially supported by the government must have helped Korean public change their prejudice toward certain CI genres.

The MCT also attempted to expand the Korean public's opportunities to enjoy cultural contents by directly supporting those who, for reasons of low income and/or regional inequalities in the development of cultural infrastructure, formed a culturally 'alienated' class. This support comprised the provision of education courses concerning media literacy. This was expected to strengthen the domestic consumption base at first and then the domestic production base by 'converting the vast majority of the people from mere consumers to cultural creators' (MCT, 2004b: 362). These activities seem to have been highly desirable in that they were not only directed to serve economic rationales, but were also designed to contribute to the enhancement of cultural welfare, despite the difficulties inherent in measuring the impact of the latter kind of intervention.

The final stage of the CI value chain to which intervention was applied was *overseas markets*. Exports of Korean cultural contents surged significantly during DJ and Roh's presidencies (see Table 8.5). Nevertheless, according to the first CEO of KOCCA, Suh Byung-Moon (November 2009), even if 'export expansion' was the most important objective in his mind throughout his term time (2001-07), it was also the objective about which he entertained 'most regrets for not having produced a more aggressive performance'. While enhancing cooperation between various quangos across ministries such as KOTRA (Korea Trade-Investment Promotion Agency), Korean Culture Centres in

⁴¹ WCG is one of the biggest game festivals in the world, has been held since 2001 and attracts more than 20,000 participants annually from 50 to 70 countries. G-Star is an international game exhibition which has been held in every November since 2005. It attracts many game companies and promotes trade between them.

important world cities, the KTO's (Korea Tourism Organization) overseas offices, and KOFICE (Korea Foundation for International Culture Exchange), the MCT focused on two activities for intervention in overseas markets.

The first of these activities was to furnish necessary information and advice about foreign markets to potential exporting companies. For example, as the beachhead of 'localized marketing', KOCCA's overseas offices in Tokyo, Beijing, LA and London were set up to provide a variety of services to the exporting companies. They give updates on foreign markets, provide legal support, offer businesses matching opportunities and support the marketing activities of Korean firms (MCST, 2008a: 13). These services have been especially helpful to 'small enterprises' which are not in a position to initiate overseas market entry without support. Supporting Korean companies to take part in international fairs and exhibitions was another main activity for the MCT, which actively encouraged Korean CI companies to participate in the events such as the Kidscreen Summit (animation), MIDEM (music), the San Diego Comic-Con International (cartoons), Licensing, Brand Licensing (characters) and E3, ECTS and TGS (games) (ibid.: 13-14). As seen below, between 2002 and 2006 export contracts worth over 443 million dollars resulted from Korean participation at such international fairs.

Table 6.4 Export Contracts Made through International Fairs

	2002	2003	2004	2005	2006	total
Amount of export contracts	50.4	52.5	73.5	144.1	122.7	443.4

Unit: million dollars

Source: MCST (2008a: 14)

6.3 Conclusion

The two themes this chapter has covered are the evolution of the Korean CI policy framework and the essence of the framework. The first section examined and compared the seven long-term Korean CI plans that were published during DJ and Roh's presidencies, and broke the policy evolution down into three stages. The *New Policy* (1998) laid down the foundations for the formulation of the policy framework. Since that time up to the publication of *The Participatory government's CI policy Vision* (2003) the framework developed in quite a successive manner. By comparing the three *vision*

plans, I showed the slow but steady evolution of the MCT's visions, strategies and action plans for CI promotion.

However, a structural transformation was introduced in *Creative Korea* (2004), the would-be *Yellow Pages* of Korean cultural policy. As the climax of the policy evolution, it was indeed highly significant. This most comprehensive and systematic of the Korean long-term plans not only summarized former plans and initiatives, but also suggested an enduring policy perspective for future development. By identifying key policy objects (i.e. quangos, Local CI, environment *infrastructures*, *input infrastructures*, creation /distribution processes, and the domestic/overseas markets), and then visualizing their relationships and working mechanisms, the Culture Industry Policy Process System (CIPPS) model succeeded in providing the most synthetic version of the Korean CI policy framework. It was also argued that the policy framework appeared to be oriented toward building the Korean NIS for CI in a fundamental sense. Put another way, the strategy combined the two mottos—'Arm's Length Principle' and 'National Basic Industry'—in order to establish a new NIS.

The second section explored how this strategy of building the NIS was institutionalized by the two governments. It is important to remember here that there were few resources with which the government could promote the CI sector, when the DJ government was established in the middle of the Asian Financial Crisis. Therefore, neither the MCT's budget nor the organization of CI were sufficient, and the MCT quangos were oriented for regulation rather than for promotion. The financial, information or legal systems necessary for supporting CI were lacking, the industries were still at an early stage of development, and the prejudice remained that the CI produced trifling, harmful pseudo-arts. A number of strategies were taken to address these problems and to build up the CI as a national basic industry.

The first step was the cooperative governance strategy that introduced a new style of governance system into the Korean CI policy field. In a way directly opposed to the authoritarian governance of the developmental state, the post-crisis Culture Ministry re-established its network of relationships with key policy players, including other Ministries, MCT quangos, the cultural industries, and local governments, while empowering its CI Bureau to a greater extent. In this process, the Ministry changed its own role from that of a panopticon and spearhead (i.e. an agent of directing, regulating and protecting) to that of a control tower and yard sweeping brush (i.e. an agent of

coordinating, promoting and bridging) in order to ensure democratic and cooperative governance over the CI field.

The second strategy was designed to establish comprehensive *infrastructures* by building new kinds of *infrastructure* covering not just the environment but also various CI inputs, many of which had never been addressed by Korean CI policy before. Firstly, the changes of governance style and paradigm were directly translated into the development of environment *infrastructure*, covering the legal and taxation systems, copyrights, and policy research. Through this development, people came to see the real value of replacing old regulation policies with effective promotion policies, which had never been possible before. The MCT then went on to nurture various input *infrastructures* such as human, technology, financial, physical and information *infrastructure*. This was based upon the realization that without nurturing them systematically, the Korean CI would neither be able to make an economic take-off nor produce sustainable performance.

The final strategy of symbolic intervention aimed to initiate a new mode of intervention in the CI value chain. The policymakers first divided the value chain into stages for active intervention; namely, creation, distribution, the domestic market and overseas markets. They then invented various tools to boost industrial activities at each stage of the value chain. While such government intervention into key industries was far from new in Korea, it was indeed a novel approach in the cultural sector. Moreover, what made this intervention notable was its symbolic mode, which can be summarized as a move away from ‘direct support’ with a simultaneous emphasis on the principle of ‘select and focus’.

By summarizing and synthesizing the discussions and findings up to now, Table 6.5 presents the Korean CI policy framework at stake. To stress the distinctiveness of the policy framework, at least three points need to be made concerning the table.

First and foremost, the policy framework was produced in close relation with, or under the guidance of, a broader policy (or even state) shift. The policy framework emerged as a product of slow but consistent evolution, which was indeed a process of learning-by-doing fraught with many mistakes, over the period spanned by the publication of *The Government of the People’s New Policy for Culture and Tourism* (October 1998) and that of *Creative Korea* (June 2004). In other words, if President Roh had not followed in DJ’s footsteps in relation to neo-developmental policy transformation, it would not have

been possible to present the CI policy framework in such a systematic form. The three chiefs of the CI Bureau under DJ's presidency became the Vice Minister, the Assistant Minister, and the Vice Minister of the Culture Ministry respectively under Roh's presidency. They guaranteed the continuous and thus productive evolution of the policy framework in the making. Throughout this evolution, therefore, DJ's two *mottos* of 'arm's length principle' and 'CI as a national basic industry' were continuously integrated into the framework, working as the *foundations* of the three strategies as I have summarized above. As the table below shows, and summarizing for conceptual clarity, I shall argue that while the creative governance strategy (1) and the environment *infrastructure* strategy (2.1) directly engaged with the arm's length principle, the input *infrastructure* strategy (2.2) and the symbolic intervention strategy (3) were more closely related to the vision of CI as a national basic industry.

Table 6.5 The Korean CI Policy Framework

Category	Building the National Innovation System for CI			
Strategies	Cooperative governance strategy	Comprehensive <i>infrastructures</i> strategy		Symbolic intervention strategy
Contents	Introducing a new style of governance system over the CI policy field	Building new kinds of <i>infrastructures</i> which cover not only the environment, but various inputs of CI		Initiating a new mode of intervention into the value chain of CI
Activities	1. Empowering and networking the CI policy community in a much more democratic and thus creative way	2.1 Building environment <i>infrastructures</i> (i.e. legal and taxation system, copyright and policy research)	2.2 Nurturing input <i>Infrastructures</i> (i.e. human, technology, financial, physical and information ones)	3. Implementing active and strategic intervention into the creation-distribution-domestic market-overseas markets of Korean CI.
Foundations	The Third Way: Parallel development thesis		The Third Wave: Informational evolution thesis	
Logics	Social capital logic: negative consolidation of creativity		Creative capital logic: positive consolidation of creativity	
Mottos	Arm's length principle		CI as a national basic industry	

For this reason, the policy framework reveals the eclectic character of the neo-developmental CI policy shift without reserve. The 'arm's length principle' was imported from the Western regulatory states to tackle authoritarian governance and crony capitalism, that is, the critical side effects of the East Asian developmental states. With the help of this new principle, Korean policymakers believed that they could build a national *innovation* system which was based not just upon the adaptabilities of a few big businesses but also upon the people's creativity. They believed that this would

ensure the necessary innovation in a sustainable manner, which was a result that the national *imitation* system employed by the developmental state could not have guaranteed.

Nonetheless, it is undeniable that DJ and Roh's MCT adopted many methods for rapid industrialization that had been devised by the Korean developmental state with the objective of 'making CI into a national basic industry'. To get a proper perspective on this, imagine that the New Labour government had announced an intention to make Britain the *third* strongest country in the world as a key part of its CI policy vision, and had officially nominated CI as one of *six* national strategic industries for the future of Britain! How would such intervention have gone down in the UK? The government would no doubt have been drowned in a torrent of criticism that it was instigating a 'corporate violation of public culture' (McGuigan, 2003; 2005) or the 'extinction' of the cultural sector (Belfiore, 2002). However, this was not the case in Korea, where government intervention to produce rapid industrialization has been regarded as a virtue. It is this eclectic appropriation of attitudes from the regulatory state and from the developmental state that makes the Korean CI policy framework distinctive.

Last, but not least, it should be pointed out that the Korean framework visualizes a phased development of the cultural and creative industries. As suggested, the first phase predicated on ALP was geared to introducing the key ingredients of the regulatory state model as the antidote to the notorious problems attendant on crony capitalism. Conversely, the second phase focusing on CI as a national basic industry was oriented toward reinventing the working mechanisms of the developmental state, such as the nationalistic promotion of strategic industries for the rapid growth of the domestic market and exportation, in order to adapt to the 21st century. In other words, the Korean government first attempted to ensure the *negative consolidation of creativity* by importing the wisdom of the regulatory state, and then sought to execute the *positive consolidation of creativity* by drawing on the familiar equation of the developmental state.

Of particular importance here is the *irreversible order* of the two stages. That is, without ensuring the democratic/cooperative governance of CI and suitable environment *infrastructures*, there was no point in nurturing various input *infrastructures* or intervening actively into the CI value chain. This is because without ensuring democracy, freedom of expression, the public sphere and thus social capital, it is almost impossible to keep encouraging people to make the most of their creativity

and imagination. Although improving democracy in a society may not necessarily guarantee the enhancement of the people's creativity, killing democracy would almost surely lead to the death of creativity. This is certainly the perspective that underlies the Korean CI policy framework.

7. Case Studies of KOFIC and KOCCA

The preceding chapters discussed how and why the Korean CI policy shift took place and detailed the CI policy framework that was produced in the process. This chapter employs case studies on the Korean Film Council (KOFIC) and the Korea Culture and Content Agency (KOCCA) to examine how the espoused policy framework was put into practice by quangos that cover different genres of CI.

KOFIC and KOCCA have a few things in common. First of all, these quangos were established as a direct result of the CI policy shift that was instigated from 1998 onwards, despite the fact KOCCA was not created out of an antecedent institution as KOFIC was. Furthermore, the first chairperson of KOFIC and the first CEO of KOCCA were both former chief executives of Samsung group companies. More importantly, both organizations were considered to be flagship quangos for CI promotion in Korea. As noted earlier, KOFIC was the first quango transformed in accordance with the arm's length principle and has been the most independent quango due to the nature of the film industry and the character of its staff. Compared to other quangos, KOCCA has received not only the biggest budget from the MCT, but also the most attention from the Korean media. The questions that will be covered in this chapter relate to whether these two representative quangos faithfully applied the new CI policy framework in their policy practices. How similarly and distinctively did they implement the key strategies of the policy framework, and why? Were there any significant changes in policy direction at either quango in the course of the implementation process? Did the governance and administration styles in and around the quangos really differ significantly? These are critical issues that will be addressed below.

First of all, I will explore the background and historical significance of the quangos' establishment. Their organizational structures and missions will then be analyzed to trace how the policy framework was translated into specific activities. In doing so, two main sources will be mobilized. The first is comprised of official policy documents published by the quangos, such as mission statements, institutional reports, and White Papers, while the in-depth interviews I conducted with figures that played key roles in creating/managing the organizations comprise the second set of sources. I will demonstrate that despite sharing the broader CI policy framework, the two quangos developed quite different policy directions in certain aspects. The differences sprang

from two quangos' different histories, industrial sectors and staff, which are as crucial as the similarities between the quangos for understanding the characteristics of Korean CI policy (field).

7.1 The Korean Film Council (KOFIC)

7.1.1 The KMPPC, the Ancient Regime

The film industry has always been one of the biggest and most popular sectors of Korean CI. In addition, several progressive figures from the industry played a pivotal role in making and then realizing DJ's election pledges on cultural policy, including the abolition of censorship and the transformation of the Korean Motion Picture Promotion Corporation (KMPPC) into KOFIC. For these reasons, the legal groundwork for KOFIC was quickly prepared through a full revision of the Film Promotion Act in February 1999, and the quango was established in May 1999. Thus, KOFIC was not only the first quango transformed by the application of ALP, but is also held to have been the 'most autonomous quango' during DJ and Roh's presidencies.

We often called KOFIC a semi-private and semi-public administrative organization. The word, 'institution' was intentionally avoided. This expression aimed to stress KOFIC's independent character from not only the Culture Ministry, but also from the film industry. ... Under the two governments, KOFIC led the film policy planning and the Ministry almost accepted our plans as proposed, with the exception of some minor changes to the budget part. (Hwang & Ryu, policy researchers in KOFIC, October 2009)

However, autonomy was the last thing that KOFIC's predecessor, the KMPPC could have imagined enjoying. Although the KMPPC was founded in 1973 'to improve the quality of Korean films and to promote the industry' (Motion Pictures Act, 1972), this aim was nothing but vacant rhetoric. This can be demonstrated by an examination of the list of its presidents (see Table 7.1).

The first thing to note concerning the list is that until 1995 all the presidents of KMPPC were either retired Army generals or retired civil servants. Most notably, the four presidents who took charge of the Korean film promotion between 1976 and 1988 were former generals who had previously been charged with conducting 'troop information and education' for the Korean Army. Therefore, film policy inevitably took the form of

control and regulation in the interests of the military regimes then in power. How could the films promoted by these generals have attracted domestic audiences, let alone the interest of export markets? Although the president's role at the KMPPC was taken by people from the film industry after 1995, their terms of office were extremely short. Four different presidents served the KMPPC in only four years between 1995 and 1999. Clearly, it would have been impossible for them to form coherent and sustainable film policy. Accordingly, the performance of the KMPPC was far from visionary, and it focused on regulating the industry for easy state control of the masses (Lee, 2005; Jwa & Lee, 2006).

Table 7.1 The List of KMPPC Presidents

Name of President	Term in the office	Origin
KIM, J-Y	15/03/1973 – 04/03/1976	Civil servant
ROH, Y-S	05/03/1976 – 10/07/1980	Army General (TI&E Office)
Chang, K-H	07/08/1980 – 15/12/1981	Army General (TI&E Office)
LEE, J-K	16/12/1981 – 15/12/1984	Army General (TI&E Office)
Chung, T	18/12/1984 – 03/04/1988	Army General (TI&E Office)
KIM, D-H	04/04/1988 – 24/02/1992	Civil servant
Yoon, T	27/02/1992 – 26/02/1995	Civil servant
Ho, H-C	18/03/1995 – 17/06/1996	Film industry
KIM, S-S	18/06/1996 – 20/01/1997	Civil servant
Park, K-C	23/01/1997 – 12/05/1998	Film industry
Yoon, I-B	13/05/1998 – 27/05/1999	Film industry

Source: Lee Hyuk-Sang (2005)

7.1.2 The Rise of Young Progressive Cineastes since 1987

It had become increasingly obvious since the late 1980s that the old-style bureaucratic organization was no longer sustainable because it was not suitable for coping with the specialization and diversification demanded by the global film industry, or for reflecting the consequences of rapid industrialization and democratization in Korea. Within the Korean film industry, there were at least three events that are worth mentioning in connection to this change of atmosphere.

In September 1985, the Chun Doo-Hwan government gave in to aggressive pressure from the US and made an agreement on opening Korean film market without sufficient preparation (Kim, 2009), which allowed the free import and direct distribution of foreign films by Hollywood companies. These measures had been insistently requested by the Motion Picture Export Association of America (MPEAA) and the United States Trade Representative (Jwa & Lee, 2006: 104), and were ‘implemented in the situation where the viability of Korean film production was absent, and thus bringing about both increased imports of foreign films and a decrease in the production of Korean films’ (KOFIC, 2007b: 38). This was due to the fact that Korean film companies at that time usually earned their money by importing and distributing Hollywood films. Since the government allotted the number of foreign films which a company could import according to the number of Korean films it produced, the Korean companies produced quite a few films, but many of them were not even released. In this situation, the sudden opening aggravated the Korean film industry’s dependency on Hollywood films. In short, the Korean government had abandoned its domestic film market in order to maintain and expand exports of Korean products to the large US market.

The second event ensued as a consequence of the enormous side-effects that the film agreement had. Young Korean cineastes started to add their voices to the country’s historic democratization movement in 1987. Their first action was a signature-seeking campaign. Although this movement was led by director Chung Ji-Young, one of the veteran directors of the time and later a commissioner on KOFIC’s first board,⁴² the vast majority were young assistant directors who have now become veteran directors in their own right and remain active in the Korean film industry. According to Kim Hyae-Joon (September 2009), who was later a central figure in KOFIC,

From this moment, Korean cineastes began to pay attention to film policy and to organize themselves as a group of policy participants. ... From 1988 the group started to translate their requests of necessary reform into the form of articles in film-related acts.

The two most influential opposition leaders of the time, DJ and YS, welcomed this movement. While YS changed his position after merging his party with the ruling conservative party in 1990, DJ did not waver in his support for the movement. That is

⁴² Chung Ji-Young, Moon Sung-Geun (actor), Lee Chang-Dong (director), Kim Hyae-Joon (film policy expert) and Cho Gwang-Hee (lawyer) were some of central figures who led the strong and continuous democratization movement within the film sector and later established KOFIC. These people made an organization named ‘Choongmooro Forum’ for the reform drive of Korean film industry. Choongmooro is the name of street where Korean film companies were once clustered.

‘why the young cineastes could naturally support DJ in the following elections’ (Kim, September 2009).

The third issue that needs to be outlined concerns the reforms that the YS government initiated in order to prepare for and respond to the Uruguay Round of free trade talks, and the significant effect they had on the Korean film industry, despite the fact that YS did not maintain any genuine support for the progressive group. The most important reform was probably the ‘Real-Name Financial Transaction System’ that was implemented in August 1993. Until the mid-1980s, there had only been one source of finance for Korean film productions, a group of private investors euphemistically known as *Choongmooro Capital*. This system was maintained through a network of film production companies, cinema owners and anonymous investors. Meanwhile, from the late 1980s, leading conglomerates started to enter the industry via video production. The implementation of the real-name system in 1993, however, brought about the separation of the conglomerates’ capital from *Choongmooro Capital*, which resulted in a rapid decrease in the latter, because ‘promissory notes suddenly stopped rotating in the network’.

As a result, the young generation of cineastes who supported the 1987 democratization movement were suddenly able to become independent from the old system of Korean film making, and produce or direct films with support from the more transparent investment that came from the conglomerates. They are the group who are now called the ‘first generation of film planning’ in Korea and who have led the striking development of the Korean film industries over the last decade. The older generation in the industry no doubt felt a sense of crisis for their survival in face of this rising young generation. (Kim Hyae-Joon, September 2009)

This is a brief description of the major fluctuations in the Korean film industry before the establishment of KOFIC. Both external forces such as the agreement with the US and internal conditions such as the democratization movement and the previous government’s reforms all combined to stimulate the rise of a new progressive generation of cineastes in the Korean cultural policy field. They consistently made the following three demands: ‘the abolition of censorship, the transformation of the KMPPC and the enhancement of financial support’ (Kim, 2009). After DJ’s election victory in 1997, their requests were directly reflected in DJ’s cultural policy. In this context, the MCT transformed the ‘KMPPC, which had not been organically related with the real field of the film industry, into KOFIC, which is an administrative organization composed of civilian experts to pursue consensus’ (Lee et al., 2005: 142).

7.1.3 New Council Model for Autonomous Promotion

It should be stressed that the transformation moved from the *old corporation model* governed by retired generals or civil servants to a *new council model* managed by consensus among experts from diverse backgrounds. As ‘a government-supported, self-administered body’, KOFIC became increasingly able to enjoy ‘not only a wider mandate to shape film policy, but also a greater degree of autonomy from the government’ (KOFIC, 2001: 13). In accordance with ALP, KOFIC provided various film experts with the first opportunity to be the real subjects of Korean film policy making without having to consider the stability of the regime or the personal tastes of the president. This is the fundamental difference between the KMPPC and KOFIC. Indeed, it was this difference that made it possible for KOFIC to form and implement a ‘film promotion policy which reflected properly the voices of the real field of the industry’ (Lee et al., 2005). In short, the direction of film policy changed from one of regime-friendly regulation led by bureaucrats to one of industry-friendly promotion led by autonomous civil experts.

If this transformation of the film quango toward autonomy was one side of the coin, the abolition of censorship was the other. According to Cho Gwang-Hee (September 2009), a former inspector of KOFIC and a lawyer specializing in the freedom of expression,

The acts relating to film or performance used to be prepared by bureaucrats in the Ministry. After making a draft which was sure to be in favour of their own interest, they passed it to the members of the National Assembly. From a specialist’s viewpoint, those drafts were far from ‘normal’. They were inflected by the hidden interests of the Ministry and various lobby groups. If the legislature had been capable enough, they could and should have turned down or significantly revised the drafts in accordance with rational criteria. Since that was not the case, many dubious and incomplete laws were enacted. ... One of the important roles that KOFIC played was to break the irrational link between the legislature and the administration in Korea. The council raised their voice against the old convention.

KOFIC’s prime concern in this role was the nullification of censorship. Charged with the realization of DJ’s cultural pledge, KOFIC continuously voiced its decisive position against censorship on a practical level, and worked closely with the MCT and the current ruling party in that direction. That is, a group of young progressive people from the film industry played a key role in advancing the freedom of expression as well as in introducing a democratic governance model. For Oh Jee-Chul (October 2009) who was in charge of transforming the KMPPC at the MCT:

This shift was not only good for the industry, but the Ministry. In the age of military governments, there was a saying that ‘the Film Industry Division in the Culture

Ministry is one of three hotbeds of corruption within Korean government'. Many civil servants in the division ended up in prison for receiving illegal favours from production companies or cinema owners at the price of illegal exemption of regulation.

It all changed once the most notorious regulation, censorship, was abolished and the quango for film promotion became autonomous at last. The MCT was finally able to cast off its bad reputation. Put another way, the establishment of KOFIC was good news not only to the policy objects, but also to the policy subjects. This is what cooperative or creative governance is all about, one may say.

7.1.4 Conflicts in the Early Stage of KOFIC

Nonetheless, the establishment of KOFIC was not welcomed by all, and a group of opponents remained strongly opposed to this new trend. The older generation of cineastes, who had long enjoyed vested interests under the shade of *Choongmooro Capital*, felt a sense of crisis and alienation, for they were left outside of the new quango. They saw the establishment of KOFIC as a union of young comrades' political intrigue to transform the 'Korean film circle into the field of ideological empowerment' (Cho, 2008: 67). The tension between these two groups, most conspicuously seen between Kim Ji-Mi's Motion Pictures Association of Korea and Moon Sung-Geun's Choongmooro Forum, stirred up a series of conflicts in KOFIC's early days.

After collecting opinions from various sectors of the film industry, the MCT originally invited ten commissioners to form the first board at KOFIC. Three of them were from the progressive group, three were from the conservative group and four were neutral (Kim Hyae-Joon, September 2009). The first chairperson was Shin Sae-Gil, who was a former CEO of Samsung's European Headquarters, while the first vice chairperson was Moon Sung-Geun. Even though Shin did not know much about film, the MCT invited him in the hope that KOFIC would be managed from the same competitive perspective as a private company. The young generation of cineastes did not fully agree with this decision, but accepted it because they thought Moon would be able to represent their opinions strongly enough. However, two conservative commissioners vetoed this structure, insisting that the first board was not legitimate because they did not 'officially accept the offer from the MCT' and the chairperson from Samsung did not have a 'specialty' in film (Kyunghyang-Shinmun, 1999).

This was the attempt of the old generation to take initiatives in the newly established KOFIC, which had a much bigger budget than the KMPPC. Since the two were also very powerful,⁴³ the MCT tried to mediate the conflict without a big noise. In this process, Shin became sick and tired of the irrational events around the film industry and resigned his post as chairperson, saying 'because there is no system such as retirement in "culture and the arts" world, this sort of thing will happen again and again!' (Kim Hyae-Joon, September 2009)

After his resignation, the MCT invited Baik Jong-Gook to be the new chairperson. However, since he was not only a retired civil servant, but had also once taken charge of film censorship, on this occasion the progressive commissioners could not accept the decision. Therefore, all three commissioners resigned, requesting a complete change of the board of commissioners including the new chairperson. As a result, on 27 January 2000, a new board of commissioners took office at KOFIC and a new chairperson was appointed as the third chairperson. However, this new board failed to elect a vice-chairperson, because the second vice chairperson, one of the three original conservative commissioners, refused to resign. Because the third board finally distrusted the second vice chairperson and elected its own vice chairperson, the second chairperson then sued the commissioners. He won his case in August 2001 and the commissioners of the third board made an appeal to the higher court (Munhwa-Ilbo, 2001).

These episodes show how deep and complicated the conflict between the old/conservative group and the young/progressive group of cineastes was in KOFIC's early stages. However, the more significant point here is that the conflict was indeed a reflection of the tensions in the Korean film industry.

There was a structural reason why the old generation became marginalized at that time. When a new type of capital entered into the film industry, the first concern was stable investment. Therefore, capital asked the candidates to submit project plans and management assessments. But the older generation could not adapt to the new circumstances, because they were used to being able to attract the required capital with only a sentence, 'I am producer or director who!' ... Therefore, the younger generation could take up the new opportunities quite easily. (Hwang & Ryu, October 2009)

In this context, with the old group being deeply threatened under the new system, they believed that 'left-wing' organizations such as 'KOFIC' and the 'Pusan International Film Festival' were blocking their chances and thus ruining the film industry (FFC, 2008). Therefore, during the progressive governments, voices of dissatisfaction and discontent from the old/conservative group grew increasingly.

⁴³ Yoon Il-Bong was the last President of KMPPC appointed by DJ's MCT and Kim Ji-Mi was not only a popular actress, but also the president of 'Motion Pictures Association of Korea' at that time.

If you met the old cineastes individually, you might feel alright. But if you met them as a group, you couldn't help feeling very embarrassed. In that situation, they usually raised their voices to ask such stereotypical questions as: 'How old are you?' 'How long have you been in the film industry?' 'What do you know about films, you bastard?' Many professionals invited by KOFIC from outside the industry must have gone through that process. (Kim Hyae-Joon, September 2009)

Although most of the old-generation cineastes were not actively making films any more, their influence remained strong, especially because their voices were amplified by influential conservative newspapers. 'Since the government intentionally tried to keep its distance from those matters according to the arm's length principle' (DJ's last Culture Minister, Kim Sung-Jae, October 2009), the gap between the two groups grew ever wider.

In this light, KOFIC provides a wonderful opportunity to ascertain what can happen when a *new good* institution is built upon *old* ground. KOFIC's early history holds up a mirror that reflects the state of Korean cultural politics at the time. The conservative group kept insisting that ALP was not a suitable governance system given the Korean industry's situation, and therefore that KOFIC needed to be converted back into the KMPPC (Cho, 2008). Yet, this is quite an empty argument that is unsupported by the evidence. For instance, after KOFIC was established in 1999, the Korean film industry made rapid and substantial progress in almost every aspect.

Table 7.2 The Development of the Korean Film Industry (1997-2007)

Year	No. of films produced	No. of screens	Admissions (10,000 ppl)	Market share of Korean films	Market share of foreign films	No. of films exported
1997	59	497	4,752	25.5%	74.5%	36
1998	43	507	5,018	25.1%	74.9%	33
1999	49	588	5,472	39.7 %	60.3%	75
2000	59	720	6,462	35.1 %	64.9%	38
2001	65	818	8,936	50.1 %	49.9%	102
2002	78	977	10,513	48.3%	51.7%	133
2003	80	1,132	11,947	53.5%	46.5%	164
2004	82	1,451	13,517	59.3%	40.7%	193
2005	87	1,648	14,552	58.7%	41.3%	202
2006	110	1,880	15,341	63.8%	36.2%	208
2007	124	1,975	15,877	50%	50%	321

Source: KOFIC (2004; 2008a)

To illustrate, the number of films produced each year between 1998 and 2007 soared from 43 to 124; the number of screens increased from 507 to 1,975; admissions surged from about 50 million to 158 million; the market share of Korean films grew from 25.1% to 50%; and the annual number of Korean films exported skyrocketed from 33 to 321. Then, it seems rather difficult to deny that unlike the authoritarian governments, ‘the democratic government[s] considered the film industry as one of the most important strategic industries’ and ‘its new cultural policy greatly boosted the film business’ (Jin, 2006: 19).

Given the conflicts around KOFIC and the industry, this performance may appear quite surprising at first glance. Most of those I interviewed, however, including KOFIC insiders, civil servants and policy researchers agreed that the tension between the old and the young hegemony blocs was less a matter of ideology and policy than one of *zeitgeist* and survival, and that the wider historical trend was in favour of the ‘emergent’ group rather than the ‘residual’ one (Williams, 1980). That is, despite the struggles in the Korean film industry, KOFIC was able to firmly implement the new democratic/cooperative governance according to the arm’s length principle. It was therefore able to act as a fresh and powerful centre for the structural reform of the Korean film industry, and move with the irresistible historical trends that came from beyond the national industry. This is probably why the progressive reforms introduced have been retained by the incoming conservative Lee government.

The conservative government established in 2008 has followed the policy frame and agenda discovered or developed by the progressive groups in spite of the rhetoric it has foregrounded, such as ‘the lost decade’. On the level of concrete policy practice, there is no other option. (Hwang & Ryu, October 2009)

I believe that with all their efforts, it is impossible for the conservative groups to turn back the policy direction of the former governments. It is because there is something like the spirit of the times at work. ALP is the very spirit of these times. Secondly, it is because for the last ten years, the industries have changed a lot. That is, the control or manipulation over them such as we saw in the past [before 1998] now seems completely impossible. (Former CI Bureau Chief, 2009)

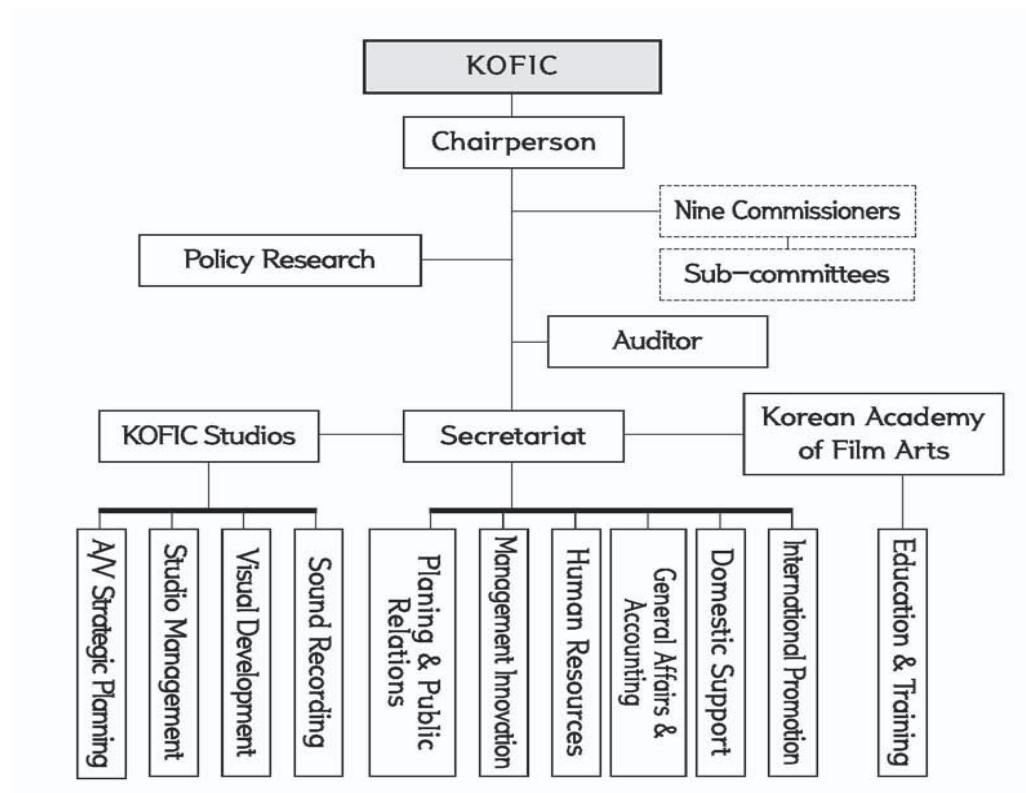
7.1.5 Organizational Structure and Main Businesses

According to *Korean Cinema 2007* (KOFIC, 2007a), KOFIC has two goals. The first is to stimulate ‘the growth and development of Korean films through funding, research, policy development, education and professional training’, while the second is ‘to

further develop global markets for Korean films and to promote intercultural understanding through film-based exchanges’. In order to realize these missions, KOFIC carried out various initiatives through its five major divisions; the Domestic Support Department and the International Promotion Department under the Secretariat, the Korean Film Research Centre, the Korean Academy of Film Arts (KAFA), and KOFIC Studios.

Figure 7.1 KOFIC’s Organizational Structure

Source: KOFIC (2006b: 13)



It is useful to take a quick look at each division. Founded in 1984 to train human resources for Korean film industry, the Korean Academy of Film Arts had produced ‘365 graduates including more than 60 feature film directors’ up to 2007, most of whom became ‘the core talent that has led the Korean film renaissance’ (KOFIC, 2007a) that has culminated in the past decade.

Secondly, KOFIC’s post-production facilities in its Seoul headquarters and the Studio Complex at Namyangju are the largest film production facilities in Asia. KOFIC Studios was established in 1997 as the ‘nation’s premiere centre for filmmaking’ and has offered ‘all necessary production facilities and equipment’ including state-of-the-art

recording studios, a film processing laboratory, and digital visual effect suites (KOFIC, 2007a).

Thirdly, the Korean Film Research Centre was created by expanding the existing Policy Research Department to conduct the all-around research necessary for film policy development. In doing so, it collected statistics on the Korean film industry, developed broad marketing strategies for Korean films in both the domestic and overseas markets, and constructed a network of KOFIC foreign correspondents to connect the industry with the fast-changing world film community (KOFIC, 2007a).

While these divisions concerned human *infrastructure*, physical *infrastructure* and environment *infrastructure* respectively, the other two divisions under the Secretariat were geared up to promote more directly the value chain of the film industry from planning/production through to distribution/exhibition in the domestic and overseas markets.

The fourth division, the Domestic Support Department, had two distinctive missions; to support the industry and to promote the diversity of cinematic production. Domestic support for *the industry* was intended to realize ‘a fully-developed and rationalised film industry’ by invigorating investment funding for the commercial film sector and by reforming out-of-date systems of production and distribution. On the other hand, domestic support for *cinema diversity* dealt with the ‘less-commercial side, specifically targeting high-quality art/independent/low-budget films so as to keep the ingenuity of the local industry alive and blooming’ (KOFIC, 2007a). This two pronged strategy of emphasizing both the industrial modernization and the cultural diversity of the Korean film industry was unwaveringly maintained throughout DJ and Roh’s presidencies.

Finally, the International Promotion Department focused on ‘supporting completed films in accessing international festivals and markets’, ‘providing R&D level support for films with an international aspect’, ‘creating an international network of film professionals through workshops, training, and development funds’, and ‘promoting cultural diversity within international, and especially Pan-Asian, sectors’ (KOFIC, 2006a: 14-15).

As is well summarized in the *Film Promotion Whitepaper 1999-2006* (KOFIC, 2007b), with this organizational structure, KOFIC carried out 92 initiatives over 29 categories in 8 sectors over the period as a whole (see Table 7.3).

Table 7.3 KOFIC's Initiatives between 1999 and 2006

Sectors	Business category	Unit businesses NO
A. Strengthening policy function	1) Research of film policy	5
	2) Statistics and base research	3
	3) Academic support	3
	4) Publications service	3
B. Improving institutions	Improving institutions	3
C. Nurturing talents	Nurturing talents	5
D. Promoting domestic film industry	1) Planning and developing	6
	2) Investment and lending	3
	3) Production support	2
	4) Rationalization of film industry	2
	5) Venture facilities management	1
	6) etc.	3
E. Promoting cultural diversity of film	1) Production support	9
	2) Marketing support	1
	3) Distribution and exhibition support	5
	4) Establishing and managing related cinemas	2
	5) Supporting Media Centres	2
F. Promoting overseas expansion of Korean films	1) Establishing network	2
	2) Promotion and submission support	5
	3) Planning and production support	3
	4) Distribution and exhibition support	5
	5) Nurturing talents	2
	6) Prize giving	1
G. Establishing Infra and developing technology	1) Facility establishment	3
	2) Facility management	6
	3) Technology development	1
	4) Technology support	1
H. Managing KOFIC Studios	1) Building and establishing facilities in the studio	2
	2) Managing experience or convenience facilities	2
	3) Managing production facilities	1
8	29	92

Source: KOFIC (2007b)

There are several points to be made about the table above. First of all, it is notable that these initiatives faithfully embodied strategies for building up the Korean NIS for CI. Significantly, the first strategy of cooperative governance was realized at the institutional level with the transformation of the KMPPC into KOFIC in accordance with ALP. The new council was not only freed from the arbitrary interference of politicians and civil servants, but was also composed of 'widely acknowledged opinion leaders from the Korean film industry' (Hwang & Ryu, October 2009). They made it possible to establish and enhance KOFIC's credentials, which had never been imaginable when the KMPPC was led by retired generals or civil servants. The second strategy was the establishment of comprehensive *infrastructures*. Firstly, nurturing environment *infrastructures* is well reflected in the establishment of the Korean Film Research

Centre within KOFIC, which had become an active subject of Korean film policy making. The research centre was charged with a number of missions for ‘A. Strengthening policy functions’ and ‘B. Improving institutions’. Meanwhile, ‘C. Nurturing talents’ (human *infrastructure*), ‘G. Establishing Infrastructure and developing technology’ (physical *infrastructure* & technological *infrastructure*), and ‘H. Managing KOFIC Studios’ (Physical *infrastructure*) were geared to enhance the input *infrastructures* of the Korean film industry. Finally, the last strategy of symbolic intervention into the value chain was realized through ‘D. Promoting the domestic film industry’, ‘E. Promoting the cultural diversity of film’, and ‘F. Promoting the overseas expansion of Korean films’ (cf. *Sectors* in Table 7.3).

It is equally significant that KOFIC’s promotional initiatives summarized above were not produced over a short period of time, but were rather the product of KOFIC’s gradual development. As clearly seen in the Domestic Support Department’s two aims, KOFIC not only supported *industry*, but also *diversity*. For instance, the continuous profile of both ‘industry’ and ‘diversity’ across three consecutive long-term plans for film promotion, all published by different boards of commissioners, clearly reveals that this two-track strategy was deeply inscribed into KOFIC’s visions.

Table 7.4 Visions of the Three Long-Term Plans of Film Promotion

	Master Plan for Korean Film Promotion (Mar 2000)	Master Plan for Korean Film Promotion by Participatory Government (Oct 2003)	A Long-Term Development Plan of Film Industry (Oct 2006)
Board	The 1 st board (1999-2002)	The 2 nd board (2002-2005)	The 3 rd board (2005-2008)
Vision	➤ Harmonious development of film industry and visual culture → Leading Asian film industry	➤ Harmonious development of film industry and visual culture → Constructing cultural society and leading the North-East Asian cultural network	➤ Realising the objective of the fifth strongest country in the global film industry.

While the two tracks were maintained, KOFIC became more and more inclined to stress the cultural aspects. Even if the first board of KOFIC recognized the importance of the diversity of film culture, it ‘focused on the quantitative growth of the film industry which had been withering’ (KOFIC, 2007b: 114). Therefore, ‘supporting the diversity of films’ was just part of a broader objective of ‘supporting film production’. In the second plan, however, in ‘activating the production and distribution of Korean films’, to ensure diversity became the first and foremost objective. As declared in a white paper (KOFIC, 2008b: 20), the ‘most urgent policy objective of the second board was to promote diversity’. This was because KOFIC’s industrial visions were achieved much faster than

its cultural visions. The third board of commissioners also maintained this stress, even if the third plan left out the concept of ‘harmonious development’ from its vision and instead adopted the ‘fifth strongest country’ vision under the influence of *Creative Korea*. For instance, between 2005 and 2007, the budget for ‘ensuring the diversity and the public character of film’ stood at 36.3 billion won, which was far greater than the 18.7 billion won earmarked for ‘strengthening the basic *infrastructures* of the film industry’, and was second only to the 39 billion won budget assigned to ‘strengthening the competitiveness of Korean films’ by only a slim margin (KOFIC, 2008b: 29-30).

Compared with the 1999 budget, it must be regarded a quantum leap. The sectors and themes which had never been on the agenda of Korean film policy got into the list of KOFIC’s businesses, which itself must be a very positive change. (KOFIC, 2007b: 104)

Thus far, I have examined the establishment and development of KOFIC, which quite dramatically reveals the character of the Korean CI policy shift. Although the KMPPC was supposedly charged with the promotion of the film industry in Korea, the direction and style of its management was absolutely regime-friendly and therefore its scale and scope of promotion could only have been straightjacketed. By introducing a new council model, KOFIC was able to ensure for itself the power and autonomy required to build up a network of trust and cooperation with the industry. This network and the following initiatives for nurturing *infrastructures* and intervention into the value chain provided a ‘strong platform for the substantial development’ of the Korean film industry throughout the 2000s (Kim Hyae-Joon, September 2009). I shall now turn to another flagship quango, KOCCA.

7.2 The Korea Culture and Content Agency (KOCCA)

7.2.1 From the KGPC via CIPC toward KOCCA

KOCCA was the product of keen competition between Ministries around which would take leadership in promoting the ‘digital’ contents industries (cf. 5.3.2). According to *Contents Korea Vision 21* (MCT, 2001b: 14), which was published ‘with the establishment of KOCCA as a momentum’, KOCCA was required to ‘prepare a comprehensive and systematic support system for the cultural contents industries’. Although KOCCA was established as a completely new organization rather than as the

result of transforming an existing institution as KOFIC had been, it did have some antecedents.

As detailed earlier, the first secretary general of the Korea Games Promotion Centre (KGPC) was Lee Jung-Hyun, who was ‘courteously invited’ by the MCT from an IT company. He recruited the KGPC staff from the games industry without any interference from the MCT. According to a founding member of the KGPC who was still working in the games department of newly-merged KOCCA,

In the early KGPC, it can be said that there was no distinction between the staff of KGPC and the staff of the games companies. We lived in the same office. We ate, played and talked together all the time. That is why the policies the KGPC made were widely evaluated as fit for the needs of the industry at that time. Since we lived together, it was not difficult to know what was needed for and demanded by the industry. (Cho Hang-Bong, November 2009)

The civil servants at the MCT trusted and respected the KGPC staff and fully supported their activities and initiatives. Before long, several games companies supported by the KGPC started to produce visible performance in the on-line games sector and this new style of quango became known as a great success. According to the CI Bureau chief who led the establishment of the KGPC,

At that time, Japan was too strong in video games and arcade games for us to compete with. That is why the MCT focused on on-line games. The first memorable performance was made by Kim Jung-Ryul, who established a company named ‘Gravity’ in 2000. His game became a big hit not only in Korea, but abroad. His company was then listed on NASDAQ and he earned a huge profit. After him, many similar success stories emerged around the games industry. Now Korea is the number one in the world for the on-line games sector. Thanks to this success of the games industry, it became much easier for us to promote other genres in CI in the early stage. (Lim Byung-Soo, October 2009)

It should be remembered here that *The Five-Year Plan for CI Development* (MCT, 1999a) declared film, broadcasting, games, animation and popular music to be the five strategic genres that should be nurtured intensively. As of 2000, there were only quangos for the first three CI genres; KOFIC, the KBI (Korean Broadcasting Institute) and the KGPC. The MCT was encouraged by the success of the games industry, and decided to set up quangos similar to the KGPC for the last two genres; animation and popular music. However, the MCT’s plan to establish a quango for each genre was not approved by the Ministry of Planning and Budget (MPB) as they did not want to see so many quangos established.

In the end, the MCT won the battle and secured the budget for establishing the

centres for nurturing the animation and music industries. This was due to the fact that the MPB could not fight against the powerful Culture Minister, Park Ji-Won. However, shortly after this was decided, Minister Park resigned and a new Minister came in. As a result, MPB kept delaying the implementation of the budget. (Lee Jung-Hyun, September 2009)

The negotiations between the two Ministries resulted in the establishment of one quango for the two genres, the CIPC (Cultural Industries Promotion Centre). The budget was nearly twice as great as that for the KGPC; however, much time had already been spent in vain, so the MCT felt rushed. That was why the Ministry asked Lee Jung-Hyun, who had set up the KGPC, to head the process of setting up the new quango. As a result, in the hope of duplicating the success secured in the games sector, the CIPC was established in December 2000 in a very similar way to the KGPC. That is, staff members were recruited from the relevant industry and their direct knowledge of and close relationship with the industry was mobilized in formulating promotional policies.

Meanwhile, in early 2001 Korean politicians asked the MCT to establish something like ‘Korea@Museum’, a kind of incorporated company which focused on producing and distributing cultural heritage contents (KOCCA, 2009: 22). However, this idea had to be revised because both civil servants and quangos insisted that the government should not directly compete with industry by managing an incorporated company endowed with such a huge amount of public funding. The solution was to combine the role of the CIPC with the idea of the ‘Korea@Museum’, which resulted in the creation of KOCCA in August 2001. Although Lee Jung-Hyun again played a pivotal role in preparing the establishment of KOCCA as its first secretary general, it was Suh Byung-Moon, then a Vice Chairman at Samsung Electronics, who was appointed to be the first CEO of KOCCA. Yet the appointment process was far from smooth.

7.2.2 Ensuring Cooperative Governance for KOCCA

Since DJ’s vision of ‘CI as a national basic industry’ was *literally* realized when CT was officially nominated as one of six next-generation growth-driving industries, the establishment of KOCCA in the same month was hot news at the time. 116.2 billion won was prepared for its establishment, a sum that had never been imaginable for quangos within the MCT before (KOCCA, 2003; 2009). For comparison, it is useful to remember that the whole budget of the CI Bureau in the first year of the DJ government was only 16.8 billion won (cf. Table 5.3).

Owing to the publicity KOCCA attracted, a number of candidates applied when the MCT opened recruitment for the position of its first CEO. Many of them were close to the then governmental party, including two candidates from the Blue House. After several screening processes, only two candidates remained, one from the political world and the other from the related industry. I was told by a couple of interviewees deeply involved that there was a heated debate within the MCT on which of the two should be appointed. Some argued that the first candidate was close to the politicians in the ruling party and would not only be easy to get approved by the Blue House, but would also be helpful for the future work of KOCCA. Others argued that as the example of the games industry had proved, a leader from the relevant industry would be more desirable for the mission of industry promotion than a leader from the world of politics. In the end, after fierce conflict within the Ministry, Suh Byung-Moon was appointed.

The first point to be investigated here is why KOCCA was not established according to the ‘trendy council model’ (Lim Byung-Soo, October 2009) and managed by the consensus between a group of commissioners, but rather in accordance with the older corporate model with a CEO at the helm. There were at least three reasons. First of all, unlike the film industry, the other cultural contents industries were managed by businessmen and not by artists. According to Oh Jee-Chul (October 2009), who was promoted to the position of the Director of Planning and Management Office in the MCT at that time, although some voices called for KOCCA to be setup as a council like KOFIC, the ‘industries themselves did not want that model’. Since the industries were at infant stages, what counted were more concrete matters than autonomy, diversity or aesthetics. Relatively free from worries about civil servants’ interference or censorship, people in the industries were satisfied with the simple fact that the government had conferred the status of an industry on their works and promised full support.

Secondly, there was as yet no core group in the new ‘cultural contents industries’ that could act as opinion leaders as the young generation of cineastes had in the film industry. In this context, the MCT judged that for the infant genres of CI, ‘it was better to have a close relationship in order to provide administrative support than to devolve power, thinking that it could be possible to transform KOCCA into a council like KOFIC in the future’ (Oh, October 2009). According to a senior researcher in KCTI at the time,

The MCT decided it that way because the new content industries looked tight with businesses, whilst the film industry did with arts. In addition, there were no such

players in the industries as the directors, actors and critics in the film industry armed with great influence and high voices. Therefore, the people in the content industries shared neither any theoretical ground for policy direction, nor the will to speak up with their own voices. I thought the pop music industry might be different, but it wasn't. (Yang Hyun-Mee, September 2009)

Thirdly, whereas KOFIC had its own fund, KOCCA did not. To be more specific, KOFIC did not only have its old Film Fund (about 50 billion won), but obtained additional funding (about 200 billion won) from the MPB as the result of intense struggle against the abolition of screen quotas (Lim Byung-Soo, October 2009). In this light, the MCT agreed that the council model was suitable for deciding how to use the enormous amount of funds available to KOFIC. On the other hand, KOCCA's whole budget was to be annually allocated from the Ministry's budget, which required a different relationship with the MCT than that KOFIC had.

What, then, is the major implication of the establishment of KOCCA according to the old corporate model? Can it be taken as evidence to show that the MCT stopped or retreated from its active reform of governance style shown in the earlier period? The answer is surely no. Though KOCCA was different from KOFIC (and similar to the KMPPC) in terms of governance structure, the new concept of ALP was also thoroughly implemented in its own way. The following episode illustrates this point very well.

The CI Bureau chief at the time, Yoo Jin-Ryong met Suh Byung-Moon, the first KOCCA CEO on his first day and explained the long, fierce debate and conflict around his appointment. 'I supported you, because you are the only one who has had the experience of failure in promoting CI!' This was the first thing he said to Suh. As a former CEO of the Samsung Entertainment Group, Suh was the only candidate who had experienced the would-be businesses of KOCCA.

I told him that this time he should succeed by using all the experience of the failure and that was the only way to show it was worthy appointing him in spite of many objections. In addition, I promised him that as the CI bureau chief at the MCT, I would do everything in my power to protect him and his organization from external pressures about recruiting staff or selecting companies to support. In return, I asked him to clearly promise me two things. The first was to do business as cleanly and fairly as possible, and the second was to deal with the industries in the kindest way possible. I made sure that as I would protect KOCCA from external pressures, so should he do everything to keep KOCCA clean and fair. He promised me that he would manage KOCCA's businesses with transparent criteria and that he would resign if he or any of his staff took any kind of rebate or bribe from the companies they supported. (Yoo, November 2009)

This was how ALP was implemented in the early period of KOCCA as the antidote to crony capitalism in the cultural sector. Yoo Jin-Ryong recalled that he had never heard of any rumours about backhanders being taken by KOCCA when it was led by Suh (2001-07). Of course, Yoo himself received many requests concerning KOCCA from politicians, ministers and high-ranking civil servants. Even though he ‘let Suh know the content of the requests, it was not for selecting the person or company, but for considering them more kindly than usual applicants’. Given that it had been normal for people to be appointed/selected through personal connections under the crony capitalism, such were the inevitable negotiations that KOCCA had to go through in order to implant its new governance principles into old soil.

7.2.3 Main Missions of KOCCA

The legal groundwork for KOCCA was first prepared through a revision of the Framework Act on the Promotion of the Cultural Industries in January 2002, a few months after its establishment. According to the revision, the objective of KOCCA was ‘to efficiently support the promotion and development of CI’ and its concomitant missions were as follows:

Table 7.5 KOCCA Missions as Prescribed by the ‘Framework Act’ (January 2002)

Sectors	Main businesses
A. Policy development	Establishing and developing policies for CI promotion
B. Infrastructure facilities	Businesses about establishing infrastructure facilities for CI activation
C. Opening CI enterprises	Businesses about opening /managing enterprises of CI and about collection/sharing/utilisation of related information
D. CT development	Businesses about developing/supporting the applied technology of digital cultural contents
E. Nurturing talent	Support for nurturing or re-educating skilled talent in CI
F. Distribution & exportation	Support for ‘active distribution and marketing’ and ‘international exchange and exportation’ for CI development
G. Supporting CI enterprises	Support for enterprises in CI and related industries
H. Data management for public organisation	Management of data on consignment created by public organisations such as museums and galleries
I. Informationalization of cultural organizations	Managing/operating/evaluating/supporting businesses for informationalization of ‘culture and the arts’ organizations
J. Cultural heritage database	Establishing database of cultural heritage such as folklore and folktale, managing all sorts of right for the database, and supporting related businesses

It needs to be stressed again that there were three kinds of sub-strategies for building up the Korean NIS for CI; those of cooperative governance, comprehensive *infrastructures* and symbolic intervention. In reference to the first, I have just examined how the arm's length principle was implemented in the early stages of KOCCA. As with the case of the KOFIC, the freedom of expression (the prerequisite of ALP) played a key role in ensuring democratic governance over the industries. For example, according to Park Sea-Young (September, 2009) who has been promoting the comics industry since the establishment of KOCCA,

As the central government started to support the industry ..., the morale of the comics creators surged, the status of comics was enhanced, and the public's negative perception of it changed. Soon Korean comics will meet the Centennial. I was told by many people from the industry that in the past Korean governments had always thought about censorship first, ordering them to erase this and that in their drawings. However, the DJ government encouraged them to draw good content, promising full support from production to overseas marketing. They were surprised with how much the times had changed. Since they were accustomed to being oppressed, the changes were felt very sensitively in the comics industry.

Furthermore, owing to Suh Byung-Moon's wide experience and network affiliations, KOCCA was able to establish the required cooperative network with related industries much faster and wider. He did not only invite many former Samsung staff into KOCCA, but actively used them as the link between the government and the industries.

Since 1983 I had worked for the sectors such as video, games, animation and film in Samsung. Therefore, when I came to KOCCA, all the businesses were not new, but very familiar to me. The only thing that changed was that I had to work for the government, not for a private company. Since I have long experience, there was not much to worry about including the matters such as recruiting and organization management. ... Although it may sound paradoxical, the dismissal of the Samsung Entertainment Group due to the Asian financial crisis was bitter to Samsung, but became sweet to Korean CI as a whole. This is because hundreds of staff, who accumulated experience and were educated through the investment of Samsung, started to disperse to all the sectors of Korean CI owing to the crisis. They helped systematize and modernize the sectors with their experience. (Suh Byung-Moon, November 2009)

This is confirmed by the case of Cho, who worked in Samsung, then in KOCCA, and who now works in CJ E&M, a major media company in Korea.

After quitting the Samsung Entertainment Group, I was working in a broadcasting company. Then I got an offer to work in KOCCA. The section manager who gave me the offer had been my senior in Samsung. When I came to work, I found that the team chief was also a former Samsung man. In the early days, many 'talents' were recruited in this way. Therefore, we did not need much explanation of the new works. ... The networks with the industries we had were used to get necessary data

or convene meetings. (Cho Dong-Chun, September 2009)

Owing to this cooperative network between its experienced staff and the industries, KOCCA's ten missions prescribed in the 'Framework Act' were successfully implemented. Even if the ninth mission, the informationalization of arts organizations, was left out of the act in the fourth revision in 2006, the other nine missions were maintained right up to the end of Roh's presidency. The most important point here is the missions can be categorized as either nurturing *infrastructures* or intervention into the value chain (cf. *Sectors* in Table 7.5). To illustrate, the two sectors, 'A. Policy development' and 'H. Data management for public organization' were engaged in nurturing environment *infrastructures*. Meanwhile, 'B. Infrastructure facilities', 'D. CT development', 'E. Nurturing talents' and 'J. Cultural heritage database' are the sectors that addressed physical *infrastructure*, technological *infrastructure*, human *infrastructure* and information *infrastructure* respectively, thus seeking to strengthen various input *infrastructures*. The other three sectors of 'C. Opening CI enterprises', 'G. Supporting CI enterprises' and 'F. Distribution and exportation' were intended to realize the third strategy of symbolic intervention into each genre of CI.

7.2.4 Changes in Organizational Structure and Policy Stress

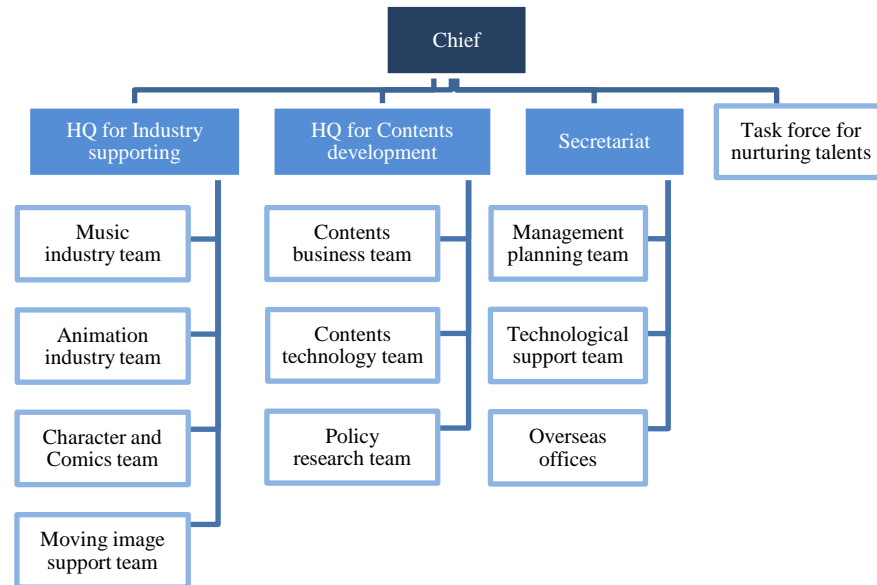
Under DJ and Roh's presidencies, KOCCA was able to continue pursuing its key missions without any significant changes in policy direction. As Suh (November 2009) clearly confirms,

When it comes to promoting Korean CI, the DJ government made a great start. It kept stressing the importance of cultural contents and changed people's perception. The Roh government inherited the policy direction without any significant changes. In addition, since I was reappointed as the CEO of KOCCA under the Roh government, the continuity of KOCCA could be ensured.

Nevertheless, due to the development of both the infant industries and KOCCA itself, the stress placed on the different missions inevitably changed. A notable shift happened in the early years of Suh's second term of office. This shift can be grasped by comparing the first and the last organizational structures of KOCCA under the DJ and Roh administrations. Figure 7.2 shows the original structure as of 2001.

Figure 7.2 KOCCA's Organizational Structure (August 2001)

Source: KOCCA (2009: 24)



A Key point is that in order to become ‘the head temple of the programmes carried out by the MCT for promoting Korean cultural contents’, KOCCA expanded its initiatives from the financial and administrative support that the CIPC had implemented to the more ‘active function of discovering and investing in new projects’ (KOCCA, 2009: 23). For this, while maintaining the secretariat of the former CIPC, KOCCA established two new headquarters.

Firstly, the ‘HQ for Industry Support’ was composed of teams that engaged with key genres of CI. Each team was supposed to support the production of high-quality contents, help facilitate exports to overseas markets and provide equipment in order to ‘incubate’ enterprises with potential in each industry. Since KOFIC and the KBI already held the remit for the film and Broadcasting industry, the ‘Moving Image Support Team’ at KOCCA sought to complement the missions of the existing quangos rather than conflict with them.

Secondly, the ‘HQ for Contents Development’ was composed of a Contents Business Team for planning and developing cultural contents (including the cultural heritage business), a Contents Technology Team for supporting the development of applied technology and its licensing, and a Policy Research Team for planning and implementing policy development through surveys and research. It can be *roughly* said that whereas the ‘HQ for Industry Supporting’ focused on the key genres of CI and promotion through

their value chains, the ‘HQ for Contents Development’ dealt with broader issues concerning necessary *infrastructures*.

In 2002, the number of staff in KOCCA nearly doubled from 44 to 81, and its legal status changed to that of a ‘special corporation’.⁴⁴ To reflect these changes, KOCCA transformed its ‘Secretariat’ into the ‘HQ for Industry Planning’ and the ‘HQ for Industry Support’ into the ‘HQ for Industry Promotion’, while maintaining the ‘HQ for Content Development’ as it was. However, this change of organizational structure, which remained in place until 2005, was relatively less significant than what happened in Suh’s second term at KOCCA.

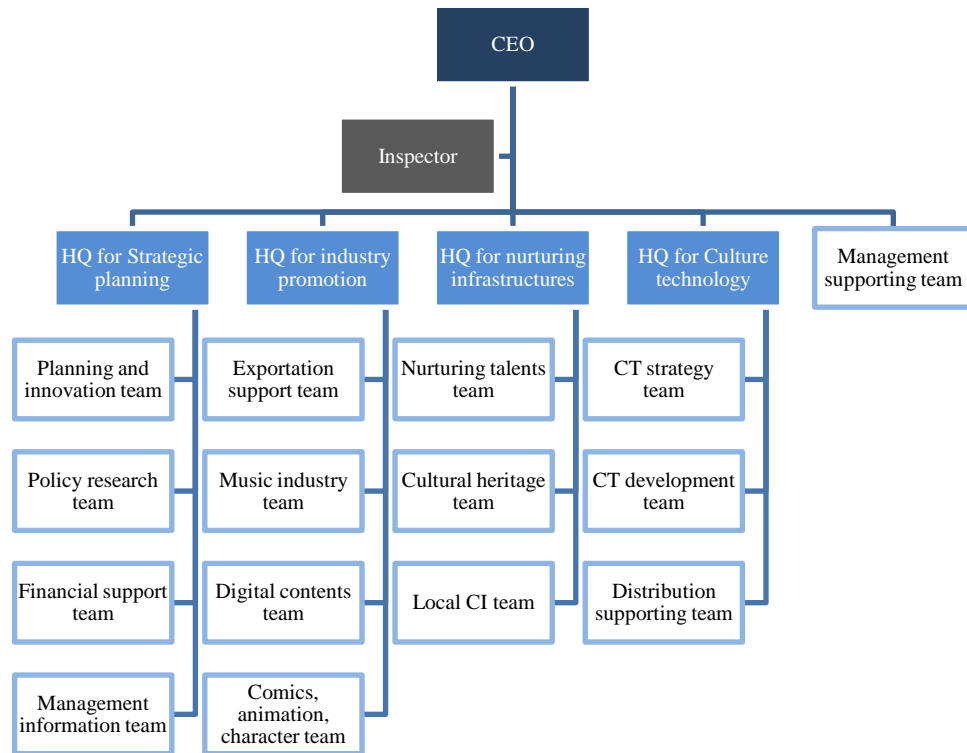
Creative Korea was published in June 2004, declaring the ‘fifth strongest producer of CI’ as its CI policy vision. In August 2004, Suh Byung-Moon was reappointed as the CEO of KOCCA. While the first period ‘focused on keeping in place the new perception that cultural contents are indeed an industry’ and establishing necessary *infrastructures* for them (Suh, November 2009), in the second period KOCCA needed to adopt a distinctive strategy not only to reflect the changed situation of the industries, but also to achieve the new vision. According to *10 Years History of KOCCA* (2009: 34-36), this brought about ‘significant innovation over the whole management’.

Above all, ‘following the principle of select-and-focus, KOCCA’s key functions were reorganized around the three pillars of exportation, nurturing talent and technology development’. Among these, the promotion of exports was regarded to be the most urgent. For example, in 2005, about 15% of the whole programme budget (59 billion won) was spent on improving export performance. Secondly, the support style was also revised to increase long-term strategic support rather than short-term ‘one-off support’ and to increase cooperative initiatives with the private sector, local CI clusters and other CI promotion quangos, rather than initiatives led by KOCCA alone. In addition, a more strict evaluation system was introduced to manage the performance index and thereby ceaselessly improve the productivity of its initiatives. KOCCA organized its ‘own evaluation committee’ for this purpose, composed of professionals from outside the organization.

⁴⁴ ‘Special corporation’ in Korea refers to the corporation established on the basis of the ‘special laws’ for the purpose of promoting public benefit as part of public policy.

Figure 7.3 KOCCA's Organizational Structure (April 2007)

Source: KOCCA (2009: 243)



These changes were first reflected in KOCCA's organizational structure in April 2005 and again in April 2007. Firstly, the 'HQ for Industry Planning' (the former Secretariat) was transformed into the 'HQ for Strategic Planning' by acquiring the Policy Research Team. Secondly, the 'HQ for Industry Promotion' established a new team for exports and overseas exchange, downsizing the teams for supporting each genre. Thirdly, the 'HQ for Contents Development' was divided into two new HQs; the 'HQ for Nurturing Infrastructures' and the 'HQ for Culture Technology'. To be brief, the changes in the organizational structure of KOCCA confirm that its missions for CI promotion were developed under the two overarching strategies of nurturing comprehensive *infrastructures* and symbolic intervention into the value chain. In relation to the former, the stress on CT became increasingly conspicuous, for example, with the establishment of the 'HQ for Culture Technology'. In relation to the latter, although direct support for companies in each genre was maintained throughout the whole period, *indirect* support for the industries through the improvement of the export and distribution systems became increasingly important. Besides, it should be also noted that importance of overseas markets was the section of the value chain most stressed.

Since most enterprises in Korean CI were very small, visible progress in export performance was inevitably slow. Their capabilities for international trade and

marketing were and still are very weak. That is why KOCCA established four overseas offices in the US, the UK, Japan and China against objections from the MPB. ... Although there were some criticisms, I had not changed my conviction that the participation of Korean conglomerates in CI is necessary for making CI into our leading export industries. (Suh Byung-Moon, November 2009)

This quotation is quite important because it shows clearly how KOCCA's promotion tactics developed differently from KOFIC's. In the course of time, KOFIC came to notice the importance of promoting the minority sector in the film industry and thereby the diversity of Korean CI, revising its earlier strategy of focusing on visible quantitative growth. However, this was not the case for KOCCA. It is quite difficult to find such concepts as cultural diversity and media literacy in its organizational structure or missions. KOFIC and KOCCA developed different responses to the modernization of the industries they promoted. While the stress on balance between cultural and industrial values became more important in KOFIC's policy plans, KOCCA increasingly emphasized industrial values and focused on technology and exports. According to Suh (November 2009),

There has been a strong perception in Korea that arts should not be connected with money in order not to be corrupted. In that KOCCA dealt not with the arts but with industries, we were free from that kind of judgment.

Therefore, it can be said that as ALP was implemented in different ways in the two quangos, so too were the other strategies. After the publication of *Creative Korea* in June 2004, the same vision (i.e. the 'fifth strongest producer of CI') and strategies (i.e. governance, *infrastructures* and intervention into the value chain) were shared in a much clearer form between cultural quangos under the MCT. Yet KOFIC and KOCCA made a series of changes in opposite directions.

As touched upon in explaining the difference between the governance structures of the two organizations, the different implementation of the same vision and policy framework did stem from the distinctive history and characters of the industries they covered, and also from the different identities of the staff who led them. What should be stressed, nevertheless, is the fact that both quangos played their part in realizing the emerging CI policy framework in the process of Korean *neo-developmental* policy shift. KOFIC became the symbol of new governance in the policy field. And, according to the CI Bureau chief who took charge of establishing KOCCA, 'when it comes to the symbolic support for building up the Korean NIS for CI, KOCCA was the most prominent organization' (Yoo, November 2009).

7.3 Conclusion

This chapter has examined how KOFIC and KOCCA were created and managed during the DJ and Roh administrations. Special attention was paid to the similar and different ways in which the two quangos espoused the CI policy framework and put it into effect. I first explored the historical background and significance of the quangos' establishment, and then analyzed their main missions and organizational structures. It was assumed at the outset that the differences as well as similarities between the two flagship quangos could illuminate the unique characteristics of both Korean CI policy and the policy field. It is now time to provide an overview of the results of this analysis.

The most important finding concerning the similarities between the quangos is that both of them faithfully followed the CI policy framework in establishing, implementing and revising their initiatives. Above all, the MCT sincerely tried to establish the quangos in accordance with ALP and the quangos used their increased autonomy and power to both manage themselves more efficiently and to establish cooperative networks with the industries. Secondly, nurturing various input and environment *infrastructures* was always their key mission, and these functions were ensured by internal organizations with exclusive responsibilities; such as KAFA and KOFIC studios at KOFIC and the HQs for nurturing *infrastructures* and culture technology at KOCCA. Finally, both quangos also undertook symbolic intervention into the value chain of the industries they served, to respond actively to both requests from the industries and the needs of the markets; for example, the work of the 09Domestic Support Department and the International Promotion Department at KOFIC and the HQ for Industry Promotion at KOCCA.

It was no coincidence that they shared the three strategies for 'building the Korean NIS for CI' and the vision of 'making Korea the fifth strongest producer of CI'. It was rather a natural consequence, because the quangos themselves actively took part in the process of preparing key policy plans for CI promotion. The quangos established their own departments for policy research and the MCT gave them the right and the space to voice their own experiences and perspectives. Having grown into key parts of the cooperative network within the Korean CI policy arena, the quangos stopped being passive organizations for simply implementing top-down orders or existing policies, and became instead influential agents that were capable of affecting the construction of

new policies. Given this atmosphere, KOFIC and KOCCA converged on the same policy framework spontaneously.

It also needs to be stressed that even if ALP was the matter of immediate concern, the process of implementing it was never easy or smooth at either quango. The case studies reveal how the new governance principle was able to encourage the development of a *public sphere* within the Korean CI sector that had once been tightly limited and controlled by army generals. This helped enhance the level of *social capital* in the CI, which had been practically absent as a result of the structural corruption that had been brought about by relations of crony capitalism between the MCT, its quangos, and the industries. Nevertheless, the process was full of commotion. Noteworthy examples of the difficulties that had to overcome are the conflicts between the young/progressive group and the old/conservative group in constructing the first board of KOFIC and the tension within the MCT concerning the appointment of the first CEO of KOCCA. Up to the end of Roh's presidency, this kind of confrontation reappeared whenever a new board was composed or a new CEO was appointed. Put another way, the new paradigm of governance could only be implanted through a painful process of struggle within the policy field where many old customs, formed under the long period of the Korean developmental state, were still in practice.

These similarities, however, should not blind us the fact that the quangos implemented their shared policy framework in quite different ways. From the start, KOFIC and KOCCA were established in different styles. Since KOFIC was created in accordance with the *new council model*, ALP could naturally be realized through its governance structure. However, although created later, KOCCA followed the *old corporate model*, as the KMPPC had. ALP was thus not ensured institutionally, but through a personal agreement between its CEO and top civil servants at the MCT. This disparity partly sprang from the organizations after which the quangos were modelled.

At the early stage KOFIC benchmarked CNC (the Centre national du cinéma et de l'image animée) to build up its organizational structure and mission list, but later the UK Film Council became the reference point to be examined and compared with more often. (Kim Hyae-Joon, September 2009)

On the contrary, since KOCCA was 'the first organization of its kind in the world' (Yoo Jin-Ryong, November 2009), there were no models for it to benchmark in developed countries. Therefore, the experience and knowledge from the Samsung Entertainment Group, which Suh himself had established, became stepping stones for KOCCA. More

importantly, this disparity seemingly originated from the different history and characteristics of the industries with which the quangos dealt. The people in the film industry were already well organized into powerful interest groups and regarded themselves engaging with the arts rather than businesses; while those engaged in the newly-emerging genres of CI were not only scattered, but also regarded themselves as businessmen and leaders of venture companies. This difference varied the negotiation power of the quangos with the MCT.

There is another notable difference. As the CI policy framework came to be formulated and implemented more systematically, DJ's dream of 'making CI into a national basic industry' became more realistic. As will be shown in the following chapter, after the establishment of the quangos the domestic market for Korean CI started to grow very impressively and exports of Korean contents also expanded significantly. But the two quangos responded to this growth quite differently. Whilst KOFIC stuck to the 'harmonious' two-track strategy that emphasized both industrial growth and (less tangible) cultural diversity, KOCCA became increasingly inclined toward the first objective. Taking the CI policy framework into consideration (see Table 6.5), it can be argued that the two quangos tended to espouse one part of the framework more keenly in order to address the quite different conditions in their sectors. KOFIC leaned toward a stronger emphasis on ALP for the negative consolidation of creativity (i.e. the first half of the framework), borrowed from the regulatory states to end the era of 'interfering [in industries] without supporting'. On the other hand, KOCCA focused more on 'CI as a national basic industry' for the positive consolidation of creativity (i.e. the second half of the framework), thus deploying concepts adapted from the developmental state model for the purpose of ending the era of 'CI as add-on'.

This was again due to the different natures of the industries covered by the quangos and the different character of the staff they recruited. The core group at KOFIC was composed of young progressive cineastes that had played a key role in the history of the Korean democratization movement and thus cultural politics. In addition, the film industry was considered to be sandwiched between industry and the fine arts in Korea. Therefore, the young cineastes who supported DJ did not only seek to modernize the industry, but also carefully monitored whether their businesses enhanced the nature of film as a genre of *arts*. This balance or tension distinguishes KOFIC from other cultural quangos; for example, KOCCA was on the 'industrial logic' end of the spectrum and ARKO (Arts Council Korea) was positioned at the 'cultural logic' end. In contrast, the core group at KOCCA did not share any ideological or cultural political kinship. The

consensus among them may be found from the fact that they were composed of former staff from the most competitive private companies in Korea, including the Samsung Entertainment Group. Therefore, 'harmonious development' between industry and culture was hardly likely to have been their primary mission.

The different managing principles at KOFIC and KOCCA seem to have also influenced the distinctive development of their policy emphases. That is, the new council model of KOFIC must have helped the commissioners, who represented *minor* sectors such as independent or underground films, claim their share in an imposing manner. On the other hand, under the traditional corporate model, the decision-making structure at KOCCA was unavoidably centralized and could be fairly easily affected by the MCT, and thus increasingly came to seek more visible performance under pressure from Roh's MPB.

To conclude this chapter, Korean quangos tried to faithfully embody the neo-developmental CI policy framework through their organizational structure, strategies and initiatives. However, their different histories, identities, core personnel groups, and power relations with the industries they served all led inevitably to the distinctive approaches and emphases they brought to the implementation of the shared policy framework. That KOFIC and KOCCA, which display quite contrasting policy developments, were the most important quangos in building the Korean NIS for CI is especially indicative. That is, the innovation system which the Korean CI policy framework was eager to build should not be taken to be a homogeneous, seamless or continuous entity. It was rather a hybrid entity spanning distinctive genres and groups of people. The neo-developmental CI policy shift, therefore, resulted in somewhat ambivalent products. It produced the most comprehensive and systematic policy framework ever in Korea, but also produced the varied or sometimes conflicting implementation of the framework. Also, while introducing a fresh, autonomous and motivational governance system, it also exacerbated the longstanding tension between old/conservative groups and young/progressive groups. I shall now turn to the performance of this policy shift and the policy framework in the following chapter.

8. The Performance of the Korean Cultural Industries Policy Shift

It has been argued that ‘CI promotion is the area in which the policy performance of the People’s Government [the DJ administration] has been greater than any other’ (MCT, 2002a: 22). As discussed in previous chapters, DJ’s CI policy was not only inherited, but also systematically upgraded under Roh’s presidency. The publication of *Creative Korea* (June 2004) marked the turning point from which the upgrade began. As a result, ‘the Participatory Government [the Roh administration] saw a rapid growth in the quantity of Korean CI’ (MCST, 2008a: 15). This raises the following questions that will be addressed in this chapter: How successful was the policy shift as a whole? If it really was a success, which mechanisms allowed this performance to be derived? What kinds of criticism have been raised despite the success?

In the first section, I shall analyze and tabulate the economic performance of Korean CI during DJ and Roh’s presidencies. Mainly drawing on *CI Statistics* and *CI White Papers* that the MCT has published annually since 2000, I will explore several key themes, such as the growth of the Korean CI market and CI employment, the creation of added value, exports expansion and the ripple effects produced in other industries. At the end of the discussion, it will become clear that the Korean CI sector achieved both rapid and substantial growth between 1998 and 2008. This chapter then proceeds to clarify the *virtuous circle* that underlay this growth, and which Korean CI policymakers constantly bore in mind and succeeded in constructing in practice to some extent. In the second section I shall use interviews with key figures in the policy arena as the main source of evidence, and will set out the way in which the changed Korean CI policy community functioned as the keystone of the Korean NIS (national innovation system) for CI.

One of the major arguments I will make is that the economic objectives of Korean CI policy were achieved as a result of the socio-cultural objectives that had also been stressed throughout the policy shift. However, in contrast to economic performance, it is very difficult to quantify the degree of change that occurred in terms of democracy, diversity, identity, creativity, and so forth, and therefore diverging interpretations of the new CI policy’s social and cultural performance have been voiced. It is in this context that the final section focuses on major criticisms raised against the policy shift. By exploring four influential criticisms and their de facto power within the policy arena, the current topography of the Korean cultural policy arena will be examined to evaluate

how solid the performance of Korean CI (policy) is. This chapter concludes by suggesting that the phased development of Korean CI was effectively realized on the basis of the virtuous circle that the CI policy framework had envisaged, and therefore any evaluation of the performance of the Korean CI policy shift requires that the eclectic characteristics of the policy framework be taken into account.

8.1 The Economic Performance of Korean CI

8.1.1 The Growth of Sales in the Domestic CI Market

Examining changes in the level of gross sales in the Korean CI market is a good starting point for evaluating the economic performance of Korean CI, especially because the first and foremost ‘vision’ of the key long-term plans for CI promotion in Korea was to develop the domestic market. Remember, for example, the focus on making Korea the ‘fifth strongest country’ in terms of CI. Table 8.1 shows the sales growth in the domestic CI market over a ten-year period, 1998-2007.

Table 8.1 Gross Sales in the Korean Domestic CI Market (1998-2007)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Publishing	6,850	9,000	n/a (9765)	n/a (10155)	10,715	14,762	18,921	19,392	19,879	21,595
Comics	-	-	-	-	-	759	506	436	730	762
Music	353	380	410	493	1,109	1,793	2,133	1,790	2,401	2,358
Games	625	680	836	999	3,403	3,939	4,316	8,680	7,449	5,144
Film	567	661	650	1,035	1,212	2,344	3,022	3,295	3,684	3,204
Animation	320	270	320	336	215	270	265	234	289	311
Broadcasting	2,524	3,075	4,051	6,083	9,523	7,137	7,773	8,635	9,720	10,534
Advertising	3,485	4,200	5,853	5,299	6,478	7,064	8,026	8,418	9,118	9,434
Character	500	3,220	n/a (3493)	4,120	5,277	4,808	4,219	2,076	4,551	5,116
Edutainment	-	-	-	-	-	1,319	879	992	118	156
TOTAL	15,224	21,486	25,378	28,520	37,932	44,195	50,060	53,948	57,938	58,614

Unit: billion Won (\approx million US dollar)

Source: *CIWP 2000; 2001; 2002; 2003; 2008*⁴⁵

⁴⁵ There are some notes to be made about the table which I made by synthesizing data from five *CIWPs*. First of all, it is hard to directly compare the figures from before and after 2003, because during the early days the measure was in the making and thus some of the numbers were estimates. Therefore, to understand this table, several conditions need to be considered: the figures in ‘publishing’ up to 2002 include figures for comics; the figures for ‘music’ after 2001 reflect

It is notable that the combined gross sales figures for ten genres of Korea's cultural industries grew consistently each year over the whole decade, and recorded a striking growth rate of 285% from 15,224 billion won in 1998 to 58,614 billion won (hereafter, approximately \$m) in 2007. The highest growth rates were achieved by the *character* industry and the games industry, which grew by 923% (\$500m in 1998 to \$5,116m in 2007) and 723% (\$625m in 1998 to \$5,144m in 2007) respectively. The three industries that led the so-called 'Korean wave' in Asia followed close behind. The music industry grew by 568% (\$353m to \$2,358m); the film industry by 465% (\$567m to \$3,204m); and the broadcasting industry by 317% (\$2,524m to \$10,534m). The publishing industry's 215% and the advertising industry's 171% were not negligible either. The comics, animation, and edutainment industries, however, struggled to grow their markets, and this indicates that consistent and substantial growth was not shared equally by all the genres of Korean CI.

Table 8.2 The Growth Rate of CI Sales and GDP, Korea (1999-2007)

	1998	1999	2000	2001	2002	Average	2003	2004	2005	2006	2007	Average
CI market growth rate (%)	n/a	41.1	18.1	12.3	33.0	26.1	16.5	13.2	7.7	7.3	1.1	9.1
GDP growth rate (%)	(-6.9)	9.5	8.5	4.0	7.2	7.3 (4.4)	2.8	4.6	4.0	5.2	5.1	4.3

Source: GDP growth rate from the National Statistics Office

Nonetheless, there is no doubt that the Korean CI market enjoyed 'explosive growth' between 1998 and 2008 (Yoo Jin-Ryong, November 2009). To be concise, with the exception of the first year for which data is not available, the 16.7% average annual growth rate for CI sales was almost three times greater than the average growth rate of the Korean GDP over the period, which stood at 5.6%.⁴⁶ What should also be pointed out is that in terms of the domestic market size, DJ's presidency saw much greater growth

newly emerging on-line music market; since 'film' and 'video' were separate categories in the original documents up to 2000, I added them to make the form of the data consistent; for the 'character' industry to merchandize the characters in cultural contents, the figure for 2005 is relatively low because it did not include the sales that arose in the process of distribution; the category of 'edutainment' came up only after 2003 and the reason why sales went down so quickly after 2006 is that from then on the statistics only include on-line education industry in narrow terms, and exclude other forms of information exchange; and, finally, because it was impossible to find any data on publishing (2000 & 2001) and characters (2000) in any CI statistic or White Paper, I applied GDP growth rate to calculate the missing data and the sum for those years.

⁴⁶ The average GDP growth rate under DJ's Presidency was 4.4%. For the comparison, however, the GDP growth rate of 1998 was not included. It is because the data for the CI sales growth rate was not available for that year and also because the year was quite unusual owing to the Asian financial crisis. The annual growth rate of GDP is for the period of 1999-2007.

than Roh's. The average annual growth rate for CI between 1999 and 2002 was 26.1% (see Table 8.2). This was about three and half times greater than the average GDP growth rate of 7.3%. Under the DJ government the Korean CI sector gave full play to its potential for high growth, whereas it seemed to mature under Roh's Presidency (2003-08), as the final year growth rate of only 1.1% symbolically shows. However, this does not alter the fact that Korean CI achieved rapid and substantial growth under the two governments. Despite being relatively slower, the average annual growth of 9.1%, achieved during the Roh government era, still exceeded the 4.3% growth in GDP by a factor of more than 200%.

8.1.2 Creation of Added Value and Jobs

Did the impressive growth of the Korean domestic CI market produce an accompanying growth in the value added? Could it be true that CI created higher added value than *other* industries, as the policymakers had originally argued?

Table 8.3 Added Value Created by Korean CI (2003-07)

	2003			2004			2005			2006			2007		
	Sales	GVA	VAR(%)	Sales	GVA	VAR(%)	Sales	GVA	VAR(%)	Sales	GVA	VAR(%)	Sales	GVA	VAR(%)
Publishing	14,762	5,743	37	18,921	7,247	38.3	19,392	6,946	35.8	19,879	6,338	31.9	21,595	8,949	41.4
Comics	759	(280)	37	506	139	27.4	436	155	35.5	730	265	36.2	762	282	37
Music	1,793	950	53	2,133	1,131	53	1,790	573	32	2,401	765	31.9	2,358	788	33.4
Games	3,939	2,718	69	4,316	2,978	69	8,680	4,381	50.5	7,449	3,655	49.1	5,144	2,487	48.4
Film	2,344	961	41	3,022	859	28.4	3,295	845	25.6	3,684	1,782	48.4	3,204	887	27.7
Animation	270	112	41	265	44	16.5	234	42	18.1	289	70	30.9	311	122	39.4
Broadcasting	7,137	3,211	45	7,773	3,046	39.2	8,635	2,834	32.8	9,720	3,973	40.9	10,534	4,268	40.5
Advertising	7,064	989	14	8,026	2,038	25.3	8,418	2,694	32	9,118	3,344	36.7	9,434	4,002	42.4
Character	4,808	2,693	56	4,219	2,363	56	2,076	501	24.2	4,551	1,238	27.2	5,116	1,801	35.2
Edutainment	1,319	976	74	879	311	35.4	992	330	33.3	118	40	34.2	156	61	39.1
TOTAL	44,195	18,353	42	50,060	20,156	40	53,948	19,301	35.8	57,938	21,470	37.1	58,614	23,647	40.3

Unit: billion Won (≐million US dollar)

Source: MCT (2005b) & MCST (2008b)

In 2003, *CI Statistics* were acknowledged as being ‘official statistics’ by the National Statistics Office, so I have used data produced for the years following 2003, as presented in Table 8.3. This table shows the figures concerning Gross Value Added (GVA) and the Value Added Ratio (VAR) of Korean CI during the Roh government. Above all, it is noteworthy that as gross sales of Korean CI increased, so did the added value they created. Gross sales increased from \$44,195m in 2003 to \$58,614m in 2007, and the gross value added increased in line from \$18,353m to \$23,647m, even though there was a slight decrease between 2004 and 2005.

According to *CIWP 2008*, in 2005 when the gross sales of CI accounted for 6.6% of the Korean GDP, the gross value added figure for CI stood at \$19,301m, with a Value Added Ratio of 35.8%. This was 40.1% (10.4 percentage points) higher than the 25.4% ratio in the manufacturing industries. In 2006, CI accounted for 6.8% of the Korean GDP and recorded a VAR of 37.1% based on a GVA of \$21,470m; 50.1% higher than the 24.6% VAR in manufacturing. In the final year, 2007, CI accounted for 6.5% of the Korean GDP with a GVA of \$23,647m and a VAR of 40.3%; 65.8% higher than the 24.3% VAR in manufacturing. It is notable that whereas the value added ratio of Korean manufacturing industries went down during this period (25.4%→24.6%→24.3%), that of CI went up (35.8%→37.1%→40.3%), widening the gap between the Korean CI and manufacturing industries. Taking into consideration the much higher growth rate of CI sales achieved by the DJ government, it can be said that CI produced a much higher added value ratio and much faster growth in that ratio than the manufacturing industries did over the same period.

How, then, did CI perform in the creation of jobs? Did CI also create more job opportunities than *other* industries? It is highly probable that the rapidly expanded CI market created both a diversity of and a large number of jobs. According to an ‘Inter-Industry Analysis’ (KOCCA, 2004), Korean CI were very efficient in producing wealth and jobs. The ‘production inducement coefficient’ of CI (2.105) was higher than that of the service industries (1.675), the ‘value added inducement coefficient’ (0.843) was also higher than that of Korean industry as a whole (0.753), and finally, the ‘employment inducement coefficient’ (15.9) was much higher than that of the manufacturing industries (7.5). Another set of time-series data shows the growth of employment in the sector. CI employment accounted for 5.59% of the total employment in Korea in 1995 (941,066/16,833,569); this increased to 6.20% in 2000 (1,016,001/16,393,645) and 7.19% in 2003 (1,248,470/17,370,239) (KOCCA, 2007: 49). According to the Korea Chamber of

Commerce and Industry (KCCI, 2006: 11), for the years 2000 to 2005, the average annual growth rate of employment in Korean CI stood at 6.5%, which was four times higher than for Korean industry as a whole (1.6%). However, it should be noted that these figures are based on a loose definition of *cultural industries*. In these discussions, the arts sector is usually included, so the figures go beyond the official 10-genre scope suggested by the MCT; conversely, software is excluded, thus the figures may underrepresent the official 13-genre scope suggested by the DCMS. Limiting the scope of CI to the ten genres that the MCT mandated, and thus excluding architects, painters and so on, a somewhat different data set is produced (cf. Table 8.4). This data suggests that as the CI sector matured under Roh's presidency, employment levels in the sector remained fairly steady at around 450,000.

Table 8.4 Employment Levels in Korean CI (2003-07)

	2003	2004	2005	2006	2007
Publishing	234,790	225,085	214,904	218,377	225,347
Comics	2,557	9,185	9,048	12,818	11,772
Music	62,555	66,870	65,346	65,431	75,027
Games	39,104	47,051	60,669	32,714	36,828
Film	38,108	31,898	29,078	25,769	23,935
Animation	5,385	3,600	3,580	3,412	3,847
Broadcasting	31,645	30,530	29,634	29,308	28,913
Advertising	31,647	28,854	29,625	27,487	29,416
Character	6,257	8,286	8,825	19,889	21,846
Edutainment	11,353	7,566	5,048	1,480	1,979
TOTAL	463,233	458,926	455,757	436,685	458,910

Source: CIWP 2005; 2008

8.1.3. Export Expansion and Korean Wave

According to Lee O-Young (2005), the first Korean Culture Minister, the term 'Korean wave' (*Hanryu* or *Hallyu* in Korean) was first invented on 2 November 1999 by a Chinese media organization (青年報: Beijing Youth Daily) to denote a new social phenomenon that involved young Chinese people indulging in Korean popular culture and celebrities. This recent trend first emerged in mainland China and spread to Hong Kong and Taiwan during the late 1990s. It then spread across South East Asia in the early 2000s and has taken hold of Japan since the mid-2000s. In the course of its regional expansion, the scope of the Korean wave also widened. It first referred to Korean dramas and K-pop, but later came to include other types of Korean cultural products, such as Korean films and games. Nowadays, the Korean media use the concept, somewhat recklessly, to refer

to a rapid increase in exports of any kind of Korean product, for example, manufacturing goods in Eastern Europe or construction contracts in Northern Africa.

At the earlier stage, however, Korean CI policymakers and Korean media did not pay special attention to the rise of the concept. For example, there was no mention of the ‘Korean wave’ in *Cultural Industries Vision 21* (MCT, 2000b) or *CIWP 2000*. It was in *Contents Korea Vision 21* (MCT, 2001b) and *CIWP 2001* that the term was first recognized by policymakers as a key word for expanding exports of Korean CI products. Since then almost every policy document relating to CI promotion has contained a section on the Korean wave. Tables 8.5, 8.6, and 8.7 reveal how the Korean wave and the expansion of Korean cultural contents exports have interacted to reinforce each other.

Table 8.5 The Development of Korean CI Exports (1998-2007)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Publishing	216.8	251.1	275.4	281.9	215	149.7	182.2	191.3	184.9	213.1
Comics	-	0.29	0.37	0.68	0.82	4.1	1.9	3.3	3.9	4.0
Music	8.6	8.2	7.9	7.4	4.2	13.3	34.2	22.3	16.7	13.9
Games	82.3	107.6	101.5	130.5	140.8	181.6	387.7	564.7	672	781
Film	10.1	14.3	16.5	21.2	25.5	31	58.3	76	24.5	24.4
Animation	85	81.7	85	121.4	89.2	75.7	61.8	78.4	66.8	72.8
Broadcasting	10	12.7	13.1	18.9	28.8	42.1	70.3	121.8	133.9	150.9
Advertising	-	-	-	-	-	-	20.8	9.3	76	87.2
Character	-	65.8	69.2	76.9	86	116.3	117.3	163.7	189.4	202.9
Edutainment	-	-	-	-	-	16.9	4.9	5.2	5	5.2
TOTAL	412.8	541.7	569	658.9	590.3	630.7	939.4	1,236	1,373.1	1,555.4

Unit: million US dollar

Source: *CIWP 2003; 2007; 2008*

The change in total export volume should be first noted. It soared by 277% from \$412.8m in 1998 to \$1,555.4m in 2007. That is, during the ten years, the overseas expansion of Korean CI was as impressive as the growth of the domestic market. While much can be learned from aggregate figures for the whole CI sector, the differences in performance at the specific genre level are also significant. The publishing industry led the field in 1998 and accounted for 52.5% of the total CI export volume, while the games industry accounted for 19.9%. By 2007, this had completely changed. The games industry had taken the lead and accounted for 50.2% of the CI exports, while publishing contributed only 13.7%. Between 1998 and 2007 publishing industry exports fluctuated

around a mean value of about 215 million dollars, whereas those of the games industry grew by 849% from \$82.3m to \$781m. The broadcasting and character industries also achieved fantastic growth performances similar to that of the games industry. The export volume of the broadcasting industry reached \$150.9m in 2007, a 1,409% surge compared to the 1998 level, while export volumes in the character industry increased 208% over the 1999 level to peak at \$202.9m in 2007. These four industries accounted for 86.6% of total exports in the CI sector in 2007: games industry (50.2%), publishing industry (13.7%), character industry (13.0%), and broadcasting industry (9.7%).

To go one step further, the *Korean wave troika industries* (broadcasting, film and music) require special attention. Although all three industries achieved not only impressive but also consistent growth in the domestic market, they did not accomplish corresponding growth in exports, with the exception of the broadcasting industry. Music industry exports hit a ceiling of \$34.2m in 2004, but then declined to account for only 0.9% of the total export volume of Korean CI by 2007; while film industry exports peaked at \$76m in 2005, and then fell to account for 1.6% of CI sector exports. However, this performance belies the importance of the troika industries. According to *CIWP 2003* (MCT, 2003a: 130), the increase in Korean CI exports in the early 2000s was mostly due to the ‘intensive growth of exportation in the Asian region’, which was led not only by the emerging games and character industries, but also stimulated by the music and film industries. The following table shows Korean exports of key CI genres by region in 2007.

Table 8.6 Korean CI Exports by Region in 2007

	China & Hong Kong	Japan	South East Asia	North America	Europe	Other	Total
Games	241,330	242,892	103,093	138,238	41,393	14,058	781,004 (70%)
Character	31,396	4,638	13,632	68,703	43,221	41,299	202,889 (18.2%)
Broadcasting	8,328	53,494	26,754	1,324	352	3,013	93,265 (8.4%)
Music	1,665	9,431	2,061	306	217	205	13,885 (1.2%)
Film	824	5,189	2,759	8,767	4,696	2,161	24,396 (2.2%)
Total	283543 (25.4%)	315644 (28.3%)	148299 (13.3%)	217338 (19.5%)	89879 (8.1%)	60736 (5.4%)	1115439 (100%)

Unit=thousand dollar

Source: MCST (2009a)

This table reveals the important role that the Korean wave in Asia played in achieving the expansion of Korean cultural product exports. As of 2007, the regions that had been most strongly influenced by the Korean wave in the early 2000s accounted for 67% of

total CI exports. Limited to the troika industries, the percentage goes up to 84%. In addition, there is another story to be told beyond that of total export volumes. Firstly, the unique characteristics of the three industries need to be stressed. Unlike the games or character industry, the broadcasting, music and film industries co-created and shared a pool of Korean wave celebrities that has become well known across the whole Asian region. In other words, these three industries have become a kind of *family of industries* which produce synergy effects in promoting their products in overseas markets, and this then raises the brand value of made-in-Korea cultural products overall. Furthermore, a substantial volume of Korean cultural contents were and still are distributed and consumed through the black market, piracy and file sharing. This happens more in the troika industries than others and is a more serious problem in China and South East Asia than in Japan. Hence, the quantities of Korean films and pop music consumed in those markets must be far greater than the statistics suggest, and consequently, it can be inferred that the influence of the troika industries was also far greater than that indicated by figures for the performance of their *legal* exports.

Table 8.7 The Growth Rate of CI Sales and Exports, Korea (1999-2007)

	1998	1999	2000	2001	2002	Average	2003	2004	2005	2006	2007	Average
CI market growth rate (%)	n/a	41.1	18.1	12.3	33.0	26.1	16.5	13.2	7.7	7.3	1.1	9.1
CI Exports growth rate (%)	n/a	31.2	5.0	15.7	-10.4	10.6	6.8	48.9	31.6	11.1	13.3	22.3

The final but important point to be made is that Korean CI exports grew much more significantly under Roh's Presidency than under DJ's Presidency (see Table 8.7). This was exactly the opposite of the situation in domestic growth. The average annual growth rate of Korean CI exports was 10.6% between 1999 and 2002, but was 22.3% between 2003 and 2007. Especially after 2004, when the volume of exports exceeded \$900m for the first time, exports increased quite explosively. Since the inauguration of the Roh government, despite the visible maturing of the domestic CI market, the Korean CI sector has found another engine to drive growth from overseas markets. Although it is not directly inferable from the statistics, I would argue that Korean CI developed international competitiveness during DJ's presidency and started to harvest the fruits during Roh's presidency. This point will be explained further later through the discussion of a virtuous circle of Korean CI development.

8.1.4 Ripple Effects of CI

The Korean wave was not only an indispensable factor in the expansion of Korean CI exports, but also contributed to achieving some of the *cultural* impacts expected by Korean CI policymakers. The most significant examples are the protection of cultural identity at home and the promotion further abroad of the national brand that had formerly been limited to the Asian region. For instance, the number of participants who took the TOPIK (Test of Proficiency in Korean) surged from 2,274 to 142,888 between 1997 and 2008, which was heavily influenced by the Korean wave, according to the Education Ministry in Korea (Kukmin-ilbo, 2009; Yeonhap-news, 2011). As a result of these socio-cultural influences, the Korean wave produced two kinds of ripple effects in economic terms; the growth of related industries in the domestic market and an increase in sales of industrial products in overseas markets. It is very difficult to calculate the indirect economic impact, let alone the cultural impact. Nonetheless, there is some evidence that shows a positive relation between the growth of CI exports and the growth of other industries.

Table 8.8 Data on ‘Korean Wave’ Tourists in 2004

	No. of total incoming tourists (thousand)	No. of Korean Wave tourists (thousand)	Proportion of Korean Wave tourists (%)	Average spending per Korean Wave tourist (million won)
Japan	2443	491	20.1	623
China	627	373	59.5	571
Taiwan	305	163	53.5	198
Total	3,375	1,027	30.4%	1393

Unit: million won (≡ thousand US dollar)

Source: KTO (2004)

Firstly, just as they led to a substantial increase in interest in learning the Korean language, the growth of Korean CI output and the related Korean wave stimulated the growth of related industries such as tourism and leisure in the domestic market. The tourism industry is the most visible case. Between 1997 and 2007, the number of incoming tourists from Asian countries surged by 80% from 2,637,386 to 4,746,808 (MCT, 1999b; MCST, 2009b). During this period, the proportion of Asian tourists among total foreign tourists also increased from 67.5% to 73.6%. These increases are surely indebted to the Korean wave. According to research conducted by the Korea Tourism Organization in 2004, 20.1% of Japanese tourists, 59.5% of Chinese tourists and 53.5% of Taiwanese tourists surveyed confirmed that the Korean wave had influenced their choice of visiting Korea (see Table 8.8). Since these three countries accounted for 58% of all the incoming tourists, it is a significant fact that almost a third of the

tourists from the countries took the Korean wave into consideration in deciding their destination.⁴⁷

The Korean wave also played a pivotal role in promoting Korean consumer goods in the Asian region. In 2005, according to a high-ranking official in the Ministry of Foreign Affairs, '66.6% of Korean exporting companies admitted that the Korean wave had contributed to the increase in their exports' (Hankyoreh-Shinmun, 2005). As the Korean wave seemed to last for quite some time in the region, the biggest Korean companies such as Samsung, LG and Hyundai started to actively deploy it in their marketing, and undertook systematic market research into the phenomenon. In 2004, for instance, Lee Kun-Hee, the owner of Samsung declared that Korea needed to 'make the best use of the Korean wave network' (Donga-Ilbo, 2004), and the Samsung Economic Research Institute (SERI) published a report entitled *Perpetuating the Korean Wave and the Ways for Korean Companies to Use it*. According to the report, it would be very effective to use 'Korean wave marketing', because of the popularity of Korean cultural contents across the region. For example, in 2000, Samsung Electronics cast the main actor of the Korean drama, *Star in My Heart*, in a computer monitor advertisement for the Chinese market and its sales grew miraculously from 430,000 in 1999 to 1,070,000. Later, LG Household & Health Care cast the main actress of another Korean drama, *Model*, in a cosmetics advertisement for the Vietnamese market, and its product rose to lead the market in terms of market share for the first time.⁴⁸ However, Korean wave marketing is not the only way the Korean wave was mobilized to promote Korean export goods.

According to the SERI report (2004: 3), it is desirable to distinguish four stages of the Korean wave: the expanding popularity of Korean cultural contents → the consumption of directly related products such as DVDs, character goods and themed tourism packages → the consumption of other products made in Korea, such as electronic goods or household items → an enhanced interest in the tradition and lifestyle of Korea. The report argued that foreign audience-consumers would not proceed from the second to the third stage if Korean products were not competitive, and that they would not proceed from the third to the fourth stage if Korea itself lacked national competitiveness (SERI, 2004: 17). SERI's research indicated that while China and

⁴⁷ In this context, the Korean tourism industry has been criticized for 'depending too much on Korean wave, neither discovering new attractions nor establishing tourism infrastructures' (Hankook-Ilbo, September 2007).

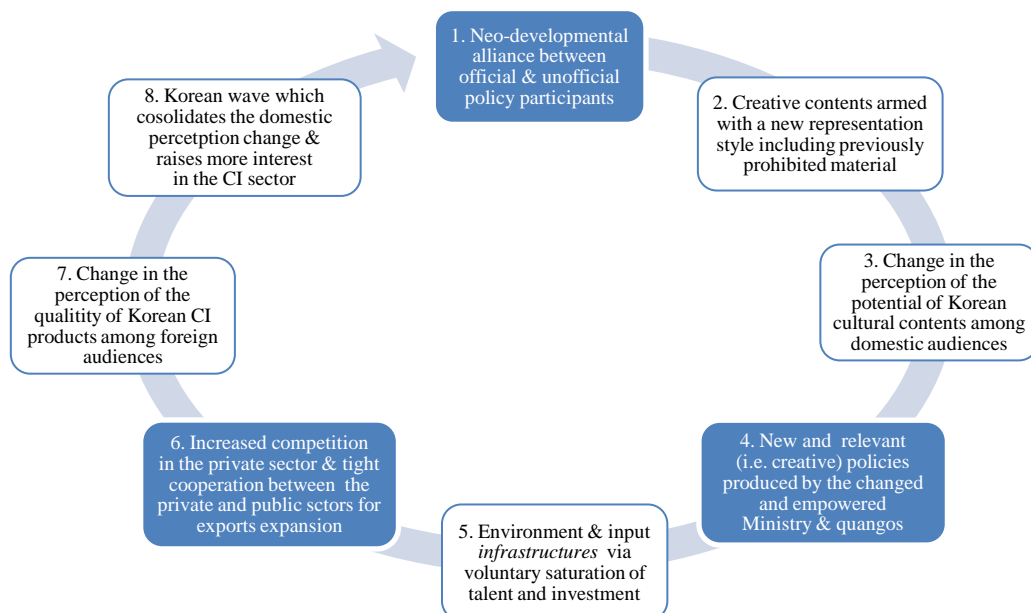
⁴⁸ This kind of *data* is easily found in any document about Korean wave. For example, in *CIWP 2007* (MCST, 2008a: 15) the MCT reports that after broadcasting a Korean Drama *DaeJangGeum* (2003) in Taiwan, LG electronics could become the number one in market share and Hyndai Motors could increase its exportation of vehicles radically from 3,747 in 2002 to 18,527 in 2005.

Vietnam had arrived at the third stage, Japan, Taiwan, and Hong Kong had remained at the second stage in 2004. On this ground, the report recommended Korean companies to understand the stage to which the Korean wave had matured in each country and use that information actively in producing appropriate marketing campaigns. This shows how significantly the Korean wave affected the exportation of other goods from Korea and how seriously the Korean conglomerates took this new phenomenon.

8.2 The Virtuous Circle of Korean CI Development

Although the growth of sales in the domestic market slowed down during the second half and thus some sectors appeared volatile in creating jobs, the preceding section confirmed that the Korean CI sector achieved striking growth in both the domestic and overseas markets under DJ and Roh's presidencies. However, it does not necessarily follow from this observation that the new Korean CI policy was the crucial factor in this economic success. Whether the success was derived, as planned by the policymakers, through the *phased development* of Korean CI toward a new NIS is a matter for further investigation.

Figure 8.1 The Virtuous Circle of Korean CI development



As Chapter 6 concluded, the irreversible order between the negative consolidation of creativity (i.e. ALP) and the positive consolidation of creativity (i.e. CI as a National

Basic Industry) lay at the core of the Korean CI policy framework. In this section, I shall argue that the phased development was achieved in practice through a *virtuous circle* due to close cooperation between ‘official’ and ‘unofficial’ participants in the policy community.⁴⁹ Figure 8.1 illustrates the virtuous circle composed of key turning points in Korean CI development. The three blue boxes (i.e. 1, 4, 6) signify the points where official participants played the decisive role. Each box needs to be touched upon to explain the whole mechanism of the circle.

8.2.1 Neo-Developmental Alliance, Creative Contents and Domestic Perception Change

As the ‘cooperative governance’ strategy directly reveals, the partnership between the official and the unofficial participants in the CI policy field was not only the starting point of the virtuous circle, but also the control tower for its development. This unprecedented partnership, which may be called a *neo-developmental alliance* between the two parties, was constructed by President Kim Dae-Jung.

On the one hand, there were a group of progressive cultural activists, most conspicuously in the film industry, who had not only supported DJ consistently since the 1987 democratization movement, but who also played a key role in preparing DJ’s election pledges for the cultural sector. Together with DJ, they once comprised the opposition ‘distributional alliance’ that struggled against the then official ‘development alliance’ (Koo & Kim, 1992). It was then the longstanding President-centred ‘unipolar system’ (Kim Y-M, 1996) of Korean politics that enabled the progressive pledges that DJ and the progressive group had developed together to suddenly become the prime objective of the official policy participants after DJ’s election victory in December 1997. Mediated by the President and his powerful staff, those who had been enemies in the past became close allies, the most significant example being the activists in the film industry and the civil servants who staffed the MCT. In accordance with the civil servants’ change of identity from ‘spearhead’ to ‘yard sweeping brush’, the judges and the National Assembly members also changed their roles significantly. The judges made a series of judgments in favour of the freedom of expression, especially at the

⁴⁹ For Chung Jung-gil (2010), there are roughly a dozen participants of two kinds in the Korean policy arena. First, the ‘official participants’ were the President and his staff, the civil servants (the executive), the Members of the National Assembly (the legislature), and the judges (the judiciary). There were also ‘unofficial participants’ who did not have any authority in policy decisions but influenced the process of policy formulation: political parties, interest groups, NGOs, the media, policy experts (including researchers and think tanks), and citizens as the agent that shaped public opinion.

Constitutional Court and the National Assembly not only passed many key acts for CI promotion, but also helped the cultural activists surmount various obstacles.⁵⁰

The cultural industries were instantly stimulated by these significant changes. The new CI policy community brought about the rise of the neo-developmental alliance and in turn the birth of 'creative contents armed with a new representation style'. The key factor here was the expansion of the freedom of expression.

I was the last chief of the CI Bureau in the YS government and the first in the DJ government. So I can tell you with confidence that the level of freedom of expression was radically advanced by the DJ government. ... After DJ's inauguration, all the taboos were abolished. For example, the first big hit movie, *Shiri* (1999) could never have been made under the previous governments because it exposed the attractive points of North Korean terrorists. *JSA* and *TaeGukGi* were exactly the same. In addition to ideological expression, the tight control over expressions of violence and sexuality was also lifted. Over all freedom of expression was radically permitted for all aspects [of film] such as the subject, conversation, and mis-en-scene. Even directors and scenario writers were perplexed by the new situation that allowed them to represent almost everything. (Oh Jee-Chul, October 2009)

As a result of these new freedoms, new types of contents emerged not just from the film industry, but also from all the other genres of Korean CI. The secret lay in the liberation of 'creativity and imagination' that had been straightjacketed under the developmental state and the transitional period. Former Vice Minister, Oh continued as follows:

Before DJ's government, Korean cinema was quite childish, which was inevitable because there were too many regulations and limitations on the cultural industries. Even if Korea had declared itself to be a democratic country, the lack of freedom of expression had been only second to that in communist autocracies. I am convinced that the essence of the cultural industries is creativity and imagination. And freedom is the necessary condition for their growth. That is why cultural industries could not have flourished in the countries like the former USSR, China or North Korea, I believe.

Clearly, freedom of expression was central to the enhancement of Korean CI. However, such expression also had to be recognized by the audience. Just as Korean CI responded rapidly to the rise of the neo-developmental alliance in the CI policy field, Korean audiences also responded quickly to the concomitant enhancement of creative contents in the domestic market. This 'change in the perception of the potential of Korean cultural contents' operated at two levels. Firstly, Korean people started to abandon

⁵⁰ For example, when KOFIC was going through serious disputes over the composition of the board in the early stage, the MCT decided to appoint a retired civil servant as its second chairperson in hopes of resolving the complex conflict smoothly. However, the progressive staff at KOFIC could not accept this decision and thus turned to the Assembly Members for help. According to Kim Hyae-Joon (September 2009), during the National Assembly audit of Korean quangos, the logics the progressive group provided were directly used by the Assembly Members to attack and thus nullify the 'regressive designation'.

previously fixed ideas about the low or ‘childish’ quality of Korean contents, as they started to see their own social contexts and everyday problems being represented in Korean cultural products freed from the constraints of strong censorship. They therefore began to discover in Korean cultural products empathetic pleasures not afforded them by the foreign products that had formerly dominated the market. This can be considered to be the most important reason why the miraculous growth in domestic sales was possible during DJ and Roh’s presidencies, which witnessed a 568% increase in the domestically produced music sales, and similar increases of 465% and 317% in the local film and broadcasting industries. The other change in perception related to the value of Korean CI as an industry. As a veteran civil servant, Lee explained:

It was only a decade ago that Korean people started to recognize that the cultural industries had economic value. The CI promotion began in earnest with the establishment of the DJ government, even if the CI Bureau had been established under the YS government. Since then, many unprecedented events came about. For example, the establishment of representative quangos such as KOCCA, the systematic modification of relevant laws and regulations, the provision of financial resources including various Funds, and the establishment of many divisions within the MCT, and so forth. Among these, the biggest achievement must be the new perception of the cultural industries as being indeed a serious industry. (Lee Hae-Don, October 2009)

At the outset, it was extremely difficult for the MCT to persuade even other Ministries that the cultural sector could be an industry of not only ‘consumption’, but also of ‘production’ (Kim Sung-Jae, October 2009). Even though DJ could *force* the perception change at this level (for example, in his first meeting with high-ranking civil servants across the Ministries), it was impossible for the President to change public perception in the same way, since it was still influenced by arguments about the negative influence that vulgar/popular culture had on youth. However, as the noticeably different new cultural products emerged and achieved a series of huge commercial successes in some genres of CI, both the Korean media and Korean audiences started to recognize the enhanced creativity of Korean cultural contents and then the economic value of the sector.

8.2.2 New Quangos and New *Infrastructures* Built through Voluntary Participation

In order to keep pace with these turning points, the neo-developmental alliance proceeded to transform existing quangos or establish new quangos according to the arm’s length principle. As clearly suggested in the case studies on KOFIC and KOCCA,

these quangos were indeed a new species in the Korean cultural field, because the Culture Ministry recruited industry experts and gave them the power and autonomy necessary to manage the quangos and to formulate related policy. In a break from conventional bureaucratic approaches, then, the civilian experts who knew the ins and outs of the related industries were able to relate the quangos organically with the real situation in the industries, and thus to prepare and implement 'new and relevant policies' directly beneficial to the industries (Lee et al., 2005: 142). The Ministry trusted and supported these new organizations whole-heartedly. Of course, this was possible because the Ministry agreed with DJ's philosophy of democratic governance. On another level, however, the MCT gave its quangos autonomy because it was surely a better and quicker way to foster growth in the industries and therefore also to expand the Ministry's territory and status in the government.

I believe the civil servants at the MCT had a unique experience under the DJ government. Before DJ's government, they had taken an apathetic attitude which made them cling to simple and repetitive businesses within their bureaucratic sectors. But under the DJ government they were encouraged to advance forward aggressively and thereby realized that kind of movement could expand their territory. Insofar as the Minister and Presidential staff in the Blue house communicated with them closely, the civil servants who belong to a strict chain of command cannot go against the broad direction. According to my own experiences, they are absolutely bright talents. If the environment is ensured, they are surely able to achieve their mission. (Former Culture Minister, Kim Sung-Jae, October 2009)

As former Minister Kim explained, the civil servants were recruited from the best and brightest in the country and, armed with 'embedded autonomy' (Evans, 1995), they had been able to turn the ambitious plans of the developmental state into reality. However, faced with a new era, they found that the best way to ensure their legitimacy was no longer to dominate the policy field and their industries. Rather it was to give them autonomy and support. As leading figures suggested, the ministry was to 'let [the industries] be and then give support when and where it was desperately needed' (Oh Jee-Chul, October 2009) or to 'not become an obstacle' while 'getting rid of other obstacles quickly' (Yoo Jin-Ryong, November 2009). This was a major reason why the MCT shared the space and authority of CI policy making with the new quangos.

Just as civil experts voluntarily took part in the space that the MCT prepared in the policy field, so too did Korean talent and investment spontaneously flock into the space in the industries that the MCT and its quangos had opened through the new and relevant policies. To understand the latter mechanism, it is useful to pay attention to a particular characteristic of Korean society.

Since its rapid industrialization, Korea has been regarded a country full of energy not just by Koreans but also by foreign commentators. When that energy is not directed, that sort of society inevitably becomes a very unstable place full of noise and conflicts. Koreans themselves have lamented this tendency that they call ‘pot spirit’.⁵¹ However, I don’t think that is necessary, because once a consensus is made, the previously unstable energy quickly converges, finds a form, and produces something new without difficulty. Nobody knows what will happen when the activated energy does not find an adequate form. But when the society succeeds to find the agenda to which it needs to devote itself, the resulting productivity is beyond expectation. The democratization of 1987 was a good example. When the agenda seemed to be accomplished, the upgrading of the economic system became the next agenda. Korean intellectuals found a new consensus in the ‘digital big bang’ as the agenda upon which the society should focus its industrialization after democratization. ... It was in this context that DJ read *The Third Wave* again and again, and then stressed the importance of the cultural industries. (Lee Jung-Hyun, former secretary general of KGPC and then KOCCA, September 2009)

In this context of ‘industrialization after democratization’, it can be argued what DJ sought to achieve with his famous slogans, the ‘arm’s length principle’ and ‘CI as a national basic industry’, was to give the collective energy of Korean society a form or a goal. The abolition of censorship liberated the repressed creativity and imagination of the creators; and then the ensuing performance of the CI sector stimulated Korean society to accept this new trend as its new consensus. To be short, the ‘pot spirit’ was ignited in a positive sense.

More concretely, the MCT was encouraged to see that the change in the public perception of Korean CI was sustained for quite a while and therefore, together with its quangos, formulated and implemented more aggressive and diverse policies to ensure the environment and input *infrastructures*. Taking these signs from both the market and the government as unprecedented opportunities, Korean financial and human capital started to pour into the emergent ‘national basic industry’. As explained in Section 6.2.2, the MCT and its quangos initiated numerous programmes and projects in order to ‘nurture core talent’, such as providing intensive support to educational institutions, establishing a prestigious graduate school, and developing the Contents Academy; while also working to ‘ensure stable financing’ for businesses by launching various matching funds for each CI genre, and introducing new institutions such as the Special Purpose Company. Without this strategic or symbolic support from the government, it would no doubt have been difficult to attract Korean human and financial resources into the CI sector.

⁵¹ In Korea ‘pot spirit’ is a term numerously used in everyday life. That term refers to an assumed Korean characteristic that they are like a pot which easily gets hot when it is heated, but also very quickly cool off if the fire is put out.

8.2.3 Cooperation for Exports Expansion, International Perception Change, and Increased Interest in Korean CI

Due to the particular history of Korea's export-oriented industrialization, state intervention into the CI value chain focused on the penetration and expansion of overseas markets from the outset. For example, the first long-term Korean CI plan, *The Five-Year Plan for CI development* (MCT, 1999a), devoted the middle two years of its five-year span to the objective of 'strengthening international competitiveness'. Since then, developing strategic products for overseas markets has never ceased being a major policy objective. Therefore, it was natural that the Ministry and the quangos came to pay increasing attention to Korean CI exports, as the domestic market experienced further growth. Government intervention to expand exports was based on the principle of 'focus-and-select', and brought about two instant results. It increased competition between the exporting companies, and led to close cooperation between the policymakers and 'high potential' businesses. The government provided promising businesses with the necessary information about overseas markets, helped them fundraise for the production and distribution of 'star' contents both directly and indirectly, and also praised their achievements with various awards and citations. This is quite a similar picture to the export expansion strategy of the developmental state. The key difference was, however, that this time there were no *sticks*.

'When most enterprises in Korean CI were very small' at the early stage of the take-off, close cooperation between the businesses and the Ministry/quangos played a significant role (Suh Byung-Moon, November 2009). Although the Korean wave was initiated spontaneously by foreign audiences rather than intentionally incited by the Korean government, its continuation and growth would not have been so impressive without the role of Korean government. Indeed, the same mechanisms that underlay the growth of the domestic CI market were also applied to the penetration of overseas markets; the enhancement of creative contents and a change in the audience's perception of Korean products.

When censorship had defined the atmosphere around Korean CI, creators could not avoid self-censorship, consciously or unconsciously. The rise of Korean wave was heavily indebted to ensuring a free atmosphere for contents creation. Korean governments surely believe that was the biggest contributor to Korean wave. I also heard that opinion voiced from the industries many times. (Lee Hae-Don, October 2009)

In other words, at the time when the lack of freedom of expression in Korea was 'only

second to that in communist autocracies' (Oh Jee-Chul, October 2009), it was almost unthinkable that Korean businesses could have made meaningful and entertaining cultural contents for foreign audiences. How could they have exported contents that were regarded as 'childish' even in the domestic market? However, as new creative contents began to be produced, Korean CI exports also started to get on track. From this stage, increasingly keen competition between the businesses became more important than government intervention. In the process of competition for overseas markets, Korean firms motivated themselves to experiment and thus accumulated essential knowledge that allowed them to slowly build up their brands among international audiences. As a result, it was no longer optional but *essential* for Korean CI businesses to plan and produce 'content aimed to not just at the domestic market but also at overseas markets from the outset' (Lee Jung-Hyun, September 2009). Big hit films, such as *Shiri* (1999) and *JSA* (2000), marked the symbolic turning point in the domestic audiences' perception of Korean films, and they were followed by big hit TV dramas, such as *Winter Sonata* (2002) and *DaeJangGeum* (2003), which marked a similar turning point internationally. Along with Korean TV dramas, K-pop and Korean films also stimulated changing perceptions of Korean contents among foreign audiences. As reported by Korean ambassadors in Asian countries (Hankyoreh-Shinmun, 2005),

It was not unusual to see diplomat's wives hurrying to go back home after dinner parties to watch *DaeJangGeum* before 9 o'clock. ('Ambassador' to Taiwan, Hwang)

When I visited the Foreign Minister, even the secretary welcomed me with open arms, saying he really wanted to visit Korea that winter. I also noticed that the Science Minister was explaining the technology used in *Winter Sonata*. (Ambassador to Malaysia, Lee)

Last weekend I appeared on a radio programme which regularly invites foreign ambassadors. I was told that the questions from the audience were three times as many as average because of *Winter Sonata*. On Sunday I appeared on television during prime time, which was also owing to Korean wave. (Ambassador to Uzbekistan, Moon)

Japan was not free from this new trend. According to an article written by a Japanese MP in 2004,

Japan is facing the torrent of the Korean wave. Concerning its political influence, one representative example is that Prime Minister Koizumi Junichiro publicly admitted Bae Yong-Jun [the main actor of *Winter Sonata*] must be more popular than himself in Japan. Nowadays, the election candidates for provincial governments are receiving the question, whether they watched the Korean drama. The candidates who watched it proudly answer the question, while the others who did not watch are busy making excuses. Japanese politics can be said to be heavily affected by *Winter Sonata*. ... Due to the Korean wave, more Japanese tourists than ever are visiting Korea. (Donga-Ilbo, 2004)

The final stage of the virtuous circle captures the moment when the feedback came full circle and overseas reactions impacted back on Korea. This occurred when the strong rise of Korean wave in the Asian region correspondingly increased the Korean people's interest in their CI sector. Korean firms, particularly the *chaebols*, started to recognize the economic value of Korean contents, in terms of marketing, promotion, and the brand value of their products. The Foreign Ministry started to believe in their diplomatic value, and the Education Ministry started to note their value in attracting foreign students to Korea or for promoting Korean language education abroad. Consequently, the Korean wave became a subject way beyond the authority of the MCT. To take an example, on 21 December 2004, the Korean Premiere Lee Hae-Chan convened a cabinet meeting to order the Ministries to 'prepare strategies to make the Korean wave not a temporary event, but as something which could ensure sustainable cultural exchange and economic effects' (Seoul-Shinmun, 2004). This kind of government effort increased year by year. For instance, in the cabinet meeting held about a year later, Premier Lee got reports from 16 Ministries on how they were supporting the Korean wave and then asked the Ministers to think about how to expand the Korean wave beyond Asia (Naeil-Shinmun, 2006). The MCT took this enhanced confidence and interest in Korean cultural contents to be decisive evidence of the success of the policy shift, and this strengthened the neo-developmental alliance between official and unofficial policy participants. This is how the virtuous circle of Korean CI development was established and put into effect during DJ and Roh's presidencies.

8.3 Criticisms of the CI Policy Shift

The previous section showed that the impressive economic performance of Korean CI during DJ and Roh's terms was achieved through a virtuous circle which the neo-developmental alliance in the policy field endeavoured to build up. Therefore, it is hard to deny that the Korean CI policy shift initiated by DJ was a very important, if not the most significant, factor in this economic success. Nonetheless, there have been several criticisms made against the policy initiatives. To understand why, it is crucial to note that since the establishment of the DJ government there were sharp conflicts in the Korean cultural policy field between cultural-value supporters and economic-value supporters, as well as between progressive civic groups and conservative civic groups (cf. Won, 2008: 158). Whereas the first conflict was about which value should be put first in

promoting Korean CI, the second was about which political ideology should be adopted for the policy practices (cf. Table 8.9). Within these power struggles, while the cultural-value supporters, as champions of the arts, criticized the new CI policy for being *too* industrial, the economic-value supporters, as strategists for CI, criticized the policy for not being industrial *enough*. Likewise, while the progressive civic groups criticized the new CI policy for being a *neo-liberal* approach as activists for cultural democracy, the conservative civic groups, as the guardians of precious tradition, criticized the policy for being a *socialist* approach. Why did the same policy shift cause such conflicting criticisms? Which criticisms were right and which were not? Or, despite their appearances, were they compatible positions? To address these questions, this section explores each of the four camps and their criticisms in detail.

Table 8.9 Major Criticisms of DJ and Roh’s CI Policy Shift

Category	Camp	Identity	Argument
Value-based criticism	Cultural-value supporters	Champion of the arts	➤ CI policy has aggravated the imbalance between ‘culture and the arts’ and CI.
	Economic-value supporters	Strategist for CI	➤ CI policy has not produced enough output because of insufficient input.
Ideology-based criticism	Progressive civic groups	Activist for cultural democracy	➤ CI policy has spread a neo-liberal approach rather than cultural democracy.
	Conservative civic groups	Guardian of precious tradition	➤ CI policy has been developed as the tool of ideological battle by socialist agitators.

8.3.1 Value-based Criticisms: Is CI Policy Cultural or Industrial policy?

The first value-based criticism was raised by cultural-value supporters. Some academics and critics, who had been engaged in the *culture and the arts* sector for a long time, became the main agents of this position. Kim Moon-Hwan’s article (2003) can be considered the epitome of this position in several aspects. It is helpful to note his academic and cultural background first. He was a Professor of Aesthetics in Seoul National University, and introduced the Frankfurt School’s critical aesthetics into the Korean academy in the 1980s. In addition, he has been an active theatre critic since the 1970s and once served as the chairperson of ‘International Association of Theatre Critics-Korea’. He was also one of the theorists who played a key role in establishing the independent Culture Ministry in 1990 by introducing the ‘French model’ on the basis of his long-time experience in the Korean National Commission for UNESCO.

In the above-mentioned article, Kim made two main arguments about the DJ government's cultural policy. First, he suggested that the MCT placed too great an emphasis on the CI sector too strongly and thus lost its sense of balance. To illustrate this point, the significant increase in the budget and funds for CI promotion was compared with the relatively minor increase in funding for the arts. On this ground, Kim argued that even if the DJ government finally achieved the longstanding aim of a '1% cultural budget' borrowed from France, the Korean reality was still far from being 'an advanced country' due to the considerably lower stress placed on the arts compared to CI. In a similar vein, his second argument was that the economistic approach of the CI policy was making inroads into Korean arts policy. For instance, the policy methods mobilized to promote the 'performing arts' were becoming increasingly rooted in 'economic thinking rather than cultural thinking'. It was further argued that 'combining CI with the imagination and creativity of arts and humanity'⁵² was highly likely to lead to 'putting the cart before the horse' by subjecting imagination and creativity only to the profit orientated motivations of CI.

It is not difficult to find criticisms in a similar tone. Won (2008: 172) argued that 'with all formal advances, the CI promotion policy was not able to raise creativity, the source of CI'. On the basis of the 'French understanding' of culture, Lee Joon-Hyong (2007: 85) also noted that 'fundamentally, industry policy can never be the main of cultural policy' and that thereby 'concentrating on the industry policy ought to not be urgent'. This line of argument evolved to point out that the economistic CI policy could bring about the wane of 'cultural diversity' by threatening not only the arts sector but also independent or underground CI products (Yoo, 2000: 60), and that it might also lead to the eclipse of 'cultural identity' through recklessly imitating the success logic of Hollywood or global media conglomerates (Mun, 2009).

Of particular interest is that these concerns seem to correspond with the decreasing influence of the French model and the increasing influence of British discourse in the Korean cultural policy field. According to Kim Moon-Hwan (November, 2009), who played a crucial role in importing both the French model in 1990 and the British discourse in 1999 (cf. 5.2.5),

⁵² This was the catch phrase that the MCT foregrounded to avoid the criticism that CI were eroding the significance of liberal or fine arts.

When we led the independence of the Culture Ministry, we expected to implant the French model. At that time, the French Culture Ministry was actually the Ministry of fine arts. ... I am afraid that during the progressive governments with the ideology of social democracy, cultural democracy was not enhanced that much. It might be said that the British government has some responsibility for this. Korean cultural policy is increasingly dominated by economic thinking under the name of Creative Korea.

In short, these cultural-value supporters believed that CI policy should be a cultural policy and not an industrial one. If impossible, they believed, CI policy should remain as a minor sector in the government's *cultural* policy. However, it was argued that under the DJ government, CI policy became the major emphasis, thus causing an imbalance between the rapid growth of CI and the *relative* shrinkage of culture and the arts.

Conversely, economic-value supporters saw themselves as CI strategists, the role of which is opposed here to that of championing of the arts. These strategists had no hesitation in applying 'economic thinking' to formulating and evaluating CI policy, not least because many of them are economists themselves. For instance, a group of young researchers from the Samsung Economic Research Institute grew into an influential bloc in the Korean CI policy arena. They stood at the forefront in providing positive evidence of the economic impact of CI (e.g. Kim Hyu-Jong, 1999), in making conceptual models of the newly-emerging value chain or distribution system (e.g. Shim Sang-Min, 2004) and in developing quantifiable indicators such as the Korean wave Index (e.g. Ko Jung-Min, 2009). These economists from SERI played an increasingly visible role in forums and seminars held by the MCT, at which they provided a variety of statistics and reports. In addition, although not economists, the leading researchers at KOCCA played a similar role by elaborately analyzing the efficiency and effectiveness of each policy method and thereby suggesting alternative strategies and tactics for the policymakers and the industries (e.g. Yim Hak-Soon, 2007; Lee Byung-Min, 2007).

Then, why did these CI strategists criticize the policy shift? In fact, their voices sound more like advice than criticism. According to Shim (2004), who was a senior researcher at SERI, the MCT's policy direction of 'supply-can-generate-demand' was out of date. He thus advised that the MCT needed to make a 'new start' by recognizing the 'product life cycle' of Korean CI policy and thus launching an alternative policy direction of 'creating-demand' more directly. For Ko (2004: 90-91), who was then another senior researcher at SERI, the government needed to concentrate on 'nurturing global cultural contents enterprise' in order to compete with global media conglomerates. He paid special attention to the situation where the 'biggest Korean contents enterprise was less than 1/100 of the size of a global conglomerate' in scale, and argued that without

addressing this problem, it would become more and more difficult for Korean enterprises to 'enter foreign markets' or even to 'defend the domestic market'. Meanwhile, Lee Byung-Min (2007: 221-223), who led the policy research team at KOCCA under the Roh government, introduced a model for the 'quantitative evaluation' of CI. Defining CI policy as an 'industrial' policy rather than a 'cultural' policy, he noted that although the suitability of CI policy input, the efficiency of output and the effectiveness of the outcome could be assessed as having been quite high, some limitations of Korean CI policy had also been exposed over the course of time. For example, Lee argued, the Korean government's investment in CI was very low compared with that in other national strategic sectors; there was still much to be improved in the environment *infrastructures* of Korean CI; greater stress needed to be put on consumer-oriented policies and policies for the parallel development of the fine arts and CI.

To sum up, economic-value supporters and cultural-value supporters responded in completely opposite ways to the same CI policy. Viewing CI policy as fundamentally a 'cultural' policy, the champions of the arts complained that investment in CI was too high and caused an imbalance between the CI sector and the arts sector. Therefore, the industrial growth of CI was unwelcome and seen as a symptom of 'putting the cart before the horse'. On the other hand, regarding CI policy as a mainly 'industrial' policy, the economic-value supporters did not show any interest in comparing CI with the arts sector. Instead, they compared the scale of investment for CI with that of other national strategic industries, such as bio-technology or nano-technology. Consequently, their conclusion was, on the contrary, that the government's investment in the CI sector was too small. Their primary interest lay in how to enable Korean CI to grow much faster and bigger. In this sense they seem to have regarded the impressive growth of Korean CI at the time as still insufficient, because it could and should have been expanded much further, if much greater investment had been guaranteed in accordance with its status as a 'national basic industry'.

8.3.2 Ideology-Based Criticisms: Is the CI Policy Shift Neo-Liberal or Socialist?

The third criticism of the CI policy was raised by so-called 'progressive' civic groups in the Korean cultural policy arena. One of the most active and influential of these groups was 'Cultural Action' (CA), established in September 1999. Most members of this group belonged to the generation who led the 1987 democratization movement as undergraduate or graduate students. Therefore, many of them actively supported DJ

when he was elected in 1997, and showed great interest in ‘cultural democracy’ and ‘cultural society’ as policies that could overcome the anti-cultural status quo that was being aggravated at the time by both ‘neo-liberal globalization’ and ‘cultural conservatism’ (CA, 2002: 2). So, when the policy changes were implemented, some of them were recruited and appointed to key posts at the MCT and its quangos. Under the Roh government this kind of appointment was seen more frequently. For example, Lee Chang-Dong, the first Minister of Culture was the Policy Director of ‘Cultural Action for Screen Quotas’, a group which had a decisive influence to the birth of Cultural Action; while Shim Kwang-Hyun, the brain behind the MCT’s ‘Committee for Cultural Administration Innovation’⁵³ was its Policy Director. Similarly, Kim Jung-Hun, the second Chairman of the newly-established ARKO (Arts Council Korea) was a joint-representative at CA, and Lee Young-Wook, President Roh’s first chief at KCTI was the vice-chairman of the CA policy committee.

However, this honeymoon stage between the government and the progressives was so unstable that they later eventually turned into some of the severest critics of DJ and Roh’s cultural policy. In a document for evaluating DJ’s cultural policy (ibid.: 27), for instance, CA argued that DJ’s key principle of ‘supporting without interfering’ was right in restructuring the cultural policy of ‘regulation and interference’ into ‘promotion and support’, but was tainted because it had amalgamated ‘neo-liberal economic policy’. Therefore, DJ’s MCT was held to have undertaken the restructuring of Korean CI policy in favour of ‘capital and the market rather than public service and society’. Although Cultural Action was heavily involved in Roh’s MCT, such criticism was repeated more loudly in 2006. In the forum titled ‘*Evaluating the Roh Government’s Neo-Liberal Cultural Policy*’, Won Yong-Jin, then Chairman of CA’s executive committee, asserted that ‘While *Creative Korea* was being implemented, a change of Minister led to the abandonment of the Participatory Government’s emphasis on cultural policy’. In a similar vein, Ji Keum-Jong, then CA’s Secretary General, criticized Roh’s MCT for being like ‘a student who made a wonderful timetable, but does not observe anything’ (Hankyoreh-Shinmun, 2006). They both criticized the MCT for acting ‘as if it was a Ministry engaged in the economy’ and for only spreading ‘neo-liberal CI policy’.

In brief, the progressive groups were ambivalent toward DJ and Roh’s cultural policy. Even though they admitted that some advances had been made in terms of governance systems and the policy environment, they were very disappointed with ‘neo-liberal’

⁵³ This committee led many reforms in the MCT at the early stage of the Roh government including the publication of *Creative Korea*.

approaches such as the FTA with the US and the subsequent reduction in the screen quotas. This group felt that their mission was to ensure that the expansion of cultural democracy took priority in the CI policy arena over that of activating the cultural economy. Unsurprisingly, this attitude caused several serious collisions between the progressive groups and the civil servants. As detailed in one of the quotes above, despite having played a significant part in Roh's MCT, these progressives came to feel that their intervention was being increasingly blocked by the MCT bureaucracy. On the other side of this divide, my interviews with top civil servants at the MCT reveal that they regarded many of the Committee for Cultural Administration Innovation's activities to have been 'nonsense' and irrelevant to the realities of government and the industries.

It was not only civil servants that the progressive groups clashed with. Conservative groups in the Korean cultural field were also threatened by the counterparty's hardball reform drives. In 2001, for example, Lee Moon-yeol, one of the most famous writers in Korea described the emerging progressive civic groups as the 'Red Guards' of the new government (Donga-Ilbo, 2001). In November 2001, provoked by his acrimonious attacks published in conservative newspapers, some members of the progressive groups collected hundreds of his books, held a funeral for them and handed over them to a junkyard for the price of a penny. This kind of symbolic, but quite extreme confrontation between the two groups happened again and again during the DJ and Roh governments. As a result, in November 2006 the conservative group finally launched the 'Forum for the Future of Culture' (FFC), a counter-organization to progressive ones such as Cultural Action. Launching the FFC with about 70 artists and critics, its first representative declared that it would 'distance itself from politics' and 'root itself in liberal democracy and the centre right' (Yeonhap-News, 2006).

It is quite interesting that while this group firmly defined their position as based on 'liberal democracy and the centre-right', they thought themselves to be apolitical. Surely this was contradictory. For example, Chang Mi-Jin (2008), the first secretary general of the FFC argued in an article, '*The Dogmatism and Despotism of the Left-Wing Cultural Power-Bloc*' that the arts in the post-modern age could not and should not 'confront capitalism' and that the cultural policy of 'the government with the socialist ideology' could be considered highly regressive. More concretely, she criticized Cultural Action, claiming that its continued insistence on the 'democratization of cultural politics' was intended to transform the Korean cultural policy field into a 'battlefield armed with ideologies' and thus to 'elbow their way past the group with vested interests'. In a similar way, KOFIC was also criticized heavily. According to Cho

Hee-Mun (2008: 67), who led the film sector of the FFC and became the second chairman of KOFIC under the current conservative government, 'KOFIC's various initiatives were distributed as if they were war trophies' under the progressive governments. In an article entitled '*Roll out the Red Carpet of Ideology and Propaganda*', he went on to insist that KOFIC's ultimate goal was in fact a 'Cultural Revolution' for which films were mobilized. There is no doubt that these arguments are highly *political*.

It is obvious that the conservative civic groups believed that the MCT's CI policy under DJ and Roh was dominated by progressive groups which had manifested deep aspirations for ideological revolution in Korea since the 1980s. For them, the progressive governments' slogans, such as cultural democracy, cultural politics or democratic governance, were nothing more than a rhetorical screen deployed to camouflage *impure* left-wing ideologies. With this allegation, the conservative civic groups positioned themselves as the guardians of precious traditions in Korean cultural policy. That is, for them, the ten years that followed the inauguration of DJ's government in 1998, the first progressive administration in Korean history, were 'a lost decade' that was dominated by rebellions against their cherished, stable tradition (Hankyoreh-Shinmun, 2007). Therefore, they tended to underrate the value of both the new CI policy framework and the impressive economic performance it contributed to. For example, one of the main FFC agendas was to nullify the arm's length principle. They continued to argue for the abolition of the new council model that had been introduced during the transformation of KOFIC and ARKO, and for a return to the old corporate model of the 1980s and early 1990s (cf. Pressian, 2009a; 2009b).

To sum up, as with the value-based criticisms, the ideology-based criticisms also bifurcated along a fault line between two incompatible positions. While the progressive ideologues saw neo-liberal approaches in the CI policy shift, the conservative ideologues saw socialist approaches in the same policy shift. I maintain that these types of criticism were the inevitable result of the way in which the centre-left Korean governments defined their position on the basis of Giddens and Blair's Third Way (cf. Hesmondhalgh, 2005). The problem is that any negotiation, or even conversation, seems to be impossible between the two parties in the foreseeable future. This is because the conflict between them has become 'a matter of survival' and a 'generation gap' in the cultural sector rather than 'a matter of ideology' (Hwang & Ryu, October 2009; see 7.1.4). All my interviewees clearly felt that the extreme animosity between the two

parties has grown more severe since the inauguration of the current conservative government in February 2008.

Thus far I have examined four major camps that raised notable criticisms of Korean CI policy. To conclude this section, I should point out that each of the criticisms discussed is firmly rooted in the interests of its matrix group: fine arts lovers, cultural economists, progressive groups or conservative groups. There are two consequences of this. Firstly, each criticism appears quite persuasive, as far as each group is concerned. Compared to the lower investments in the arts, the investment in CI appears to be too high; while in comparison with other national strategic industries the investment in CI appears to be too low. If one compares the emergent Korean CI policy with the policies of European socialists, it is too neo-liberal, but compared to the Korean developmental state's policy, it is too socialist. These arguments are all correct. On the other hand, however, once removed from the perspective of each groups' particular interests it is clear that these criticisms carry little weight beyond the circles of common values and ideological orientations. Indeed, none of these criticisms appear to be based on careful and comprehensive analysis of what actually happened during the policy shift in the policy community or the industrial field. In other words, each criticism displays quite subjective and thus myopic characteristics. Falling into a dichotomy of 'cultural' versus 'industrial', the two value-based criticisms fail to strike the dialectical balance between the intrinsic/cultural and instrumental/economic values/sectors. Likewise, succumbing to inertial tribalism, the two ideology-based criticisms suffer a similar loss of dialectical perspective between left and right wing positions, as well as between subjective group agendas and the objective reality of the industries.

8.4 Conclusion

In this chapter I have dealt with how successful the neo-developmental CI policy shift was. In doing so, I first explored the economic performance of Korean CI between 1998 and 2008, suggested that a virtuous circle initiated and nurtured by the neo-developmental alliance in the Korean CI policy arena underlay that economic performance, and finally examined the major criticisms raised against the policy shift.

In 1998 DJ and his MCT set up the ambitious objective of making CI into one of Korea's national basic industries for the 21st century. Following that, as was explored, sales of

CI in the domestic market grew explosively, with accompanying significant growth in added value and employment. Whilst domestic gross sales of Korean CI skyrocketed, the export of Korean cultural products to overseas markets also surged significantly. One important finding concerning this economic success is that while the domestic market grew much faster under DJ's presidency, exports of Korean CI increased more impressively under Roh's presidency. Put more concretely, the DJ government enhanced the national competitiveness of Korean CI by building up the necessary conditions at home; and the Roh government started to harvest the fruit of this on foreign soil, while maintaining and upgrading the relevant domestic conditions. The policy shift bore other kinds of fruit too. Related domestic industries such as tourism and education grew significantly, and the exports of other industrial products such as cosmetics, clothes, and electronics also expanded under the influence of Korean wave.

Another key finding as to the economic performance of Korean CI is that the economic success was not shared equally by all the genres within CI. As the case studies of KOFIC and KOCCA revealed, each of the genres had a different history, core group and orientation; and inevitably developed slightly different policies despite the shared broader policy framework. Accordingly, the performance of each genre in the domestic market varied considerably, as the disparity between the extremely impressive growth in the character and games industries and the slight growth in the comics and animation industries demonstrates. Two points can be briefly made. Firstly, the genres that had grown rapidly in the domestic market also performed well in overseas markets, while those that had produced limited domestic growth also did not fare well in the overseas market. Secondly, the Korean wave troika industries (i.e. music, film and broadcasting) need to be evaluated independently of other CI sectors. Although they led the Korean wave in Asia, these industries showed relatively unstable and low economic performance in overseas markets in comparison to their performance in the domestic market. Nevertheless, it should be noted that they played a far more important role than the exports figures might suggest, because they comprised a family of industries that co-created and shared 'Hanryu stars'.

In light of these disparities, it might be better to ask how successful the policy for each specific genre was, rather than to focus on the success of the CI policy framework in general. Nevertheless, the conceptualization of the virtuous circle that underlay the economic effectiveness of Korean CI policy, which I presented in the second section, is still useful for the overarching picture of the mechanisms involved that it affords. Concerning the virtuous circle, the importance of neo-developmental alliance between

the official and unofficial policy participants cannot be stressed strongly enough. As the keystone of the development, the alliance abolished many obstacles to the liberation of the long-repressed energy, creativity and imagination of both Korean creators and the Korean people, and thereby ensured the qualitative enhancement of Korean CI contents. At this stage ‘arm’s length principle’ and ‘freedom of expression’ were the key words. These changes in turn drove a change in the perception of Korean CI products among the audiences or consumers not only inside but also outside the country. The domestic perception changed first. According to former Vice Minister Yoo (November 2009),

In order to build the national innovation system for CI, we believed, the most important engine was the common people’s positive feeling toward [Korean] CI. It is because CI could not achieve sustainable growth without it. Seen in this context, the CI policy at that time can be broadly considered to have been quite successful. The government-led support not only raised people’s interest in CI, but changed their fixed ideas about and attitude to the industries, which was a crucial factor for building the NIS as it is now.

A direct result was the expansion of quangos led by civilian experts. Along with the Culture Ministry, before long these quangos began to produce a lot of effective policies. These policies then prepared the space which Korean human and financial capital spontaneously rushed to fill by ensuring the development of both environment and input *infrastructures* for Korean CI. It was argued that the core mechanisms in this project for ‘industrialization after democratization’ were the government’s symbolic intervention which assured investors, and the Korean national characteristic called ‘pot-spirit’. This is probably the stage around which the vision of CI as a national basic industry came to play a more visible role than ALP. After that, both cooperation between the policy community and businesses, and competition among the businesses contributed to the slow but consistent realization of the final goal (of every Korean industrial policy), namely, export-oriented industrialization. Overseas audiences no longer regarded Korean contents as childish, but started to receive them quite passionately. ‘Star contents’ such as *Winter Sonata* or *DaeJangGeum* marked a clear turning point. With much evidence accumulated, a variety of parties in the Korean policy and economic fields started to share confidence in their cultural products and admit more openly the value and importance of the CI sector, making the neo-developmental CI policy alliance feel ‘proud’.

Democratic governance and democratic leadership enhanced, if not introduced, during the ten years [1998-2008] were the strong platform for the substantial growth of Korean CI. With many of my colleagues, I am very proud that we have achieved such a result. (Kim Hyae-Joon, former secretary general of KOFIC, September 2009)

In this light, I would argue that DJ's two logics of democratic advantage were achieved through the virtuous circle. The related principles of arm's length/social capital logic/the negative consolidation of creativity were first implemented, and in turn paved the way for the positive consolidation of creativity/creative capital logic/the vision of national basic industries. In other words, the economic performance of Korean CI (policy) was achieved via the cultural results of the policy shift, such as democratic governance, freedom of expression, cultural creativity and diversity. This was how the economic performance of Korean CI was made possible. However, several criticisms, which did not take this phased development of Korean CI into consideration, have been raised.

The supporters of cultural-value saw themselves as the 'champion of the arts' and belittled the economic performance of Korean CI for aggravating the imbalance within Korean cultural sectors. On the contrary, the supporters of economic-value saw themselves as 'strategists for CI' and criticized the economic performance of Korean CI as being insufficient. In another instance, the progressive civic groups, identified as 'activists for cultural democracy', criticized the policy shift for depending on and then spreading neo-liberal approaches. On the other hand, the conservative civic groups, which saw themselves as 'the guardian of precious tradition', denounced the policy shift as following socialist approaches devised by extremely left-wing ideologues.

Although these major criticisms are all grounded in appraisals of the performance of Korean CI policy from specific perspectives, they have defects that cannot be neglected. In adhering to the pre-designed logic of the groups that voiced them, each of the four criticisms lacks a comprehensive and balanced understanding of the policy shift. By prioritizing *the arts* sector over the CI sector and cultural rationales for CI policy over industrial ones in a normative manner, the champions of the arts 'separated the economic mechanism of Korean CI from its cultural mechanism' (Kim Hyae-Joon, September 2009). On the other hand, by regarding CI policy as an industrial policy that had little to do with traditional cultural policy, the CI strategists showed a similar type of disposition. Meanwhile, in the name of preventing neo-liberalism and promoting cultural democracy, some of the progressive activists revealed their 'ideological tribalism' in their implementation and evaluation of the policy (Kim Sung-Jae, October 2009). While acrimoniously attacking this ideological influence, the conservative guardians repeated exactly the same mistake under a different ideological umbrella, namely, centre-right liberalism, which although originally declared to be politically neutral, turned out to be highly ideological. In short, they all failed to comprehend the eclectic nature of the *neo-developmental* policy shift, framework and performance.

The two incompatible value-based criticisms and the two incompatible ideology-based criticisms show that there is no simple way to reach a conclusion about the contribution of the newly-emerged CI policy to the cultural and economic growth of Korean CI. However, even if it is difficult to evaluate how much of the growth was *directly* derived by the policy practice, it is undeniable that the two progressive governments initiated unprecedented reforms in the Korean CI policy field which brought about notable cultural effects and thereby a significant economic impact on the cultural industries and Korean society as a whole. There was surely a virtuous circle behind the economic performance of Korean CI. Foregrounding ambitious policy directions, the neo-developmental policymakers not only established a new and useful framework for CI policy, but also put the framework into action to realize the phased development of Korean CI. Put simply, the economic success of Korean cultural contents between 1998 and 2008 was not achieved by chance.

9. Conclusion

This study started with an interest in the *creative turn* in national cultural policy around the world which was initiated by the British New Labour governments (1997-2010). Indeed, the trend ‘has had a remarkable take-up across many parts of the world’ (Cunningham, 2009b: 375), provoking such questions as ‘how far can “Creative Industries” travel’ (Wang, 2004)? Whatever their past histories or contemporary situations, many countries appear to have scrambled aboard the bandwagon of this new trend. Accordingly, the discourse on creativity has evolved into a ‘doctrine’ or ‘credo’, not only in the UK (Schlesinger, 2007), but also across the globe. Within this context, I selected South Korea, a representative developmental state of the post-Second World War period, as my case study. The aim was to examine in detail the Korean CI policy shift (1998-2008) that paralleled the British CI policy shift in both period and direction, and thereby to present a distinctive description of the way the cultural and creative industries have been nurtured in the era of ‘post-organized capitalism’ (Lash & Urry, 1994).

In doing so, I have addressed three major questions: How and why did Korea go through the CI policy shift in the period following the 1997-98 Asian financial crisis? Has the shift produced a policy framework which is different from that of the previous developmental state, and if so, what was its form? What results have the policy shift and framework brought about in the Korean CI sector, and how were they achieved? This thesis has shown that these questions can only be answered by focusing on what may be called the *neo-developmental transformation* of the Korean state after the economic crisis.

In concluding the thesis, this final chapter revisits the key findings on the neo-developmental shift in Korean CI policy in the broader context of the creative turn. Three themes, which engage with the *process*, *product* and *performance* of the policy shift respectively, will be discussed in turn. The first theme is the relationship between the recent cultural (industries) policy shift and state transformation. As with the original British case, the Korean experience presents a case where the CI policy shift and state transformation occurred simultaneously and in tight combination. What made this unity possible? Is this pattern representative of the way in which many other countries experienced the creative turn in their own national cultural policies? This chapter then goes on to deal with the eclectic character of the Korean CI policy

framework that emerged and was shaped during the policy shift. The Korean way of nurturing the national CI sector was undoubtedly poised between the Western regulatory state model and the country's former developmental state model. I argue that understanding this key point provides a clue to understanding one of the reasons why the British creative industries discourse has been so popular in the East Asian region. The final theme to be taken up is whether Korea's phased development from the 'negative consolidation of creativity' to the 'positive consolidation of creativity' might be replicable in other countries. It was indeed a key mechanism of the impressive growth of Korean CI during the last decade. DJ argued in his parallel development thesis that Asian countries had to fully accept Western democracy, because it is not only an efficient political system for dealing with social discontent through the mechanism of a public sphere, but also, therefore, an effective way to ensure sustainable economic development. When this argument was combined with the information society thesis, the logic of the phased development of national CI emerged. Then, can this logic of Korean CI development be appropriated by other countries to bring about a success similar to the Korean wave?

After revisiting key findings of the Korean case, the contribution of this research will be briefly summarized. This chapter concludes by discussing the limits of the study and suggesting the direction of further study.

9.1 State Transformation and the Cultural Policy Shift

It is important to see the British Labour Party as having invented its own distinctive governmental project; one which undoubtedly involves neo-liberal elements, but on different terms from the neo-liberalism of the New Right of the Reagan and Thatcher governments of the 1980s. Labour represents a new hybrid. Such hybridity on the part of Labour governments is not new, but this does not mean that the Labour government is simply accommodating itself to capitalism in the same way as previous Labour governments, as some writers have claimed. (Hesmondhalgh, 2005: 99)

As Hesmondhalgh noted, the new labour party pursued a distinctive state transformation project under the name of the Third Way. The initial umbrella slogan was 'Cool Britannia' and the rise of 'creative industries' discourse was part of this greater project. However, without taking into consideration this subtle but significant difference, 'some writers' have approached the issue as if the shift from cultural industries policy to creative industries policy was solely driven by the global dominance

of neo-liberalism at the time. As the story goes, with the help of coercive international organizations such as the WTO and the IMF, strong Western neo-liberal states imposed similar neo-liberal state transformations on other nation states in accordance with the global rise of the new economy. This, in turn, brought about a sweeping restructuring of their national cultural policies to facilitate the easy mobilization of the cultural sector for the ultimate goal of international competitiveness. It therefore follows that taking part in this creative turn is equivalent to promoting an uncritical acceptance of the commercialization and instrumentalization of the cultural sector and thus to violating the authentic remit of traditional public cultural policy. It is quite interesting that this kind of criticism has been raised most strongly in the leading Western neo-liberal countries. Whereas this argument contains much truth, at least from the perspective of critical intellectuals in developed countries with long traditions of the regulatory state, it does not necessarily hold up so well against the experiences of developing countries with different political-economic traditions.

This thesis has engaged the central concept of the developmental state to explore how the Korean state went through the creative turn in its own particular way. As explained in Chapter 3, Korea actually achieved galloping industrialization over an extremely compressed period. The key factor in this success was the developmental state, which planned and directed economic development at home on the basis of authoritarian entrepreneurialism, while also successfully mediating its domestic society with the international power bloc of the time. The cultural policy of the Korean developmental state can be summarized by two concepts: culture as an add-on and as an ideological catalyst for mass manipulation. These two characteristics of Korean cultural policy changed completely with the rise of CI policy under the two centre-left governments between 1998 and 2008.

It should be stressed here that the policy shift would not have been possible were it not for two unprecedented events in 1997. The first was the Asian financial crisis which may be thought of as ‘the Great Depression’ for the Asian region. This great economic crisis was deemed to be the ‘Second National Shame’ in Korea. As such, it decisively challenged the developmental state model, and gave Kim Dae-Jung the opportunity to win that year’s presidential election. This first Korean president from the opposition party was very different from previous presidents, as clearly and symbolically indicated by the fact that he became the 2000 Nobel Peace Prize laureate. However, in the midst of the great crisis he had inherited, there were two big issues facing the new president: ‘who was to blame for the crisis’ and how extensively should the country plug itself into

‘international finance and trans-border capital flows’ (Pempel, 1999b: 225).

As *the* representative of the Korean ‘distributional allies’, President Kim lost no time in laying the blame for the crisis squarely at the feet of crony capitalism and the state-*chaebol* collusion that had been at the core of the Korean developmental state. This allowed him to emphasize his cherished desire for the parallel development of democracy and the market economy, the very policy that Giddens’s Third Way was deployed to support and validate. Moreover, influenced by Toffler’s Third Wave, DJ decided to raise the international competitiveness of Korean industries and companies by abandoning many old national norms in favour of new global norms, especially in terms of financial structure and corporate governance. Thus, the ‘parallel development thesis’ and the ‘informational revolution thesis’ became the two major axioms which DJ consistently used to define his state transformation project.

The Korean CI policy shift was designed and driven under these dynamics. How were the two beliefs or credos applied to the cultural policy field? The parallel development thesis (i.e. The Third Way) was translated into the ‘arm’s length principle’ and the informational revolution thesis (i.e. The Third Wave) was embodied into the vision of ‘CI as a national basic industry’. Chapter 5 identified eleven landmark events that took place over the process of the policy shift, and confirmed that each and every event could be positioned in relation to one of those two categories. This clearly shows that the Korean cultural policy shift did not happen as a result of any natural development in the cultural sector, but as part of an intentional state transformation project which was triggered by and oriented toward the changing international conditions. As was the case in the British creative turn, the Korean cultural policy shift was introduced by the state with specific political intentions and objectives, and with the aim of restructuring the cultural sector and policy community in accordance with the rising ‘new economy’. In both countries CI were actively promoted as not only a treasure trove but also as the template for the knowledge economy. This inevitably brought about the instrumentalization of cultural policy and the commercialization of the cultural sector. Both the DCMS in the UK and the MCT in Korea sought to jump on this bandwagon in the hope of promoting an alternative national cultural policy that could help expand their territory and enhance their status within their governments. In this sense, many of the criticisms of the British CI policy shift discussed in Section 2.3 may be literally applied to the Korean shift.

Can it be then concluded that the creative turn in the national cultural policy of Korea

was one of the many cases of ‘neo-liberal’ state transformation projects which were highly fashionable and extremely common in the 1990s and 2000s? If benchmarking New Labour’s Third Way were the same as adopting neo-liberalism, then this might be the case. However, that is too simplistic a view, as Hesmondhalgh clearly noted in the quote at the beginning of this section. The Third Way that the New Labour policymakers invented and which the Korean centre-left governments followed was indeed ‘a new hybrid’. Furthermore, despite the commonality of pursuing a Third-Way state transformation, the Korean way of implementing it was necessarily very distinctive from the British one. An even more complicated hybrid was required to appropriate a political ideology from a developed country while repeating some lessons from the rapid and impressive industrialization enjoyed under the Korean developmental state.

It is indeed not so difficult to discern the factors that the recent state transformation in Korea appropriated from the developmental experience. First of all, the centre-left Korean governments actively redeployed the ‘national survival’ and ‘catch-up’ discourses that had been icons of the developmental state to justify and implement their major restructuring programmes, although they stopped short of employing the anti-communist militarism that had been the other representative ideological tool of the developmental state. Consequently, both the developmental and neo-developmental state transformations in Korea appeared to have national development as their prime goal. However, the latter aimed to achieve this by guaranteeing democracy and individual creativity, neither of which had been *allowed* under the former transition. Therefore, the centre-left Korean governments did not hesitate to make major *interventions* in industry as the developmental governments had done, but were at pains to avoid *interference* in the industry. Last but not least, both state transformations were initiated and led by very charismatic and powerful presidents, Park Chung-Hee and Kim Dae-Jung, even if their political origins were dramatically opposed. Due to these particular historical and structural conditions, the character of DJ’s state transformation in Korea necessarily diverged from that of New Labour’s, resulting in the distinctiveness of paths the creative turn took in each national cultural policy arena and performances achieved as a result .

To sum up, the post-crisis CI policy shift in Korea was obviously influenced and driven by the broader state transformation. The discursive practices, devised from the perspective of a ‘Second National Building’ to overcome the ‘Second National Shame’, primarily aimed to overcome the limitations of the developmental state model. For this purpose some elements of the regulatory state model were intentionally introduced and

thoroughly implemented. Nevertheless, the imported version was surely not Thatcherism, but the Third Way. In addition, such appropriations did not prevent the new regime from perpetuating some key features of the former developmental state. Therefore, the shift was not a neo-liberal but *neo-developmental* transformation, which sought an eclectic position somewhere between the old developmental state and the contemporary regulatory state. In this light, the Korean case reveals the way in which the rise of new CI policy in developing countries has been heavily influenced by broader transformations at the state level, and therefore, by the overarching transformation of the World System after the end of the Cold War. Clearly, if cultural policy commentators limit their gaze to the creative turn itself without acknowledging either the historical legacies or current political economic conditions of a specific country, then they will fail to comprehend an important explanatory dimension of the new policy trend.

9.2 Neo-Developmental CI Policy and the Popularity of the British Creative Turn

It [Creative industries theme] might be better thought of as a Rorschach blot, being invested in for varying reasons and with varying emphases and outcomes. Policy discourse, particularly that which has travelled so extensively and quickly as creative industries, will inevitably assemble differing evidence bases, interests and explanatory schema. ... It is the interactions amongst the contending elements that determine whether a policy discourse can be said to have useful or deleterious effects - effects which should not be presumed in advance. (Cunningham, 2009b: 376)

Corresponding to the observation above, this thesis may be taken as a case study that shows how differing 'interests' and 'explanatory schemes' can be mobilized by countries in planning and implementing a similar creative turn in national cultural policy. I have focused on showing how the creativity discourse can be situated in a country's broader shift from a developmental state to a neo-developmental state. I believe this can provide a useful lens through which the Rorschach blot may be observed more clearly. The recent Korean CI policy shift may be viewed to present, at least, a regionally representative case of the creative turn, because of Korea's former status as a representative developmental state in East Asia. In addition, the Korean shift has been regarded as a notable success among many countries in the region. Therefore, examining the characteristic features of the Korean policy shift can shed light on how and why the post-war developmental states of East Asia came to take up so

enthusiastically the creative industries discourse of a representative regulatory state such as the UK.

A clue can be found in the structure and content of the emergent Korean CI policy framework. In Chapter 6, I explored this policy framework in detail. My analysis of a series of key long-term policy plans made it clear that the policy framework did not emerge out of the blue, but rather was the product of a slow but steady evolution. As with the formulation of British creative industries policy, 'several distinct objects of policy' were interrelated by the emergent policy framework as 'policy thinking unroll[ed] and the machinery of government gather[ed] up wider circles of adherents' (Schlesinger, 2007: 386). It was argued that the policy framework appeared in an almost-complete form in the Culture Industry Policy Process System (CIPPS) model that was introduced in *Creative Korea* (2004). Following that, the conceptual architecture of this policy framework was examined. Its two slogans were the 'arm's length principle' and 'CI as a national basic industry'. Furthermore, the policymakers increasingly came to see these two slogans as converging at the point from which the concept of the 'national innovation system for CI' emerged. The development of cooperative governance, comprehensive *infrastructures* and symbolic intervention strategies can be understood to build up this NIS. It is worth stressing again at this stage that this policy framework was a thoroughly hybrid composition. As a product of the neo-developmental state transformation, it could only be poised between the regulatory state model and the developmental state model. This eclectic character requires further expatiation.

As noted above, the first half of the new CI policy framework was composed in accordance with the 'arm's length principle', which was borrowed from the Western regulatory states as an alternative to the primal function of developmental cultural policy, that of serving as an ideological catalyst for mass manipulation. Under the concept of ALP ministries were restructured, the freedom of expression was assured and civilian experts were brought into the policy community so as to replace the principle of 'interfering without supporting' with that of 'supporting without interfering' (Kim Moon-Hwan, 1996: 109). By abolishing many old conventions such as censorship and blind protectionism, the policymakers sought to secure a creative ecology that included a public sphere and the social capital of the Korean CI (policy) field that had formerly been absent. This *negative consolidation of creativity* was followed by efforts to stimulate a *positive consolidation of creativity*, under the slogan 'CI as a national basic industry'. This second half of the Korean CI policy framework can be viewed as countervailing the developmental state's treatment of culture as a mere add-on.

However, as mentioned in the last section, this second phase also corresponded well with some features of developmental industrial policy. The CI policymakers saw the CI sector as the ‘last battlefield of national competition’ in the 21st century (MCT, 2000b: 10); just as the EPB (Economic Planning Board) policymakers had seen the heavy and chemical industries in the 1970s. Believing that Korean CI should be strategically nurtured in order to protect national identity and to further raise the international competitiveness of the economy, various input *infrastructures* were carefully built up to guarantee the sustainable development of the CI sector. On top of that, a new mode of intervention into the CI value chain was pursued so as to stimulate the growth of Korean CI businesses at each stage.

Then, how does this eclectic neo-developmental CI policy framework account for the popularity of the British discourse of creativity in the East Asian region? First of all, it should be noted again that the underlying logic of the policy framework entailed the ‘phased’ development of the CI sector. Even if the policy framework was poised between the regulatory and the developmental models, its foundations were realized during the first phase of its implementation and development when the obstacles to creativity were removed from the Korean CI sector. Without ensuring the negative consolidation of creativity, the positive consolidation of creativity would not have been feasible. Therefore, the regulatory state model played a more significant role than the developmental state model in constructing this policy framework. In other words, the stress on individual creativity in the British creative industries discourse corresponded to the post-crisis mood and need in East Asia. In this vein, furthermore, by foregrounding individual creativity, which had been underestimated and even oppressed in the past, the neo-developmental state could dramatically distance itself from the previous developmental state.

The second reason for the popularity of the British discourse on creativity is that it provided a kind of ‘indulgence’ (in the Catholic sense) for pursuing the familiar ideology of nationalistic development. Due to the strong memories of ‘successful’ industrialization, not only the state but also the people have been reluctant to say farewell to some of the key developmental strategies in Korea. This was surely the case for economic nationalism predicated on the ‘catch-up’ discourse. However, the Asian financial crisis forced the neo-developmental state not to follow the familiar path openly. In this situation, the rise of the creative industries discourse provided a fantastic excuse for following (without admitting doing so) the heritage of the developmental state. The key logic of the British creative turn was to nurture individual

creativity and talent so as to produce IPR, the currency of the new economy, and thus to create wealth and jobs and guarantee the future of the cities and of the nation as a whole. This heavy emphasis on a nation-wide effort to enhance the international competitiveness of a national strategic industry resembles the logic promoted by the previous East Asian developmental states very closely. Generations of people have been conditioned to follow this kind of logic without question in East Asia. All that the neo-developmental state needed were new flasks for the old wine.

On the basis of the Korean case, therefore, I argue that the popularity of the British creative turn in East Asia was deeply related to the history of the region as a hot bed of the strong developmental state. After the 1997-98 Asian financial crisis, the myth of the developmental state was quickly deconstructed across the region. The British discourse of creativity as part of Third Way politics was just right for the situation. It furnished countries that were seeking an exit strategy from the developmental era with a plausible alternative discourse, and moreover, one that could be well mobilized for the double function of both criticizing the developmental state and simultaneously camouflaging the active reproduction of some of its well-known practices.

9.3 The Phased Development of National CI: Is It Replicable?

The U.S. government should make a decision to frankly subsidize a few sectors, especially in the high technology area, that may plausibly be described as 'strategic', where there is a perceived threat from Japanese competition. (Krugman, 1994b; cited in Woo-Cumings, 1999)

Western officials should have realised this summit would be different when they arrived in Seoul to find their smart phones didn't work. The problem was that Korea's nationwide 4G network was too advanced. On early negotiating missions, key UK officials found themselves communicating with London via e-mail, on rented phones. That was never a problem in Pittsburgh, or in Toronto. (Flanders, 2010)

As noted earlier, the developmental state was undoubtedly a third-world variant of the European national industrial state. However, as even Paul Krugman, one of the stark critics of the 'Asia's miracle' (cf. 1994a), acknowledged, its first runner, Japan grew into a country which could threaten Western developed countries by the late 1990s. Then, as the BBC's economic editor, Stephanie Flanders noted after the G20 Summit in Seoul about 15 years later, Korea has closely pursued the developed countries to become 'Asia's next giant' (Amsden, 1989). For example, according to *International*

Trade Statistics 2010 (WTO, 2010: 13), Korea became the world's 9th leading exporter (364 billion dollars) in 2009; marginally beating the UK which came in 10th (352 billion dollars). However, despite its remarkable development over the last half century, Korea has never abandoned its catch-up ideology, thereby distinguishing itself from Japan which has become a post-developmental state (Hill, 2007). As I have traced, this observation can be precisely applied to the Korean CI policy shift that took place over the last decade. As the CI grew larger, the policymakers and industries continually set higher targets vis-à-vis catching up with the 'advanced' countries, and aimed to become the fifth strongest producer of CI. When it comes to the performance of Korean CI policy, then, two major questions arise: Did the catch-up ideology once again serve as the best weapon for the rapid and substantial growth in the Korean CI sector? And, is this success mechanism replicable in other countries?

The answer to the first question is 'Yes, but No!' It was certainly one of the best weapons deployed in the CI policy shift, just as it had been during Korea's industrialization from the 1960s onwards. However, the most important factor was not the catch-up ideology, but rather the democratization of the policy community and the industries. Chapter 8 discussed the impressive development of the Korean CI sector both in the domestic and overseas markets, and then argued that this economic performance was achieved through a virtuous circle which was firmly based upon and stimulated by a *neo-developmental alliance* between the official and unofficial CI policy participants. In the rise of the neo-developmental alliance, one might see the replacement of one elite group with another, rather than thorough empowerment of the people, that is, democratization in a full sense. However, it is undeniable that this new power bloc took 'freedom of expression' as their mantra, along with the 'arm's length principle', and their new initiatives played a pivotal role in the liberation of the long-repressed energy and creativity of the nation's cultural sector.

This shift was instantly rewarded by the rise of landmark cultural contents in the domestic market, changing fundamentally the Korean public's perception of their cultural contents' quality. Encouraged by this early performance, the policy community expanded the CI promotion quangos and/or established new ones, and staffed both with the best and brightest in the industry. A direct result was the production of new and more relevant policies for the needs of the industries, which brought about the establishment of the necessary environment and input *infrastructures* and thus the transformation of Korean CI into a talent-and-investment magnet. The emergent policy community didn't stop there. It also implemented symbolic intervention at the every

stage of the CI value chain, the most emphasized of which was surely export expansion. At this later stage the past experience of the export-led industrialization under the developmental state must have provided more important reference points than the principles borrowed from the regulatory states. However, since Korean cultural products had already matured, several landmark contents could keep emerging to gain huge success in overseas markets. As this success was maintained, foreign audiences started to see Korean cultural contents as a competitive brand, and this in turn attracted far greater interest on the part of Korean policymakers, businessmen and the public towards their own CI sector.

Therefore, this thesis has argued that cultural initiatives and the democratization strategy, rather than economic initiatives or the catch-up strategy, were the most important factors in the impressive performance of Korean CI. However, it is also important to remember that this does not negate the role of the catch-up strategy. It was still one of the two best weapons deployed for the rapid and consistent growth of Korean CI. The key point is that the phased development of Korean CI, based on DJ's parallel development thesis, was achieved through a virtuous circle in Korea. What remains, then, is the question of whether this phased development process would be replicable in other countries?

Viewing the phased development process as a working model for CI development in any country facilitates an interesting comparison between the current CI policy practices of the regulatory states (e.g. the UK and the US) and those of the developmental states (e.g. China and Thailand). First of all, it should be noted that the two groups seem to have different priorities in developing their CI sectors. Given that the arm's length principle was invented and implemented by the regulatory states a long time ago (e.g. the establishment of British Arts Council by Keynes in 1948), those states do not need to worry about transforming authoritarian governance into democratic one in their policy arenas. The good news is that these states can concentrate all their capabilities on the second stage, that of making CI as a national basic industry. However, there is also some bad news. Given their longstanding freedom of expression, the collective dynamics produced by the liberation of long-repressed creative energies cannot be expected or counted on in those societies.

When it comes to the task of the developmental states in the 21st century (including many Arab nations under the current *Jasmine* revolution), the Korean experience suggests that there is no way to achieve substantial development in the CI sector, unless

the state ensures the democratic and cooperative governance of the CI (policy) field. The success of the East Asian developmental states in the Cold War era was not only due to the presence of the anti-communist bloc, but also driven by the nurturing of the manufacturing industries. It is an entirely different story when it comes to the promotion of CI in this age of limitless competition all over the globe, because the cultural and creative industries are dependent on creative innovation rather than on the elaborate imitation that had served well in manufacturing. In societies where there are layers of institutions that are ready to threaten and suffocate people's freedom and imagination, it is hardly possible for the CI sector to attract audiences, talent or investment.

Consequently, according to the phased development model, the problems that either the regulatory or the developmental states would face in an attempt to replicate Korea's rapid CI growth are exactly the opposite of those the other group would face. On the one hand, the regulatory states have played mainly the role of *referee* in the relation to their domestic industries. However, in order to realize the vision of 'CI as a national basic industry' it would seem more effective for the state to simultaneously act as a *player* in the game of developing the domestic CI sector in the face of fierce international competition. As examined in Chapter 2, the New Labour administrations' initiatives might be understood to play this role; for example, by establishing the DCMS, introducing new organizations such as the Creative Industries Task Force and NESTA, publishing numerous policy reports, and formulating/implementing many new policies. However, the performance of the policy practices seemed to fall short of the original expectations. Despite the fact that 'the most sophisticated policy efforts to stage the creative industries idea' occurred in the UK, this was also the country in which 'the strongest critiques of it' were raised (Cunningham, 2009b: 382). In a wider sense, Blair's state transformation has been heavily criticized as an effort to turn Britain into a 'fantasy island' by promoting 'incredible economic, political and social illusions' (Elliott & Atkinson, 2007). That is, the new role of government as an active player was neither familiar nor comfortable to many people in the UK. This is quite a contrast to the situation in Korea, where DJ's legacy is still widely being praised on account of the increasing confidence of, and interest in, the national CI sector it produced. However, there are some excuses for Blair. Who could openly oppose the cause of enhancing democracy? Given the highly democratized nature of UK society (relative to Korea), Blair's job may have been more sophisticated and demanding than DJ's. In addition, it would appear to be considerably more difficult for the state to mobilize all available sources for nurturing and promoting 'national strategic industries' in Britain than it is in

Korea, because of the UK's long history of industrialization. Owing to this difference, it seems inevitable that a regulatory state would have to take a slower path towards transforming its policy system in order to expand *infrastructures* and implement strategic intervention into the CI value chain.

On the other hand, in many authoritarian developmental states, despite the existence of firm catch-up ideologies, the government might need to step back from its role of *all-round player* and consider the new role of *fair referee*. Korea was known as one of the most brutal and most repressive developmental states in the past (Castells, 1992: 40), and its example clearly demonstrates that the role of the state in CI development needs to move away from the developmental system in some ways. Taking China as an example, in order to move away from the era of 'made in China' to that of 'created in China' (Kean, 2006), the Chinese authorities would have to abandon both their authoritarian mind-set and their tight control of the public sphere. This would then allow the growth of autonomous policy practices to build up social capital across the policy and industrial arena. Clearly, without returning freedom of expression to the people, introducing democratic and cooperative governance over the CI policy community, and ensuring this shift by reliable environment *infrastructures*, it is hardly feasible to encourage people and industries to make the most of their creativity and produce creative contents. Even enormous budgets for the one time development of input *infrastructures* for the CI industries, such as research institutes, venture capital funds, and post-production studios, cannot alone guarantee the sustainability and further development of the *infrastructures* without the voluntary involvement of the private sector. For this to occur, the common people's perceptions must be first changed. A key factor here would be the creation of a series of landmark cultural contents which are creative enough in a cultural sense and successful enough in an economic sense to change any longstanding public doubt and prejudice towards their own cultural products.

Once this first phase of the development is achieved, the second phase might appear to be relatively easy, given that the developmental states have no doubt accumulated similar experiences in promoting other industries over the previous decades. However, a variety of intense conflicts are likely to occur in the earlier stages of establishing a new governance mode and system for CI. These struggles for existence and power between groups who live in 'different epochs' but who share the same physical time-space will not only be very conspicuous, but also expansively, painfully and constantly reproduced. However, these tensions between conflicting values and ideologies need to be taken as

the natural growing pains that accompany a fundamental policy transformation out of the developmental state era. I argue that this is an inevitable process for countries, such as Korea, which went through a remarkably compressed industrialization, and therefore it should not be appropriated as evidence to nullify the significance of the transformation.

9.4 The Contributions and Limitations of this Research

By describing, explaining and evaluating the case of the Korean CI policy shift under the progressive governments (1998-2008), this study has sought to provide a distinctive account of nurturing CI beyond the old-style dichotomy between ‘protectionism’ and ‘neo-liberalism’ in the age of post-organized capitalism. A significant and original contribution that this thesis makes is its utilization of a new concept, the neo-developmental transformation, to demonstrate that the rise of the new CI policy in Korea was a far more complicated process than the protectionism/neo-liberal dichotomy might suggest, just as was the case with the whole state transformation process. In establishing this point, this thesis attempted to address the Korean CI policy shift from a comprehensive perspective, thereby paying attention not only to the process of the policy shift, but also to the policy framework that arose during the process and the performance of both the shift and the framework. This was necessary since one of the key aims of this study was to fill a gap in the literature of the international cultural policy research community, namely, the lack of knowledge and interest in the Korean CI policy shift. In addition to being an explanatory case study on the Korean national cultural policy, it is also an exploratory case study on the emergent trend of the creative turn, as discussed in the earlier sections. This trend has been accelerating in East Asia with the rise of China as the second biggest economy in the world during the last half of the 2000s (cf. Hartley & Kean, 2006). Therefore, this study is both timely and relevant. However, the explanatory and exploratory results of this case study both need to be complemented by further research.

As an explanatory case study on Korean national cultural policy, the thesis has three key limitations. Firstly, it did not pay close attention to the concrete changes that the CI policy shift brought about in the industries and among Korean audiences. Since most interviewees were from the policy community, the evidence cannot be understood to fully reflect the other parties’ perspectives and opinions, although the interviewees

representing the quangos had had long careers in the CI industries. The change in the public's perception of Korean CI, which was acknowledged by the policymakers as a key moment in Korean CI development, also needs to be examined further through an examination of the voices of the audiences themselves. That is, once the broad process, the product and the performance of the policy transformation have been brought to light, more detailed examinations of the Korean experience need to follow. This will surely allow for a more nuanced interpretation of the statistics presented in section 8.1 that could address more concretely the relations of cause and effect concerning the emergent policy practices.

In a similar but distinctive vein, further attention needs to be paid to the differences between genres within Korean CI. As the case studies of KOFIC and KOCCA showed, the national innovation system for CI was inevitably far from a homogenous entity. Therefore, the unique characters, objectives and development processes of each genre during the policy shift need to be examined at a more concrete level. To borrow Pratt's expression (2005), research that takes as its object the whole system of the cultural circuit in each genre (including content origination, exchange, reproduction, manufacturing input, education and critique, and archiving) should be planned and implemented. This would enhance understanding of the 'depth' as well as the 'breadth' of the emerging cultural industries in Korea.

Finally, this study has focused on the Korean CI policy shift between 1998 and 2008. Many things have changed since 2008, when the conservative party—which regarded the *transformation* period as the 'lost decade'—resumed power. Although both the major policy initiatives and the impressive economic performance of Korean CI have continued without a break, the arm's length principle has certainly been weakened. For example, all the chairpersons or CEOs of the quangos under the Culture Ministry were forced to resign in accordance with the first Culture Minister of new regime's prime objective of 'Ferret[ing] out the Leftists!' (Pressian, 2009b). Most quit, but some sued the Minister. At the time of writing, all the legal cases ended with the eventual victories of the former quango chairpersons over the Culture Ministry. It is hard to say that the neo-developmental alliance toward phased development fares well in the current Korean CI policy arena. The conflicts between the young/progressive and the old/conservative groups have been exacerbated in this way. How and to what extent has this regressive move affected the policy field and the CI industries? This is a key question to be answered by other research.

In another direction, this thesis is an exploratory case study on the world-wide creative turn, and therefore should be complemented by research on the experience of other countries. Although it is reasonable to confer a high degree of representativeness on the Korean experience as an example from East Asian developmental states, as Doyle and Frith (2006: 56) rightly put it, 'examining procedures and practices in one particular context ... may well produce data that has no wider truth or significance'. Therefore, the findings of this study need to be confirmed by research, firstly, on other East Asian countries that have followed similar trajectories to Korea in the post-Second World War period. Taiwan is probably the best case which could be compared with Korea, in that many researchers have been comparing the two countries' experience since the developmental era (e.g. Amsden, 1989; Amsden & Chu, 2003, Amsden, 2007), and because Taiwan has also adopted the creative turn.

In addition, comparing Korea with Japan could produce another noteworthy lesson. During the developmental era, Korean CI had referred heavily to Japanese CI, as with many other industries. Television, music, and animation producers all accumulated their knowledge from looking at their counterparts in the first-mover among the East Asian developmental states. However, the Japanese story diverges from the neo-developmental CI policy shift. When DJ opened the Korean market to Japanese popular culture, the dominant concern voiced predicted the end of the domestic industries. About 10 years later, this voice has completely disappeared from Korea. In contrast, Japanese right-wing groups are now busy holding demonstrations in front of major broadcasting companies in Tokyo, asking them to cut the air-time devoted to Korea-related contents, especially Korean TV dramas and K-pop. That is, 'Japan, once the teacher of analogue technology and cultural products to Korea, is now being embarrassed by its former pupil with Korea's rapid advancement in digital technology and cultural industry' (Business Week, 2003: cited in Kim, 2007: 25). Given that even Korean wave can be considered to have followed or reproduced the successful penetration of the regional cultural market first pioneered by Japanese contents such as J-pop and Janimation (Iwabuchi et al., 2004; Shin, 2009), this reversal in the direction of cultural exchange is quite interesting. Is this change related to the difference between neo-developmental and post-developmental CI policy? This is a key question in the East Asian cultural policy field.

Finally, the Chinese experience of the creative turn also needs to be examined. As is well known, after joining the WTO in 2001, China has actively adopted the term 'creative industries', along with many related policy practices (Hartley & Kean, 2006;

Hartley & Montgomery, 2009). Meanwhile, China took the Korean example as a significant reference point along with those of Singapore and Hong Kong (Kean, 2004: 276). Then, as the biggest developmental state ever, China presents a unique case which refers to both the regulatory model and also to the neo-developmental model. What kind of policies has this complex combination produced: developmental, neo-developmental or regulatory? Some of them may possibly fall into one category, but most would be difficult to position due to their hybridity. How much and in which ways, then, has each policy orientation contributed to the development of Chinese CI policy? In order to answer this kind of question, it is necessary to examine both the converging and diverging characters of the different countries, and to drill down to a more concrete level. For example, conducting case studies on equivalent quangos charged with promoting the same genre of CI in Britain, Korea and China, would help researchers grasp a more substantial understanding of the world-wide CI policy shift at stake.

How long will the Korean cultural industries sustain their impressive performance? How long will the Korean wave last? The current Korean policymakers need to understand that the past success of Korean CI sector was built on the principle of democratic governance. While it may be not so difficult to put the quangos back to the state in which they had existed before the policy shift, it is no longer possible to control the cultural industries in Korea in the ways they were manipulated under the authoritarian regimes. This is not a matter of political ideology, but of economic reality. If the next government, which will be elected in December 2012, also neglects the importance of the democratic governance of the CI (policy) field, the impact of the negative consolidation of creativity may break down as hindrances to the development of CI reappear. If that were to be the case, the Culture Ministry's annually increasing programme budget would be spent in vain. If not, however, then the Korean wave seems set to last for another decade.

Postscript

After the viva in July 2012, the researcher was asked by the examiners to write a postscript to the thesis which provides both a more distanced reflection on and more direct clarification of the implications of the findings. This thesis explicitly used the UK creative industries policy debates (1997-2010) to examine and reveal how an *equivalent* policy shift occurred in Korean cultural industries policy (1998-2007). Therefore, this (informal) comparative study can be broadly considered to entail an examination of *international policy transfer*. Here, by ‘policy transfer’ I mean ‘a process in which knowledge about policies, administrative arrangements, institutions etc. in one time and/or place is used in the development of policies, administrative arrangements and institutions in another time and/or place’ (Dolowitz & Marsh, 1996: 344). It is noteworthy that the CI policy transfer resulted in almost simultaneous cultural policy transformation, i.e. the *creative turn*, in both countries, despite the differing contexts of a historically representative ‘regulatory’ state and a historically representative ‘developmental’ state.

How could the two countries go through a similar cultural policy turn at the roughly same period of time despite completely distinctive experiences of industrialization and modernization? This was the question that initiated and maintained my interest in the research, and the researcher found the notion of the ‘neo-developmental transformation’ is central and useful to resolving the puzzle. Thus far, however, I did not clearly explain to what extent and in which ways the policy transfer from Britain affected the neo-developmental policy transformation in Korea. One may fairly say that when it comes to the CI policy transfer, this thesis stopped short of showing a close connection between the UK and Korean creative turns. For example, Chapter 5 focused on a variety of sources and the development process of Korea’s CI policy transformation instead of digging into the processes through which the British policy discourse was imported (cf. 5.2.5). Nevertheless, it is worth remembering there were some reasons for this. Firstly, as mentioned in Chapter 4, over the course of time the Korean experience became the single object of the research, while the British experience was reduced to a reference point. In addition, the researcher could not find sufficient empirical evidence of the *direct* influence of the British creative turn on the Korean counterpart at the level of the concrete policy instruments. In this regard, the Conclusion chapter was mainly concerned with drawing lessons from the Korean experience in terms of a shift from its own developmental era, rather than elucidating

policy transfer between the two countries. However, this is not to say that there has been no lesson learned about the latter. Indeed, several significant points relating to this were brought up in the thesis, but have yet to be loudly voiced.

Therefore, this postscript first clarifies the *substance* of the CI policy transfer from the UK to Korea: What was actually transferred and by whom; to what extent the policy transfer had influence on the policy building in the importing country; and how *foreign* examples got embedded in the local to take on new meanings? After reflecting on these issues, I will state more explicitly how and why I mobilized the concept of ‘neo-developmental transformation’ in order better to grasp the policy transfer and ensuing policy shift. Clarification of the utility and limitations of the notion in comprehending the policy transformation at stake will be sought. The researcher will end this scriptum by bringing to light several issues concerning the performance of the new framework of Korean CI policy, including the Korean NIS (national innovation system) for CI and the validity of the CI statistical data. These discussions will help to highlight key lessons about the creative turn in general. Along with the fieldwork in 2009, my recent experience of joining a series of seminars to explore the future of Korean CI policy will be used as key source.⁵⁴

The Substance of the Cultural and Creative Industries Policy Transfer

When starting work on the literature review, the researcher first examined the British creative industries policy debates and came to understand that the rise of ‘creative industries’ policy in Britain led by the Blair government was inextricably connected to the rise of both the new economy (or ‘post-organized capitalism’) as a dominating external force and of creativity as the nation’s key internal competence. As the literature review went on to examine the institutional history of Korean (cultural) policy making, I recognized the rise of ‘cultural industries’ policy in Korea after the inauguration of the DJ government was also driven by the same logic and trend. At that time, however, I was not sure whether that similarity was a consequence of an intentional policy transfer or coincidence.

⁵⁴ These seminars were held monthly in Seoul between June and August 2012. In each seminar, a dozen experts from industries, quangos, research institutes and academia took part.

During the review it became clear the DJ government occupied a unique position in the historical development of cultural policy under successive Korean governments. Although Korean governments have implemented ‘cultural policy’ since the establishment of Republic of Korea in 1948, it was under President Park’s presidency (1961/63-79) that the Korean cultural policy field got organized in a real and official sense. Park’s cultural policy regime then underwent a fundamental shift during DJ’s presidency (1998-2003). What I had to ascertain was where the source and logic of the latter transformation came from; driven as it was by an unprecedented heavy stress on the arm’s length principle and the strategic importance of the cultural industries.

Reading DJ’s presidential speeches, interviews and articles led me to notice an important fact. DJ had paid special attention to the British experience—both historical and contemporary at the time—when formulating his fundamental philosophy of the parallel development of democracy and the market economy. His relationship with Giddens and Blair, reinforced by the common thread of the Third Way, was undeniably a key source of the DJ government’s policy scheme. Nonetheless, it was a different matter to find concrete evidence in official ‘cultural policy’ documents that emerging British creative industries policies had had any direct influence on the rise of Korean cultural industries policy. The question then arose, to what extent did the emerging Korean CI policy refer to the British experience? Now, I can say with more conviction that the CI policy transfer from Britain to Korea was less like policy ‘copying’ (which involves direct and complete transfer of the details of the policy), and more like ‘emulation’ (which involves transfer of the ideas behind the policy), ‘combinations’ (which involve mixtures of several different policies) or ‘inspiration’ (where a policy change is stimulated by policy in another jurisdiction, but results in an outcome quite different from the original) (cf. Dolowitz, 2000: 25). There are several points to be made to elaborate this argument.

a. Who Transferred What from Britain?

The first white paper of cultural industries, published by the Korean Culture Ministry in 1997, compared several approaches to define and promote cultural industries and then argued that the ‘Sheffield model’ was the most suitable for application in the context of Korean cultural industries (MCS, 1997: 16). This reveals that it was not new for a Korean government to refer to British experience so as to formulate and implement its CI promotion policy. Since the establishment of the British Culture Ministry in 1997, the

mode of Korean Culture Ministry's referencing became more active. As pinpointed earlier (cf. 5.2.5), DJ's Ministers publicly cited and praised the British government's efforts to enhance/expand the role of culture and creativity into a key driver of social and economic development. Furthermore, DJ's CI Bureau chiefs ceaselessly examined the DCMS's experiments in order to find lessons worthy of application to their own policy making. Moreover, almost as soon as the term 'creative industries' had appeared in the UK, it was introduced to Korea by the only government-supported research institute for cultural policy existing at the time. Therefore, it is correct to say that 'elected officials', 'civil servants' and 'policy experts' all played their parts in the policy transfer.⁵⁵

Nevertheless, these connections must not mislead observers into exaggerating the degree of transfer. What I found through my field work and recent experience is that while Korean CI policymakers certainly were well cognizant of the British creative turn, they never tried to confer the status of a 'model' on the new trend. There are two interlinked reasons for this. Firstly, in contrast to the broad interest in the British effort, the new 'creative industries' policy framework was never *systematically* introduced to the Korean cultural policy (research) community during DJ's presidency. Even if the report by KCPI introduced the new term swiftly, it was more like a dry description of the British cultural policy field and its components, than an in-depth analysis of the creative turn. Since then the research institute has not dealt with the 'British creative industries policy' as an independent research theme. Other policy research institutes took the same approach toward the British policy under the centre-left governments. It was under the current Lee government that the Korean policy community showed detailed interest in the rise of the new British term and policy (e.g. Yoon, 2008 [for Korea Industrial Technology Foundation]; Roh, 2009 [for KOCCA]).⁵⁶ More fundamentally, however, the status of the British creative turn as a *model* to be emulated by other countries needs to be problematized. British policymakers certainly invented a new term and re-conceptualized old terms to provide an emerging policy object with a new definition, scope and direction. However, these practices fell short of producing a comprehensive and coherent model which covered policy ideas, attitudes and concepts; policy goals, structure and content; policy instruments and administrative techniques.

⁵⁵ According to Dolowitz and Marsh (1996: 345), there are 6 main categories of actors involved in policy transfer. In this policy transfer, however, the role of political parties, pressure groups and supra-national institutions were negligible.

⁵⁶ However, these research reports still sought to provide a mere description of a 'best practice' of the UK, rather than active interpretation and/or critical evaluation of the policy practice.

They could have produced a variety of ‘models’ over many policy areas and processes, but the models themselves were fragmented along with various agencies’ distinctive desires, various industries’ different needs and various policies’ divergent objectives. In this situation, no doubt ‘a “best Practice” or “Xerox” policy transfer is unlikely to be a useful guide’ (Pratt, 2009: 19). This was also the point strongly raised by my supervisor, Philip Schlesinger, from the early stage of the research and the reason why I chose the term of ‘British discourse’ of creativity instead of ‘British model’ in examining the original creative turn in Chapter 2. In this light, I added a ‘Korean perspective’ to Figure 2.1 (The British Creative Industries Policy Framework) which I drew by comparing the *CI Mapping Document* (2001) and *Creative Britain* (2007). If my research had dealt with an object of a far longer history and with more concrete institutions, say NHS policy, this would certainly have been a very different story.

b. Adoption of the British Goal and Idea in Korea

As Dolowitz and Marsh (1996: 351) argue, the easiest way to prove that policy copying or emulation has occurred is to look at the ‘legislative bill’ authorizing the related programmes. As such, it is very difficult for a researcher to find any trace of copying or emulation from Korean CI acts. As examined in section 5.2.3, the ‘Framework Act’ adopted a completely different definition and scope of ‘cultural industries’ from the British case. Up to now, the Korean Culture Ministry has not officially adopted the term ‘creative industries’ in publishing CI policy documents or naming its bureau/department. More significantly, the incorporation of the traditional arts sector and the growing software sector into the ‘cultural industries’ sector did not occur in Korea. Of course, it is undeniable that British arts councils were directly referred to in transforming the Korean Culture and Arts Foundation into the Arts Council Korea (ARKO), and Ofcom was heavily referred to in establishing the Korea Communications Commission (KCC). However, this kind of ‘copying’ was limited to the specific level of the institute, and lacked interest in the bigger picture of the creative turn. As Kim Sung-Jae and Kim Hyae-Jun acknowledge, for example, the transformation of the KMPPC into KOFIC was modelled after the French CNC, and the key policymakers did not know that the driving principle behind the transformation, i.e. the arm’s length principle, had a British origin. It was much later that they came to know where the principle originated. Four former top managers of KOCCA during the *transformation* period, whom I recently met for the first time, also admitted that they paid little attention to the British ‘creative industries’ policy structure and instruments.

What then was transferred? What did the policymakers look at when they admitted the importance of the British experience? I would argue that it was a particular policy goal/objective that cultural and creative industries can become a national strategic sector for the age of the 'new economy' by generating knowledge-based wealth and jobs, and a specific idea/attitude that creativity must lie at the centre of this new cultural policy project. For instance, *Creative Korea* (MCT, 2004: 27), arguably the most important Korean cultural policy document ever produced, begins with interest in *Creative Britain*, acknowledging the importance of creativity and the cultural industries for national development. However, the document never shows any interest in the term 'creative industries'. Another example: when DJ's second CI Bureau chief slept on the problem of how to tear to shreds the Ministry of Information's claim to incorporate within their territory all sorts of 'digital contents', he drew on 'cultural contents industries' rather than 'creative industries' to argue for the expansion of the conventional scope of 'cultural industries' (cf. 5.3.1). Since the abolition of the Ministry of Information under the current government, 'content industries' (without 'cultural') has been more frequently and comfortably used by the Culture Ministry. These episodes reveal that the Korean CI policymakers have their own drivers (such as inter-ministry competition and long-standing political agendas) around building up the emerging policy sector. Although there appears to have been a strong need to identify other governments and quangos that provided a neat example to 'copy' at that infant stage of Korean cultural industries (policy), the British creative turn was not studied systematically for that purpose. Instead, the policymakers seemed to satisfy themselves with engaging the UK's conviction and experience in order to confirm their general direction, goals and attitudes, but where they headed to flesh out their policy framework was their own past of successful 'industrialization'.

The Pertinence of Mobilizing the Notion of 'Neo-Developmental'

The foregoing has indicated that the CI policy transfer between Britain and Korea was by no means a 'Xerox' policy transfer. The Korean creative turn was *inspired* by the British one; *emulated* its key ideas and objectives; and unfolded by *combining* British governance systems and principles—most notably the arm's length principle—with Korea's experience of industrial intervention and social integration from the developmental era (i.e. nurturing national strategic industries). Given this substance of

the CI policy transfer, the key benefits of using the term ‘neo-developmental transformation’ are brought into clearer relief.

a. Utility of the Notion

Above all, it is worth noting here that ‘combinations’ (Dolowitz, 2000) or ‘hybridization and synthesis’ (Dolowitz & Marsh, 1996) have been the most familiar form of policy transfer to the Korean people since the initiation of the country’s ‘late-late’ industrialization in the 1960s. This is mostly due to the *eclectic* characteristics of the Korean developmental state, poised between the statist model and the regulatory state model. Among other implications, what this thesis has found is the CI policy transformation, or the Korean creative turn, did not happen in vacuum: it was a direct result of the broader ‘state restructuring’ project after the supra-national financial crisis and the country’s first democratic government change in 1997. The restructuring brought about an even ‘more complex hybrid’ of policy agendas and practices, which seems now poised between the developmental state model and the regulatory state model; and this unique positioning is not only conditioned by the historical development of the Korean state, but also by the geopolitical options available to the ‘East Asian’ region.

These three features are precisely what the concept of the ‘neo-developmental policy transformation’ was mobilized to shed light upon. I initially considered using the term ‘post-organized’ policy transformation, but this was too broad a concept to stress the historical and geopolitical characteristics of East Asian industrialization and democratization. The concept of ‘neo-developmental’ was therefore evaluated to be the best in revealing simultaneously elements of continuity and discontinuity that the new policy development contained in relation to the history of Korean (or East Asian) policy making.

It can be thus clearly said that this thesis seeks to take a broader socio-political context of policy making and transfer in understanding the recent transformation of Korean CI policy. And this is what distinguishes the thesis from other work in the cultural policy research field. First of all, there has been little research to compare the creative turns in the UK and Korea. I sought to do just that and thereby suggest an interesting parameter for wider comparison between the Western European and the East Asian contexts of CI policy making on the one hand (cf. Kong & O’Connor, 2009a) and between

the Park Jung-hee government's and the DJ government's cultural policy approaches on the other. At the heart of both projects lies this lens of the neo-developmental policy transformation. Since there has been no research to explore the meaning and significance of the Korean CI policy shift under the DJ and Roh governments in the broader context of Korea's state transformation or in the broader context of the creative turn in world's cultural policy, this thesis may furnish meaningful stepping stones to researchers with interest in such wider comparisons.

b. Limitations of the Notion

Nonetheless, no doubt the concept has some significant limitations as well. Today, it is not uncommon to argue that the Korean state has gone through a qualitative transformation following the 1997-98 Asian financial crisis. Many have seen 'neo-liberal' elements resulting from the transformation (Lim & Jang, 2006; Pirie, 2008). This 'neo-liberal' concept is fine insofar as one focuses on the governmental policy shift concerning the matter of financial and corporate restructuring. However, I would argue that since the financial and corporate policy shift was imposed by powerful international organizations such as the IMF (through treaties signed by the YS government), it cannot define the true character of the state transformation under the progressive governments. For this one needs to look to those governments' cultural (industries) policy shift, because it is this that most clearly reveals the differences and similarities between DJ and President Park. Either way, it is undeniable that there was a variety of smaller policy shifts under the agenda of state restructuring. As with the case of the Third Way politics in Britain, the Korean version contained complex and sometimes conflicting elements. The problem is that the notion of 'neo-developmental' might not reveal such multiple layers of (Korean) state transformation, and could thus mislead by glossing such change as a seamless entity and a heroic synthesis against national crisis. The transformation was actually more like pain(s)taking processes of hybridization.

This thesis has argued that the Korean creative turn brought about a 'neo-developmental cultural industries policy'. This idea is deeply indebted to prior scholarship in the field of research on the state, in particular derived from Richard Hill's (2007) analysis of current East Asian states according to the degree of catching-up zeal in each society. As of 2007, defining the developmental state as the 'prime vehicle

for catching up', he puts Japan in the category of the post-developmental state where the passion for catching up has been 'exhausted'; Taiwan and Korea in that of neo-developmental states which 'have yet to catch up with' advanced economies; and Thailand in that of a developmental state with 'commitment' to the catching-up creed. Although I broadly agreed with this distinction, I sought to go beyond the single criterion of the categorization: the catch-up ideology. At least speaking of cultural (industries) policy, the Korean case shows that the degree of democratization of governance among policy actors and industries should be included as a key barometer for the categorization of East Asian developmental/neo-developmental/post-developmental states. Focusing on Korea's particular experience, however, this study did not proceed to the point of suggesting a clear set of criteria covering not only industrial but also democratic concerns, with which the diverging degrees and trajectories of East Asian states' developmentalist projects could be clearly positioned and compared. However, that would have been beyond the initial scope and is an issue to be urgently addressed in further research.

In a similar vein, it should be also admitted that the notion of the neo-developmental state carries a sort of static and normative tone in envisaging the form and function of the state. In the early 1980s, it might have been a timely and useful approach to categorize different states within the dichotomy between the regulatory and the statist models. However, for the last three decades things have changed as a result of significant events such as the collapse of the Soviet Union and the rise of neo-liberalism. Accordingly, the Anglo-Saxon regulatory states, as well as the Asian developmental states, have evolved toward a more complex *cell division*, bringing about the need for subtle distinctions between 'neoliberalism, neocorporatism, neostatism, neocommunitarianism', etc. (Jessop, 2002: 259-264). In this context, new attempts to understand the institutional setting for national economic development have arisen. To illustrate, the 'varieties of capitalism' approach is one of these emerging perspectives: it seeks to go beyond a 'modernization' approach (which often overstated what government can accomplish), a 'neo-corporatist' analysis (which over-emphasized the role of trade unions), or a 'social systems of production' approach (which paid attention to the linkages between firms and institutional support mainly at the regional or sectoral level) (Hall & Soskice, 2001). In attempting to reflect the 21st-century political economy, the varieties of capitalism approach draws persuasive distinctions between two modes of capitalism among current developed economies: in liberal market economies (LBE) 'firms coordinate with other actors primarily through competitive markets', while in coordinated market economies (CBE) 'firms coordinate with other

actors through processes of strategic interaction' (Hall & Gingerich, 2004: 7-8). As we can see, this approach also adopts a kind of dichotomy between LBE (the US, the UK, Ireland, Canada, Australia and New Zealand) and CBE (Germany, Austria, Japan, South Korea, Sweden, Norway and Switzerland), but it becomes more balanced and non-normative by stressing equally the roles of the public and private sectors and by explaining in greater detail and in multiple aspects the institutional settings which affect industrial coordination within a nation-state. The notion of the neo-developmental state can and needs to be further developed in reference to approaches of this kind.

Difficulties behind the Creative Turn in Korea and Elsewhere

As Kong and O'Connor (2009b: 1) stress in exploring 'Asian-European Perspectives' of creative economies and creative cities, the internationalization of creative industries policy discourse has brought to light 'the need for "imported" policies to be sensitive to different national contexts'. Put another way, as with the advance of any policy discourse, the spread of the *creative turn* in the world's cultural policy arena has been uneven and contingent. When the creative turn of British origins was emulated in other countries, some of the key objectives and ideas might have been preserved, but the scope, speed, intensity and influence of the turn could only be reshaped by the local context, in particular the nation's institutional circumstances around the cultural and creative industries. It is thus natural that the process, product and performance of the creative turn vary across continents and then countries.

As the thesis has shown thus far, the Korean turn was very different from the British one, although it had certainly been inspired by the original. In addition, the turn was driven not only by the future the progressive government was hoping for in the middle of an unprecedented economic crisis, but also by the past experiences of developmental statist industrialization. These particular conditions led the Korean turn to move slowly but steadily in a specific direction: that of building up the Korean NIS for CI. As I argued in Chapter 6, this direction took full shape after the publication of *Creative Korea*.

Two points need to be briefly added concerning the innovation system. Firstly, there are two distinctive understandings of the concept of NIS. A narrow understanding focuses on science-based innovation, formal technological infrastructure and R&D-

centred policies, while a broader understanding encompasses individual, organizational and inter-organizational learning and training systems (Lundvall, 1992; 2007). The former can be called the 'STI' (Science-Technology-Innovation) perspective of NIS, while the latter can be titled the 'DUI' (Doing-Using-Interacting) perspective. According to Lundvall (2007: 4-16), from Friedrich List to Christopher Freeman, the pioneers of the NIS concept have stressed both aspects, in contrast to 'standard neo-classical economics' that favours narrow interpretations of innovation systems. It is quite clear that the strategy of establishing a national innovation system for Korean CI adopted the broader interpretation of the NIS concept: it was composed of three sub-strategies for democratic governance, comprehensive *infrastructures* and symbolic intervention. This was a rational goal or choice for a country perplexed by bittersweet memories of its developmental experience vis-à-vis a national crisis. Secondly, it should be also pointed out that during the Roh government there was an *explicit* move led by the Ministry of Science and Technology to build up innovation systems for a few strategic industries including bio-technology and nano-technology. In this line, President Roh officially announced a plan for establishing Korea's National Innovation System at the Blue House on 30 July 2004. However, there was no room for cultural (contents) industries within this project, as was later clearly seen from the fact that the Culture Minister was omitted from the council of Ministers set up to promote *this* NIS. Although the CI policy framework evolved toward building the NIS for CI, this move was not impressive or explicit enough for the government as a whole to recognize CT (Culture Technology) as a serious technology to be supported by building up the related NIS. Pulled by the strong performance of national champion firms such as Samsung and LG and pushed by the agendas of the Korean Ministry of Science and Technology, this idea of NIS has been used extensively, for example, in the computer chip industry in Korea, but has not been officially 'transferred' to the creative sector.

Even if the Korean NIS for CI was not established by the devotion of the whole government, I have argued that the 'neo-developmental alliance' in the cultural policy field succeeded in producing a 'virtuous circle' by stimulating qualitative leaps in Korean cultural contents. To evidence this point, a few statistical data were mobilized. Nonetheless, it is still important to mention the limitations of the statistics. Due to the fierce competition between Ministries, the Korean Culture Ministry could not expand the scope of the cultural industries to their heart's content during the CI policy transformation. This means the same kind of rapid shrink as occurred in Britain between

2010 and 2011⁵⁷ is less likely to happen in Korea. This is not to say, nevertheless, that Korean statistical data are immune to the common problems of CI statistics.

These statistics are mobilized by the national and local governments—albeit with all these subtle differences—for two reasons: to show how significantly the creative sector has grown, and how rapidly it is and will be growing. Of course, the final aim is to convince people to buy into the importance of the industries and concomitantly into the importance of the Ministry/agencies in charge of promoting them. Problems spring from many directions, however: the lack of a history of data collection in the creative sector, confusion and imprecision of the key indicators and concepts that may underpin the sector, the methodologies of data collection/analysis still under development, and novelty, diversity, rapid mutation, etc. of the object measured. In short, *decent* statistics on CI have not yet been established in Korea, as with every other country. Therefore, what I sought to do in Chapter 8 was not to urge readers to take such data at face value. Even if there are disparities of degree between the categories (e.g. data on Korean CI exports are most reliable), those statistics tend to reflect ‘much “hope” value in the policy making’ (Pratt, 2009: 9). To keep this in mind helps to recognize what they are really indicative of between the policymakers’ aspiration and the creative sector’s performance.

In concluding this postscript, let us remind ourselves once again that however speedy and expansive (Cunningham, 2009b), the spread of the creative turn has been uneven and contingent. As time passes, ‘This, Too, Shall Pass Away’! It is by no means the ‘end of history’ of cultural policy; ‘once-and-for-all’ and ‘one-solution-fits-all’ are both unfeasible and implausible myths. It is therefore not worthwhile deifying the creativity and creative industries discourse into a magic key. We have to admit instead that for many, life continues untouched by the turning or restructuring, while for some, many things might change. The over-ambition of policymakers and private partners should be thus curbed, in particular when their zeal and efforts are blind to local needs and context.

This thesis has shown how different the creative turn in Korea or East Asia can be from that in Britain or Western Europe. One thing that is certain in both regions is that creativity is difficult. Without difficult processes of learning the rules and systems of a

⁵⁷ According to the DCMS (2011), British creative industries accounted for 2.9% of the UK’s total GVA in 2009. One year ago, it was reported that those accounted for 5.6%. This rapid fall is a direct result from modifications to the scope and methodology, not from substantial industrial changes.

specific 'domain' and without the feedback and resources supplied by the related 'field', a 'person' or a group of people, however talented, cannot achieve historically remarkable creativity (Csikszentmihalyi, 1996; Gardner, 1993). Then, it is obvious that a handful of creative people, creative cities, creative industries or creative policies cannot ensure more and/or better jobs, wealth and growth for/in themselves. The creative turn might be an effective driver or efficient catalyst for a nation's competence building in the age of knowledge-based economy, but surely is not a magic solution for each and every social, economic and physical problem.

APPENDIX

LIST OF INTERVIEWEES

The people who agreed to be interviewed for this research are listed here. Except one interview on 21 October 2009, all interviews were held in an individual face-to-face form. The positions listed below refer to the main positions related to CI policy that the participants held formerly or held at the time of the interview.

Name	Date	Representing	Position
Kim, Hyae-Joon	2 & 9 September 2009	KOFIC	Secretary general
Yang, Hyun-Mee	3 September & 12 November 2009	KCTI	Chief Researcher
Lee, Young-Wook	8 September 2009	KCTI	Chief
Park, Sea-Young	14 September 2009	KGPC & KOCCA	Assistant Manager (Comics)
Cho, Gwang-Hee	16 September 2009	KOFIC	Inspector
Kim, Do-Yun	18 & 25 September 2009	KOCCA	Manager (Popular Music)
Lee, Jung-Hyun	23 September 2009	KGPC & KOCCA	Secretary General
Cho, Dong-Chun	30 September 2009	KOCCA	Assistant Manager (Popular Music)
Chung, Heon-Il	6 October 2009	KCTI	Chief Researcher
Kim, Jung-Heun	7 October 2009	ARKO	Chairperson
Son, Gyeong-Nyeon	9 & 20 October 2009	MCT	Director (Office for Hub City of Asian Culture)
Yim, Hak-Soon	12 October 2009	KOCCA	Policy Research Team Leader
Hong, Ki-Won	13 October 2009	KCTI	Director (Cultural Investment Management Centre)
Oh, Jee-Chul	14 October 2009	MCT	CIBureau Chief, Vice Minister
Lee, Hae-Don	14 October 2009	MCT	Deputy director (CI Policy Division)
Kim, Sung-Jae	16 October 2009	MCT	Minister
Hwang, Dong-Mi	21 October 2009	KOFIC	Policy researcher
Ryu, Hyeung-Jin	21 October 2009	KOFIC	Policy researcher
Lim, Byoung-Soo	27 October 2009	MCT	CIBureau Chief, Assistant Minister
Yoon, Young-Kwan	29 October 2009	Ministry of Foreign Affairs	Minister
Cho, Hang-Bong	5 November 2009	KGPC & KOCCA	Assistant Manger (Games)
Bhak, Myeung-Hak	6 November 2009	ARKO	Secretary General
Suh, Byung-Moon	9 November 2009	KOCCA	CEO
Kim, Moon-Hwan	10 November 2009	KCPI (KCTI)	Chief
Yoo, Jin-Ryong	11 November 2009	MCT	CIBureau Chief, Vice Minister
Kim, Joo-ho	12 November 2009	ARTE	Chief

Glossary of Abbreviations

ALP	Arm's Length Principle
CA	Cultural Action
CI	Cultural and Creative Industries
CIMD	Creative Industries Mapping Document
CIPC	Cultural Industries Promotion Centre (Korea)
CITF	Creative Industries Task Force (Britain)
CIWP	Cultural Industries White Paper
DCMS	Department for Culture, Media and Sport (Britain)
DJ	President KIM Dae-Jung
EOI	Export-Oriented Industrialization
EPB	Economic Planning Board (Korea)
FFC	Forum for the Future of Culture
FTA	Free Trade Agreement
GLC	Greater London Council
IPR	Intellectual Property Right
ISI	Import-Substitution Industrialization
KCAF	Korean Culture and Arts Foundation
KCCI	Korea Chamber of Commerce and Industry
KCPI	Korea Cultural Policy Institute
KCTI	Korean Culture and Tourism Institute
KGPC	Korea Games Promotion Centre
KMRB	Korea Media Rating Board
KOCCA	Korea Culture and Content Agency/Korea Creative Content Agency
KOFIC	Korean Film Commission/Korean Film Council
KOFICE	Korea Foundation for International Culture Exchange
KOTRA	Korea Trade-Investment Promotion Corporation
KTO	Korea Tourism Organization
MCS	Ministry of Culture and Sport (Korea, 1993-1998)
MCST	Ministry of Culture, Sport and Tourism (Korea, 2008-)
MCT	Ministry of Culture and Tourism (Korea, 1998-2008)
MIC	Ministry of Information and Communication (Korea)
MITI	Ministry of International Trade and Industry (Japan)
MNCs	Multi-National Corporations
MPB	Ministry of Planning and Budget (Korea)
MPEAA	Motion Picture Export Association of America
NACCCE	National Advisory Committee on Creative and Cultural Education
NDCs	Now Developed Countries
NICs	Newly Industrializing Countries
NIS	National Innovation System
Quango	Quasi-Autonomous National Governmental Organization
SMEs	Small and Medium-sized Enterprises
YS	President KIM Young-Sam

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