The political economy of digital broadcasting: the case of South Korea

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Political Economy of Digital Broadcasting:

The Case of South Korea

By

Im Joon Ahn

A doctoral thesis
submitted in partial fulfilment of the requirement for
the award of Doctor of Philosophy of the
Loughborough University

August 2006

Supervisor: Prof. Peter Golding
Department of Social Sciences

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Abstract

The main objective of this thesis was to examine three key questions concerning the political economy of digital broadcasting. First, the concept of digital broadcasting and its regulatory issues were investigated. Following the review of the related theories, I proposed a political economy of digital broadcasting framework as a theoretical perspective.

Second, the factors influencing global digital broadcasting were examined. This research has investigated the main factors that influenced the regulatory changes and hardware and software markets around digital broadcasting at a global level.

Finally, as a case study, I explore why and how the Korean government introduced digital broadcasting, setting this against the wider background of changing state-market relations. Various stakeholders have been involved in the digitisation of broadcasting at the national and global level. This process follows and forms the changing political economic configuration of the broadcasting industry of the nation-state facing neoliberal globalisation. To achieve the aims, the thesis uses archival research, questionnaire surveys and in-depth interviews.

I argue that the digitisation of broadcasting in South Korea has reflected the changing power relationships among state, market and civil society in democratisation and globalisation. The consumer electronics manufacturers, telecommunication companies and the Ministry of Information and Communication have played pivotal roles in the introduction of digital broadcasting. The public broadcasters, press union and some civic organisations have played alternative roles in the process. In so doing, the role of the state has changed from one of authoritarian market formation to non-authoritarian market formation, market adjustment and coordinating different interests. The Korean state has the contradictory features of a neoliberal state, which has deregulated some areas such as broadcasting, telecommunications and financial markets, and played a role of entrepreneurial government at the same time.
Key words: digital broadcasting, state, market, civil society, globalisation, democratisation, marketisation, neoliberalism
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List of Abbreviations

ACATS: Advisory Committee on Advanced Television Service
AEA: American Electronics Association
AFKN: American Forces Korea Network
APEC: Asia-Pacific Economic Cooperation
API: Application Programme Interface
ARIB: Association of Radio Industries and Business
ATSC: Advanced Television Systems Committee
ATTC: Advanced Television Testing Center
BBC: British Broadcasting Corporation
BcN: Broadband Convergence Network
BS: Broadcasting Satellite
BSB: British Satellite Broadcasting
BskyB: British Sky Broadcasting plc
BSS: Broadcasting Satellite Service
BT: British Telecom plc
BTA: Broadcasting Technology Association
CAS: Conditional Access System
CBS: Christian Broadcasting System or Columbia Broadcasting System
CCDM: Citizens' Coalition for Democratic Media
CCEJ: Citizens' Coalition for Economic Justice
CCIR: International Radio Consultative Committee
CCTV: China Central Television Station
CEC: Commission of the European Communities
CICATS: Computer Industry Coalition on Advanced Television Services
CNN: Cable News Network
COFDM: Coded Orthogonal Frequency Division Multiplexing
CS: Communication Satellite
DBS: Direct Broadcast Satellite
DCMS: Department for Culture, Media, and Sport
DG: Directorate-General
DMB: Digital Multimedia Broadcasting or Digital Mobile Broadcasting
DMC: Digital Media Centre
DSL: Digital Subscriber Line
DTH: Direct-to-Home
DTI: Department of Trade and Industry
DTTV: Digital Terrestrial Television
DTV: Digital Television
DVB: Digital Video Broadcasting
DVD: Digital Versatile Disk
EBS: Educational Broadcasting System
EBU: European Broadcasting Union
EC: European Commission or European Community
ECU: European Currency Units
EDTV: Enhanced-Definition or Extended-Definition Television
EIAK: Electronic Industries Association of Korea
EPG: Electronic Programme Guide
ETSI: European Telecommunications Standards Institute
EU: European Union
EU-95: EUREKA EU95
FCC: Federal Communications Commission
FSS: Fixed Satellite Service
GATT: General Agreement on Tariffs and Trade
GI: General Instrument
GNP: Grand National Party
HBO: Home Box Office
HDTV: High-Definition Television
HFC: Hybrid Fiber Coaxial Cable
ICT: Information and Communication Technology
IGO: Intergovernmental Organisation
IMF: International Monetary Fund
IP: Internet Protocol
IPR: Intellectual Property Right
IP-TV: Internet Protocol Television
ITC: Independent Television Commission
ITU: International Telecommunications Union
ITU-R: Radiocommunication Sector
ITU-T: Telecommunication Standardization Sector
ITV: Independent Television (UK) or Incheon Television (Korea)
KAA: Korea Advertisers Association
KADO: Korea Agency for Digital Opportunity and Promotion
KBC: Korean Broadcasting Commission
KBDI: Korean Broadcasting Development Institute
KBI: Korean Broadcasting Institute
KBS: Korean Broadcasting System
KCBC: Korean Cable Broadcasting Committee
KCC: Korea Communications Commission
KCTA: Korean Cable Television Association
KEPCO: Korean Electric Power Corporation
KFPU: Korean Federation of Press Unions
KISCOM: Korea Internet Safety Commission
KOBACO: Korea Broadcasting Advertising Corporation
KOBETA: Korean Broadcasting Engineers and Technicians Association
KPF: Korea Press Foundation
KT: Korea Telecom
LDC: Less Developed Country
MAC: Multiplexed Analogue Components
MBC: Munhwa Broadcasting Corporation
MCT: Ministry of Culture and Tourism
MI: Ministry of Information
MIC: Ministry of Information and Communication
MIT: Massachusetts Institute of Technology
MITI: Ministry of International Trade and Industry
MNC: Multinational Corporation or Company
MOCIE: Ministry of Commerce, Industry and Energy
MOFE: Ministry of Finance and Economics
MoU: Memorandum of Understanding
MPAA: Motion Picture Association of America
MPEG: Moving Picture Experts Group
MPT: Ministry of Posts and Telecommunications
MSO: Multi System Operator
MSTV: Association for Maximum Service Television
MUSE: Multiple Sub-Nyquist Sampling Encoding
NAB: National Association of Broadcasters
NAFTA: North American Free Trade Agreement
NGO: Nongovernmental Organisation
NHK: Nippon Hoso Kyokai (Japan Broadcasting Company)
NIEO: New International Economic Order
NIS: Network Identification System
NO: Network Operator
NTL: NTL Incorporated
NTSC: National Television Systems Committee
NUM: National Union of Mediaworkers
NWICO: New World Information and Communication Order
OECD: Organisation for Economic Cooperation and Development
OFCOM: Office of Communications
OFDM: Orthogonal Frequency Division Multiplexing
OFTEL: Office of Telecommunications
ONP: Open Network Provision
PAL: Phase Alternating Line
PBS: Public Broadcasting Service
PCMR: People’s Coalition for Media Reform
PP: Programme Provider
PPV: Pay-Per-View
PSB: Pusan Broadcasting Corporation (Korea) or Public Service Broadcasting
R&D: Research and Development
RCA: Radio Corporation of America
RSO: Regional Standards Organisation
SDTV: Standard-Definition Television
SECAM: Séquentiel Couleur à Mémoire
SES: Société Européenne de Satellites
SME: Small and Medium-sized Enterprises
SMPTE: Society of Motion Picture and Television Engineers
SO: System Operator
TG: Task Group
TPS: Triple Play Service
UDTV: Ultra-Definition Television
UHF: Ultra High Frequency
UN: United Nations
UNESCO: UN Educational, Scientific and Cultural Organisation
UR: Uruguay Round
VCR: Videocassette Recorder
VHF: Very High Frequency
VOIP: Voice over the Internet Protocol
VSB: Vestigial Sideband
WARC: World Administrative Radio Conference
WIPO: World Intellectual Property Organisation
WSIS: World Summit on the Information Society
WTO: World Trade Organisation
Part I

The Political Economy of Digital Broadcasting
Chapter 1. Introduction

1.1. Aims and Methodology

Many countries have introduced or are planning to introduce digital broadcasting. Digital broadcasting is a new technology, which changes the production, distribution and consumption of broadcasting and provides new market potentials. The introduction of digital broadcasting is not only technological, but also political and economic. Various players including global media conglomerates, telecommunication operators and the computer industry are entering the digital broadcasting market. The digitisation of broadcasting prompts part of a changing relationship between state and market in countries embraced by growing trends of globalisation. Many governments marketise their broadcasting industry during the digital conversion. South Korea (hereafter, Korea, for convenience) is also eager to participate in the boom of digital transition. However, academic debates about digital broadcasting have mainly been restricted to the cases of European countries, Japan and the US (Dai, Cawson, and Holmes 1996; Dupagne and Seel 1998; Galperin 2004; Hart 2004; Kaitatzi-Whitlock 1994; Levy 1999; Nakamura 1999). Korea has introduced state-of-the-art technologies, digital satellite, high definition television and digital mobile broadcasting. South Korean conglomerates like Samsung and LG have been involved in the global electronic industries.

My thesis attempts to analyse digital broadcasting policy and policymaking processes critically. The aim of the thesis is to systemise and elaborate a theoretical framework for the study of digital broadcasting policy by examining the following research questions:

Q1) What is digital broadcasting and its related regulatory issues?

Q2) What are the main factors that influence the current condition of global digital broadcasting?
Q3) As a case study, why and how has South Korea introduced digital broadcasting?

To answer Q1 and Q2, a comprehensive literature review and archival research related to digital broadcasting and global media were conducted. I referred to books, journals, newspapers and official documents from various institutions including the government, the international organisations and civic organisations.

As a case study, I explore why and how the Korean government introduced digital broadcasting, setting this against the wider background of changing state-market relations. Especially, the logics and actors in the policy-making process are examined for this purpose. I investigate the roles of press union and civic organisations as well as the government and market, because they are key participants from the public interest and democratic perspective. Their opinions and attitudes are also examined. State interventions like industrial policies are discussed. In addition, the impact on the Korean broadcasting structure is investigated following the introduction of the current digital broadcasting policies.

To achieve these aims, this study adopted a multi-strategy research, combining quantitative and qualitative research. Archival research, questionnaire surveys and semi-structured interviews were used. I also attended several relevant conferences and a public hearing for the revised enforcement decree of the Broadcasting Act during the fieldwork - from January 2004 to May 2004. After the fieldwork, informal supplementary data were collected through e-mails and casual talks for follow-up. The multi-strategy research increased the reliability and validity of the data in the study. Multiple sources of evidence enhanced confidence in findings, improved the validity of findings, and decreased methodological bias.

My thesis deals with the historical development of Korean broadcasting and digital broadcasting policies. Thus I have referred to various sets of empirical data drawn from a range
of sources, analysing Korean broadcasting industry and policy. They include the Broadcasting Acts, regulations and the reports of governments and agencies such as the Korean Broadcasting Commission (KBC), the Ministry of Information and Communication (MIC), the Ministry of Culture and Tourism (MCT) and the Ministry of Commerce, Industry and Energy (MOCIE); newspapers and journals; reports of the parliamentary inspection of the administration; documents from various stake holders such as the Electronic Industries Association of Korea, broadcasters, civic organisations and the NUM (National Union of Media Workers); the statistics presented in the annual reports and special surveys produced by national governments and international organisations. Each chapter of my thesis explores important issues, based upon relevant sets of data.

The limits and potential risks of using data published by various governments and agencies are recognised. However, a critical attitude has been adopted throughout the thesis in order to evade misperceptions, and wherever official data were cross-examined or subjected to scrutiny, the outputs have been closely examined.

In this research, I argue that the introduction of digital broadcasting in South Korea has reflected the changing power relationships among state, market and civil society in democratisation and globalisation. The multinational consumer electronics manufacturers, privatised telecommunication companies and the Ministry of Information and Communication have played pivotal roles in the introduction of digital broadcasting. Public broadcasters, press union and some civic organisations have played alternative roles in the process. In so doing, the role of the state has changed from one of authoritarian market formation to non-authoritarian market adjustment, coordinating different interests and facilitating the industry. The Korean broadcasting industry has also changed through 'marketisation'.
1.2. Outline of the Thesis

This thesis is divided into three parts. Part I consists of theoretical chapters, which deal with the theories of broadcasting policy and the social aspect of digital broadcasting.

Chapter 2 examines the concepts and relationships of the state, market, civil society and digital broadcasting. Political economy perspectives and media politics approaches are adopted as theoretical resources. After the review of the theories of the state and broadcasting policy, and the public interest of broadcasting, I propose a political economy of digital broadcasting framework as a theoretical perspective.

Chapter 3 investigates the technical, social, political and economic aspects of digital broadcasting. My main concerns in this chapter are social, political and economic contexts of digitisation of broadcasting, and its regulatory issues. The concept of digital broadcasting and the rationales for the digitalisation of broadcasting are dealt with. Regulation issues are explored following the value chain of digital television. Public interest in the onset of digital broadcasting is discussed at the final section.

Part II explores media governance, media industry and the development of digital broadcasting from a global perspective.

Chapter 4 examines the way in which the structuring tensions between cultural exceptions and free-trade principles have been dealt with in global media governance. Global media governance has been chiefly influenced by national governments, Intergovernmental Organisations (IGOs), private-sector corporations and associations, and international nongovernmental organisations (NGOs) and professional associations. The current trend of global media governance can be viewed as 'marketisation', though countervailing powers like nongovernmental organisations exist. Current digital convergence has blurred the boundaries
between broadcasting and telecommunication services, which were distinguished from each other. This trend also influences nation-states including South Korea. In this chapter, the IGOs related to global media governance are reviewed.

Chapter 5 investigates the conditions of the global media industry. Regulatory changes in the US, Europe, and Japan (the so-called triad powers) following digitisation of broadcasting are dealt with, because they are the leading countries in the global media industry. In addition, Korean policy-makers and broadcasters have monitored and emulated their developments of policy, technology and industry. With the rationale of convergence, the ban on cross-media ownership has been relaxed. After the regulatory changes, the global media conglomerates have had mergers and acquisitions across the different media platforms. Public service broadcasters' response to the digitalisation is also examined. In the wave of marketisation, the current situations of public service broadcasting are explored.

Chapter 6 explores the global developments of digital broadcasting, focusing on the technology policy of Japan, Europe and the US. Digital broadcasting policymaking in Japan, Europe and the US is investigated in both a chronological and a thematic order. This chapter concludes with a table in which scores are allocated to each player in terms of relative power in the process of digital broadcasting policymaking.

Part III deals with historical development of broadcasting and the introduction of digital broadcasting in South Korea.

Chapter 7 discusses broadcasting in South Korea. With the case being historically analysed, the changing relationships among the state, market, civil society and broadcasting are examined. Focusing on the broadcasting policy, this chapter deals with the related broadcasting and other media issues.
Chapter 8 looks at digital broadcasting in South Korea. The regulatory change and market structure in the onset of digital broadcasting are investigated. The introduction of digital broadcasting is investigated, focusing on the relationship between the state, market and civil society. In particular, state interventions such as industrial policies are discussed. The diffusion of digital TV and other communication facilities are examined.

Chapter 9 presents the result of the fieldwork. It attempts to provide the fuller picture of Korean broadcasting structure in the onset of digital broadcasting. Various stakeholders in policymaking are explored during the fieldwork. Specifically in this chapter, the attitudes and opinions of the regulatory authorities, civic organisations and broadcasting unions are examined and presented, because they are main players of Korean broadcasting from the public interest and democratic perspective.
Chapter 2. State, Market, Civil Society and Digital Broadcasting

2.1. Introduction

In this chapter, I explore the notions and relationships of the state, market, civil society and
digital broadcasting (which will be dealt with in more detail in Chapter 3). I mainly adopt
political economy perspectives and media politics approaches as theoretical resources. I begin
with the state and broadcasting policy, and theorise the public interest of broadcasting. The state
and broadcasting policy will be categorised into three perspectives - pluralist, managerial, and
class power. The models of the public interest of broadcasting will be sorted according to three
approaches- public service, marketplace, and civil society approach. In reality, participants in
the broadcasting policy field have adopted specific approaches to justify their arguments. I also
deal with social changes such as globalisation, marketisation and democratisation, which have
proceeded within the society and influenced digital broadcasting policy. These theories are
applied to the Korean case and critically tested. At the end of the chapter, I propose a political
economy of digital broadcasting framework as a theoretical perspective. The current
introduction of digital broadcasting in Korea has reflected the shifting power relationships
among state, market and civil society in the context of democratisation, marketisation and
globalisation. Digital broadcasting is situated in the middle of the three pillars of society, which
are the state, market, and civil society. This theoretical approach provides a clear understanding
of the introduction of digital broadcasting in Korea.

2.2. State and Broadcasting Policy

Broadcasting policy can be covered in three perspectives - pluralist, managerial, and class
power- which many social scientists regard as central ways of thinking about the role of the
state in developed capitalist societies. Each perspective has its specific view of power (Alford & Friedland, 1985; Lukes 1974; Mosco 1989; Rideout and Mosco 1997).

Table 2.1. Perspectives on the State and Broadcasting Policy

<table>
<thead>
<tr>
<th>Perspective</th>
<th>Domain of Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Functional</td>
</tr>
<tr>
<td>Pluralist</td>
<td>Realising Values</td>
</tr>
<tr>
<td>Managerial</td>
<td>Manage Complexity</td>
</tr>
<tr>
<td>Class</td>
<td>Accumulate Capital</td>
</tr>
</tbody>
</table>


2.2.1. Pluralism

According to the pluralist perspective, “power is situational and is measured by influence over the outcomes of conflictual participation” (Alford & Friedland 1985: 7). Power from this view means “a capacity to achieve one’s aims in the face of opposition” (Held 1996: 202). Robert Dahl (1956: 13), a proponent of pluralism, argues that power can be explained as a realistic relationship, such as A’s capacity for acting in such a manner as to control B’s responses. In his study of three dimensional views of power, Lukes (1974: 15) argues, “one-dimensional, view of power involves a focus on behaviour in the making of decisions on issues over which there is an observable conflict of (subjective) interests, seen as express policy preferences, revealed by political participation.” From this perspective, power is viewed as situational and issue-based.

Pluralists regard the state as “the chief locus of ultimate authority in policy matters” and “the independent arbiter of interest clashes” among the scope of societal organisations, including industry, trade unions and civic organisations. While interest groups debate and
compromise, none of the participants is powerful enough to consistently determine government policies (Rideout and Mosco 1997: 83-85). The openness of and multiple access points into the policymaking process would oppose undue private interest group influence (Freedman 2006: 3). The competing participants arrange political, economic, and intellectual resources to support their preferred policy positions. A private interest group prospers to the extent that it can persuade state policymakers that it has power and that it conforms to the dominant social value preferences (Rideout and Mosco 1997).

In the field of broadcasting, Krasnow, Longley, and Terry (1982) make a 'broadcast policy-making system' model, which is based on David Easton's model of a political system (Kim 1992: 155). They argue that the politics of broadcast regulation is not dominated by a single group or interest, but the politics consists of complex interactions among multiple determiners of regulatory policy. Kim (1992: 154) points out, "The model has been the dominant conceptual framework for research in broadcast policy-making for almost two decades". She also suggests adopting game theory and reconsidering the model.

The broadcast policy-making system is very unstable, because broadcasting is influenced by rapidly changing technology, and few specific policy decisions are stable and long-lasting. The system is always responding to new or changed conditions, with consequent incessant interaction among its participants. The operation of the policy-making system in specific instances is innately unique. Each policy-making problem is likely to differ in important respects from all others (Krasnow, Longley and Terry 1982: 138).

The pluralist perspective on broadcasting policy explains the pervasive introduction of deregulation as a consequence of "value shifts within society" that depend on "private markets for settling claims". The perspective focuses on a shift from support for government protection of the public interest through public ownership and regulation to support for the operation of a
private competitive market. Pluralists maintain that the broadcasters were regulated to meet the
public interest principles connected with democratic values like freedom, diversity, equity, and
fairness before the 1980's. Because the airwaves were scarce and considered a public resource,
the issuing of private broadcasting licenses carried various public interest obligations like
quotas for public informational programming, limiting ownership of radio and television
stations, the Fairness Doctrine, and equal time for political candidates. According to the pluralist
view, these practices became out of date, as new technologies, such as cable, satellite and digital
television, changed the balance of power in favour of competition and market power over
regulation. Pluralists identify new media technologies as a major source of changing values. As
new media technologies expand the range of choice in broadcasting services, an open
marketplace of numerous suppliers can deliver the services better than government monopolies
or regulated industries (Croteau and Hoynes 2001: 67-68; Rideout and Mosco 1997: 83-85).

Dupagne and Seel (1998) adopt the Krasnow, Longley and Terry (1982) broadcast
policymaking model as a framework for studying HDTV standardisation in the United States
and global HDTV policymaking. Initially, the model describes six categories of participants: the
FCC, the broadcasting industry, citizen groups, the courts, Congress and the White House. They
modified the model for the situations.

Many Korean scholars (Kim 2003; Yoon 1999; Yoon and Hong 2004) have adopted the
Krasnow, Longley and Terry model, as Korean society has become democratised. Though this
perspective identifies the participants in current policymaking processes in Korea, it lacks a
historical perspective and does not explain the differently structured power of the participants.

2.2.2. Managerial Theory
Managerialism views power as 'structural' and observed in the capacity of the state and business
organisations to dominate each other (Alford & Friedland, 1985: 7). The managerial perspective puts power in elites whose actions constitute the policy agenda. Whereas the pluralist perspective focuses on the individual case, with change resulting from shifts in values and technology, managerial approaches focus on changes in the control of power over the policy agenda (Rideout and Mosco 1997: 85). According to Lukes (1974: 21), the two-dimensional view of power “incorporates into the analysis of power relations the question of the control over the agenda of politics and of the ways in which potential issues are kept out of the political process.” Bachrach and Baratz (1962: 949) call it ‘nondecisionmaking’.

The managerial view of the state is well expressed in Weber’s definition of the nation-state. As Weber (1991: 78) puts it, “a state is a human community that (successfully) claims the monopoly of the legitimate use of physical force within a given territory.” The state is considered an autonomous, coercive, and bureaucratic organisation with legal authority. The managerial perspective assumes a state autonomy, which means that bureaucrats can have views and beliefs different from societal interests. Independent preferences of bureaucrats can happen due to “their personalities, professional goals, or career objectives” (Havick 1982: 14).

According to the managerial perspective, the fundamental driving force across all political regimes is the need to manage increasing societal complexity brought about by technological change and the division of labour. This view stresses that the quantitative increase in services has led to qualitative changes in the structure of media industries. Traditional regulatory approaches based on different technologies and services and industries do not operate under the condition of progressively integrated and convergent technologies, services, and markets. Managerial theory maintains that the experience of regulatory bodies has shown that it is impossible to apply old regulatory categories to a new communication area in which the distinctions between print, computing, broadcasting, and telecommunications are wearing away
(Rideout and Mosco 1997: 85). Following this argument, different regulatory bodies in the field of broadcasting and telecommunications have merged into a single regulator. For example, the UK government has offered various policy responses to 'convergence'. In 2003 the new Communications Act was enacted and Ofcom (Office of Communication) was established (Doyle and Vick 2005). Managerialists also view the U.S. Telecommunications Act of 1996 as a response to convergence.

Managerialists argue that the market may not be the best long-term vehicle for effective management of the media sector. Deregulation and privatisation disturb media industries that were characterised by rapid technological change and stagnating regulation. Managerial theory points out that deregulating the cable television industry in the United States resulted in little or no guidance in planning or coordination (Rideout and Mosco 1997: 86). As Galperin (2004: 244-245) puts it, the lack of corporatist links between government and industry and the fragmentation of industry representation led market actors to privilege confrontation over cooperation and made the U.S. digital transition falter.

As a resolution, this approach sometimes emphasises the role of government, which gives a long-range support to the industry and targets market sectors for future dominance. This approach, when effectively applied, promotes orderly development and social testing of information technology (Salvaggio and Nelson 1990: 263). Lee (1993) examines the development of the information industry in Korea between 1980 and 1991. He argues that due to the growing support of the Korean government, the Korean information industry has achieved a remarkable degree of development. State-led industry policies caused a change of industrial structure in which manufacturing industry was challenged by the information industry.

To avoid too diverse interest groups, corporatism is recommended as another solution. Schmitter (1979: 13) gives a clear definition of corporatism:
Corporatism can be defined as a system of interest representation in which the constituent units are organized into a limited number of singular, compulsory, non-competitive, hierarchically ordered and functionally differentiated categories, recognized or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and support.

In Korea, an alliance between the state and big business persisted under the authoritarian regimes (Im 1999). During and after the Asian financial crisis, the Korean government established a tripartite committee composed of the state, business, and trade unions. In the broadcasting policy arena, the Committee for the Reform of Broadcasting Framework was established to complete the final draft of the Broadcasting Act of 2000 accommodating a broad cross section of professional opinion on broadcasting and its regulatory issues. Members came from various sectors in Korean society, including broadcasting experts, government officials, politicians and representatives of press union and civic organizations (Kwak 2001: 235).

Jung (2003) explores Korean terrestrial digital TV policy-making process in terms of policy evaluation theory and 'techno-nationalism', which emphasises the national competitiveness in the technology development. As she puts it, there was state intervention in deciding the ATSC standard. The Ministry of Information and Communication (MIC), the authoritative body in charge of technical broadcast regulation in Korea, was deeply involved in the process. She interprets the result as 'techno-nationalism' in Korea and points out the emergence of the influence power of electronics consumer manufactures in broadcast policy field.

Critics of the managerial perspective argue that economic justification for the broadcasting
policy shift reflects the increasing power of incumbent broadcasters and new communication providers. Competition, a rationale of deregulation in the broadcasting market, turns out to be an illusion and the concentration of media ownership has spread to the global level (Aufderheide 1999; McChesney 2000).

2.2.3. Class Power Theory

Class power theory views power as 'systematic', and regards situational and structural power as the realisation of systemic power relations. The theory views control over decisions and agendas as expressions of dynamic processes and power relations in the class system of capitalist societies (Mosco 1989: 101; Rideout and Mosco 1997: 87). Concerning his three-dimensional view of power, Lukes (1974: 24-25) argues, "a latent conflict...consists in a contradiction between the interests of those exercising power and the real interests of those they exclude". The theory analyses the questions of power, inequality, and undemocratic processes that are embedded in the social, political and economic relations of a capitalist society. The theory regards the policy arena as class-divided and argues that democracy can only be sustained by overcoming these divisions. It is also critical of neoclassical economics and pluralist perspectives, which pervade in the policy research area. The critical political economy of the media is mainly based on the class power theory, which originates from Marxism. In 'the German Ideology', Marx and Engels (1970: 64) argue:

*The ideas of the ruling class are in every epoch the ruling ideas, i.e. the class which is the ruling material force of society, is at the same time its ruling intellectual force. The class which has the means of material production at its disposal, has control at the same time over the means of mental production, so that thereby, generally speaking, the ideas of those who lack the*
There are two major strands of media and class power theory—instrumental and structural research (Rideout and Mosco 1997: 87). Instrumental research explores the ways in which media firms wield their social, political and economic power. It mainly focuses on ownership concentration, communication, elite integration with other power elites, and the instrumental role of the state. This research views the state functions as 'ideal collective capitalist', serving the interests of capital in general. Miliband (1973: 132) argues that the pervasive and permanent pressure upon governments and the state is generated by the private control of concentrated industrial, commercial and financial resources. It also explains how corporate media systems develop and how the state works with the ruling class to advance its interests. This research overcomes pluralism, because it understands that power is not equally distributed among all stakeholders in the policymaking process, and that the state is not the independent arbiter of differences among the stakeholders. (Rideout and Mosco 1997: 88).

Structural research pays attention to the dual functions of the capitalist state. The capitalist state must try to perform the dual and contradictory functions—'capital accumulation' and 'democratic legitimation'. The state must try to make the conditions in which profitable capital accumulation is possible, while it also must try to make the conditions for social harmony (O’Connor 1973; Offe 1984). In order to constrain and control structural contradictions among classes, and between classes and civil society, the state plays an important role to ensure the survival and growth of the system. The state is considered an arena of struggles and contradictions that affect the policy formation process (Rideout and Mosco 1997). In the context of Korea, Kang (2000), a member of the Digital Broadcasting Promotion Committee, clarifies the directions of digital terrestrial television broadcasting policy of Korea for achieving both
goals of 'increasing audience welfare' and 'developing related industries'.

From the class perspective, Mosco (1988: 119-120) views deregulation as an economic response "to the recognition that telecommunications and its related informatics and communications sectors have come to occupy a central place in the capital accumulation process," and as a political response to the unleashing of "new instruments of social control". Media ownership research is prominent, related to deregulation. As deregulation advances, media ownership has been concentrated. Bagdikian (2000) investigates concentration of media ownership in the U.S. He argues that the top six companies dominate all American media, and they are intertwined through mutual cooperation, interlocked directors, and shared partnerships in media operations. They embody political power, and can set the national agenda. In Korea, Kim (2002) analyses concentration of media ownership and media power. He argues for media reform and regulation of media ownership. McChesney (2003) argues that deregulation is a misleading term for unabashed and unacknowledged regulation on behalf of powerful self-interested private parties. He maintains that the real issue is regulation in the public interest versus regulation to serve private interests.

Herbert Schiller (1998; 2000a; 2000b) explores the role that the U.S. government has played in exporting deregulation policies and a private media model to other countries to the benefit of multinational corporations. He also argues that the deregulation and concentration of capital have been facilitated by the stream of new communication technologies. Tunstall and Machin (1999) also analyses Anglo-American media connection and the U.S. dominance in the global media industry. He argues that American leadership in the multiplication of new video channels was incorporated into a new digital version of television.

Freedman (2006) explores the recent UK media policymaking process in terms of neoliberalism. He argues that the government officials and business interests dominate the
policy arena, and the public is a passive force in the policymaking process. Non-market areas of broadcasting are being marketised and financialised. McChesney (2003) points out the failure of democratic policy-making in the United States. He argues that the section concerning radio ownership in the Telecommunications Act of 1996 was written down by lobbyists, and there was no public or Congressional debate on the matter.

Murdock and Golding (1999) clarify two trends in the communications sectors of Europe: the domination of marketisation policies within both the European Union and its member states and the ongoing convergence of the computing, telecommunications, and audiovisual industries. Murdock and Golding (2002, 113) argue that the central dynamic of convergence is economic not technological. The media companies justify strategies such as cross-media ownership, using digital convergence. The contradictory feature of policy at the European level is examined against the background of increasing pressure from the corporate sector for liberalisation of regulatory regimes. Using secondary data mainly from the UK, they examine the struggle for survival of the public communications sector and the consequential difficulties of communications and social exclusion faced by lower income consumers (Murdock and Golding 1999).

Recent class power theory situates broadcasting policy in the context of global capitalism. This theory is applicable to the case of Korea. The 'political economy of digital broadcasting' framework mainly relies on the class power theory.

2.3. Theorising the Public Interest in Broadcasting Policy

The notion of the 'public interest' has been viewed as being "at the heart of democratic theories of government" (Schubert 1960: 7). As McQuail (2000: 25) puts it, the "general aim of public policy is to serve some version of the public interest or public good." The public interest theory
is behind both the official view of legislative intent and the many analyses looking at the history of regulatory origin. The theory maintains that regulation is established in response to the conflict between private corporations and the general public (Horowitz 1989: 23). The rationale of the public interest gives the political legitimacy to a specific broadcasting policy.

In order to explore the public interest of broadcasting policy, the notion of three levels of the public interest (Napoli 2001: 63-95) are adopted in the research (see Figure 2.1). The discrimination of the public interest concept is useful because it clarifies the level of the public interest that is examined in the research. The ‘conceptual level’ is the most abstract of the three levels, and the general meaning of the public interest is disputed at this level. At the ‘operational level’, ‘specific values and principles’ are related to ‘serving the public interest’. These values and principles are translated into particular policies and regulations at the ‘applicational level’.

Figure 2.1. Levels of the public interest and their central concerns

Conceptual level

How should an institution charged with serving the public interest make its public interest determinations?

↓

Operational level

What specific values or principles should be associated with serving the public interest?

↓

Applicational level

What specific policy actions should be taken, or regulatory standards imposed?

Source: Napoli 2001: 70.
At the conceptual level, Napoli (2001: 71-79) organises the conceptualisations of the public interest into the following categories: 'majoritarian conceptualisation', 'procedure conceptualisation', and 'unitary conceptualisation'. Majoritarian conceptualisation means that 'the aggregation of individual interests', such as majority rule, determines which policy options are indeed in the public interest. According to this concept, regulators must investigate the audience policy preferences and translate them into specific policies. In accordance with procedure conceptualisation, the public interest has been fulfilled while "the decisions that emerge reflect the input of various interests". The decision-making process that provides for 'equivalent participation among interest groups' defines the notion of the public interest. Majoritarian and procedure conceptualisations are related to democratic policy-making processes. Unitary conceptualisation is a 'unitary and coherent scheme of values'. Unitary conceptualisation is a rationale. Accordingly, it is possible for the minority to be right. The key point of distinction among categories is the degree to which these conceptions of the public interest contain a normative dimension. Though the majoritarian and procedural conceptualisations are normative at the level of process, they do not ask questions of substance. Within the context of communications policymaking, the main concern is with the public interest as a 'decision-making tool for policy makers' and as an 'evaluative tool for policy analysts'. In the context of communications regulation, public interest is best conceptualised according to the unitary definition, in which decisions are made according to a specific set of normative principles. These principles give regulators analytical guidance in their policy-making process.

The public interest concept is often exploited or viewed as an 'ideological device' invented to mask unjustified regulatory ambitions of the regulating authorities, or as an instrument to attack freedom of expression and free market economy (McQuail 1992: 3). Reviewing three
ideological models of broadcasting (operational level), such as the public service approach, the marketplace approach, and the civil society approach, this study conceptualises the public interest of broadcasting policy. These models also clarify the different relationships of the state, market, and civil society, which are related to broadcasting regulation. McQuail (2000: 31) argues, "the 'public interest' is being significantly redefined to encompass economic and consumerist values." Since the deregulation policies were introduced, the marketplace approach has been pervasive.

Table 2.2. Broadcasting Structural Positions of Each model

<table>
<thead>
<tr>
<th></th>
<th>Regulation</th>
<th>Market structure</th>
<th>Programming</th>
<th>Audience</th>
<th>Scope of broadcasting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public service</td>
<td>Government Regulation</td>
<td>Public monopoly</td>
<td>Mixed Programming</td>
<td>The public</td>
<td>National</td>
</tr>
<tr>
<td>Marketplace</td>
<td>Self regulation</td>
<td>Free market Competition</td>
<td>Majoritarian Programming</td>
<td>The consumer</td>
<td>Global</td>
</tr>
<tr>
<td>Civil society</td>
<td>Civil society's regulation</td>
<td>Restriction of public and private market competition</td>
<td>Two-tiered Programming</td>
<td>The citizen</td>
<td>National and international</td>
</tr>
</tbody>
</table>

Source: Won 1998: 40. (modified)
2.3.1. The public service approach

The public service approach is a broadcasting model, which came into being in the early twentieth century. Creating the British Broadcasting Corporation (BBC) in 1926, which is considered an ideal model for other public service broadcasters, the British government adopted the model for two reasons: the audio chaos that ensued from loose regulation of the electromagnetic spectrum and a fear of commercialised programmes on the part of British elites (McCauley et al. 2003: xx). The first director-general of the BBC, John Reith (1924: 81) writes, "It (American broadcasting) had been developed wholesale, largely on a commercial basis, and without any method of control whatsoever." These tastes and perceptions led to the development of public service radio, a form of broadcasting designed to serve the public good rather than private gain (McCauley, Peterson, Artz, and Halleck 2003; Curran and Seaton 2003). Reith (1924: 83) also argues:

The policy of the Company being to bring the best of everything into the greatest number of homes, it follows that if this policy be carried out, that many educative influences must have been stirred. It was early realized that there were very great educational possibilities in broadcasting.

The ideals of public service broadcasting depended on the following purposes and values (Iosifidis, Streemers and Wheeler 2005: 9): the offer of diverse programmes including various schedules of 'information, education and entertainment'; 'a plurality of viewpoints' encompassing those of 'minorities'; 'a universal service' for everybody irrespective of 'income or geographical location'; public responsibility; unbiased news; the support of 'national cultural identity', through the production and scheduling of programmes that reflect 'national culture'.
Graham and Davies argue that broadcasting suffers from 'market failure', and, thus, should be publicly owned or regulated. They also maintain that the new technology really increases the need for a public service broadcaster. Public service broadcasting is considered merit goods from the welfare economics perspective. Good quality broadcasting is similar to education or eating sensibly or receiving preventative health care, which people usually buy less than they require in their own long-term interests (Graham and Davies 1997).

Supporters of the public service approach see the people predominantly as 'the public', which means 'a superordinate entity comprised of many social and cultural subgroups' (McCauley et al. 2003: xx). As Ang (1991: 28-29) puts it, "the audience-as-public consists not of consumers, but of citizens who must be reformed, educated, informed, as well as entertained-in short, 'served'-presumably to enable them to better perform their democratic rights and duties." Public service advocates think that the market has failed to deliver the benefits that some of the minority subgroups have legitimately claimed. In addition, members of the public do not always make decisions that serve the public interest. This model also sees viewer preferences as mutable and socially constructed. The regulatory authorities and the public service broadcasters can shape the preferences that the audience develops. Therefore, the government must help determine what the public interest is and protect it. Broadcasters should keep the minimum standards of the quality of their programmes, such as impartiality and avoidance of obscenity and violence (Karamanis 2003: 18; McCauley et al. 2003: xx-xxi). Blumler and Hoffman-Riem (1992: 212) propose that public service broadcasters should stick to 'independent standards of quality'—encouraging their 'identification'; intend to verify 'through research' what producers and viewers view as 'criteria of quality'; reviewing the successes and failures of their programming in terms of quality; and focusing on programming that includes various criteria of quality, which might have 'freshness', 'imaginativeness', a capability to deal
with ‘controversy’; ‘authenticity’, ‘social relevance’, ‘expressive richness’, and ‘integrity’.

The concept of universal service in the model is that all potential audience members should have access to broadcasting. According to Scannell (1989: 137-138), a service of mixed programmes should be provided on national channels available to the general public. Public service broadcasters have the principle of comprehensive service, in which they give their audiences a wide range of programming. Public service broadcasting systems are pluralistic in terms of programmes made, audiences served, and responsiveness to various social subgroups. Internal diversity has mainly been pursued within a small number of channels.

As institutions of the nation-states, public service broadcasters perform cultural and political functions. They are eager to keep their cultural identity and national interests. They broadcast national media events in various fields including sports, politics and the arts, and cultivate domestic talents in the broadcasting industry, such as writers, producers and actors. They also tend to keep public-related genres, such as news, current affairs, and political programming (McCauley et al. 2003: xx). Balanced approaches are demanded in these kinds of programmes, transcending the interests that the competing parties have in describing themselves in specific ways and giving access to marginal groups in society (Blumler and Hoffmann-Riem 1992).

Public service advocates advance the following rationales justifying distinct treatment (Karamanis 2003: 18-19):

The scarcity rationale: The spectrum is too limited to give a frequency to each person who desires one.

The industry structure rationale: The economics of broadcasting are such that there is a tendency toward monopoly or oligopoly of the airwaves. The concentration of power in a small
number of private broadcasters hinders the operation of the marketplace of ideas, the functioning of democracy, and the freedom of speech.

The accessibility/pervasiveness rationale: Comparing broadcasting with the print media, the former is held to be much more pervasive. In addition, the impact of broadcasting is much greater than that of the print media.

In Korea, the public service approach has been pursued since the Korea Broadcasting System (KBS) was established in 1972. The Chun regime, established by a military coup, merged all broadcasters except the religious broadcasters into a single public service broadcasting system in 1980. However, this system was under strong control of the government. In the 1990s, two governmental committees—the Research Committee for Broadcasting Institution (1990) and the Research Committee for the Development of Public Service Broadcasting (1994)—reconsidered the public service and independence of broadcasting, and suggest the ‘public service system of broadcasting’.

Though public service broadcasting is viewed as the paragon of ‘quality’, ‘balance’, and ‘universal accessibility’, it has been sometimes blamed for its paternalism. Technological change also undermines the argument that spectrum scarcity justifies public service broadcasting with the status of a natural monopoly within the nation-state (Head et al. 1998: 396-397; Home Office 1986; Keane 1991: 198-199).

2.3.2. The marketplace approach

The marketplace approach prevails in the United States. This approach is mainly based on the experience of the deregulation of US broadcasting. It is also an ideological background of marketisation of other countries including western Europe and Korea. Especially, global media
conglomerates act as the missionaries of the marketplace approach. They have spread the ideologies of commercialisation and consumerism all over the world (Herman and McChesney 1997; Sklair 2002). In the U.S., ironically, two very different coalitions, conservatives advocating free markets and anti-monopoly liberal populist groups came together to support broadcasting and telecommunication deregulation historically (Horowitz, 1989). Liberals and public interest groups perceived that deregulation would provide a solution to entrenched corporate power. Mixed with technological determinism, they expected cable television technology to limit and transcend commercial network broadcasting, and to create a wire democracy.

The marketplace approach is currently viewed as the chief legitimating principle for print and broadcasting media in many liberal democracies. This approach holds that an individual should be free to publish what he or she likes, because freedom of expression is the best way to reach the truth. It also holds that “our news media should serve as useful sources of information about happenings in the world outside the home nation and as watchdogs against corruption or tyranny in government” (McCauley et al. 2003: xxi-xxii).

Advocates of the marketplace approach argue that consumers have much power over radio and TV programming. The approach views the audience as consumers, and adopts the idea of an ‘active audience’. Its activity means selective exposure to programmes that gratify its needs and desires. The audience is composed of “rational and well-informed individuals who will act in their own self-interest” (Webster and Phalen 1994: 27).

Another argument is that the perception of broadcasters as community trustees should be replaced by a view of broadcasters as marketplace participants (Fowler and Brenner 1982, 647). In this perspective, the broadcasting industry is composed of profit-maximizing enterprises, just like any other industry. Broadcasters maximize their profitability by offering programmes they
believe most consumers will desire. One premise of this approach is that audience preferences are fixed and reflected in their programme viewing choices (Karamanis 2003: 23). As Ang (1991: 103) puts it, “ratings discourse is the logical outcome of a system geared at ‘audience maximization’.” Thus, the broadcasters who attract the most listeners or viewers are those who best satisfy the public interest. The public interest is served when broadcasting policies offer a broadcasting system that is fully responsive to audience preferences. Fowler and Brenner (1982: 648) argue, “The public’s interest, then, defines the public interest.”

The commercial approach holds that programming should reflect the mainstream interests of society. So-called majoritarian programming is recommended. In addition, content diversity should be estimated across entire media. That is to say, it is permitted for any one station to offer a narrow range of programmes, while different sorts of content are available on the other media (McCauley et al. 2003: xxiii).

According to the approach, “technological plenty is forcing a widespread reconsideration of the role competition can play in broadcast regulation” (Fowler and Brenner 1982: 647). In other words, channel abundance of new media justifies deregulation of broadcasting systems. The approach holds that the spectrum scarcity rationale is no more valid for government regulation. Instead, the annulment of the regulation or self-regulation is recommended.

In Korea, the marketplace approach has gained power since the Seoul Broadcasting System (SBS), a commercial broadcaster, was launched in 1990. Subsequently, various new media such as cable, satellite broadcasting and digital multimedia broadcasting have been launched under the rationale of the encouragement of domestic audiovisual industry and national competitiveness. The governmental committees, such as the 2000 Broadcasting Policy Research Committee (1994) and the Consultative Committee for Advanced Broadcasting Policy emphasise the industrial approaches to Korean broadcasting in general (KBDI 1994; Ministry of
There are still some market failures in the broadcasting industry. First, instead of competition, oligopolies dominate the industry. They substantially lessen the audience control of broadcasting. Second, markets based on the ability to pay reinforce the inequality among the audience. Commercial media tend to reflect the interests and views of rich and powerful people, while those of minorities are easily neglected. The introduction of pay television usually excludes the access of the poor. Finally, critics are skeptical of the capability of commercial broadcasting to satisfy crucial democratic needs for the citizen (Croteau and Hoynes 2003: 21-25). Commercialism and consumerism have been provoked by commercial broadcasting. “Audiences fulfill their roles in the democratic process of communication by continuing to purchase the consumer goods featured in print and broadcasting advertisements” (McCauley et al. 2003: xxiii). Gandy (2002) points out the ’real digital divide’ between the citizen and the consumer in the new media environment.

2.2.3. The civil society approach

The core of the civil society approach is based on “the potential for public communication to serve as a model of societal integration”, which rates “citizenship over consumerism” (McCauley et al. 2003: xxiii). In the approach, Habermas (1989) outlined the notion of a ‘bourgeois public sphere’ in 18th century Europe, which developed with the advent of entrepreneurial capitalism. The concept is one of the fundamental theories related to civil society. Meeting in the institutions of town, such as coffeehouses, salons and table societies, the early bourgeois discussed newspapers and books, engaged in political debate, and criticised public authority. The public sphere constituted by private people was included in civil society. Previously, he had regarded it as “an aggregation of individuals gathered together as a single
public" (Curran 2002: 234). Habermas (1996: 360), however, modified his concept of the public sphere, which “can best be described as a network for communicating information and points of view.” It is viewed as “a multitude of overlapping international, national, regional, local, and subcultural arenas” (Habermas 1996: 372). The public sphere theory identifies ‘a collection of mini-publics’ that must be sustained and supported in the face of efforts to accommodate them to any ‘superordinate group’ (McCauley et al. 2003: xxiv-xxv).

As Keane (1991: 168) puts it, “democracy comprises procedures for arriving at collective decisions in a way which secures the fullest possible and qualitatively best participation of interested parties.” In this notion of democracy, the public should be capable of both sending and receiving media messages. Supporters of the civil society approach argue that any simple provision of multicultural programming will not be enough; instead, they claim that the media should offer methods through which changing “combinations of small-scale sub-cultural interests can express themselves” (McCauley et al. 2003: xxv).

The civil society approach differs in the way its supporters attempt to achieve normative purposes. It demands ‘a negotiation of social order between competing interests’, which is encouraged by the media. Proponents of this approach also prefer some kind of public ownership, so that certain media outlets can be kept out of market power. The clear use of the political communication process to encourage citizen participation and citizenship is another feature. The public can engage in the agenda-setting process in newsrooms. Moreover, they can make their own media content (McCauley et al. 2003: xxv). The approach is mainly articulated by participatory communication supporters, such as video activists. According to the model, citizens should participate in broadcasting policymaking process as well. According to Scannell (1989: 163-164), “more participatory forms of politics and broadcasting are required if people are to play an active part in public life and decision-making, thereby exercising greatest control
over their own individual and social life.”

Keane (1991: 158-159) argues that publicly funded, non-profit and legally guaranteed media institutions of civil society are an essential ingredient of this model. He says that the public service broadcasting with internal democratisation can remain a leading symbol of the non-market-non-state sector. Garnham (2003) also advocates public service broadcasting and some notion of the public sphere as an important component of democratic politics.

Curran (2002: 240-246) proposes a ‘working model of a democratic media system’, which consists of a ‘core sector’ and four peripheral media sectors—‘civic sector’, ‘professional sector’, ‘social market sector’, and ‘private sector’. Public service broadcasting is located in the core sector where the audience engage in a public debate about the various social issues. Public service broadcasting is surrounded by peripheral media sectors. Three of them aim at encouragement of ‘the expression of dissenting and minority views’ “The civic sector supports the activist organisations of civil society”, such as politicians, new social movements, various interest groups and ‘sub-cultural networks’. The social market sector is comprised of ‘minority media’, which are running within the market and advocated by the state. Its aim is “to promote media pluralism and diversity of ownership”. The professional media sector consists of media in which media professionals connect to the public with ‘creative freedom’. Finally, the private sector relates to the audience as consumers and responds to popular demands.

In Korea, media activists and media reform advocates have pursued this approach. In 2002, Citizen Broadcasting RTV, a public access channel, was launched to encourage public participation in broadcasting. Public access programmes have been widespread on the various platforms such as radio, cable, satellite broadcasting and the Internet. In addition, the KBS has allotted audience-made programmes to its schedule on a regular basis (Kim 2003). However, they are still marginal in Korean broadcasting structure.
2.4. Political Economy of Digital Broadcasting

Political economy is the study of the social relations, especially the power relations, which mutually constitute the production, distribution, and consumption of resources (Mosco and Reddick 1997: 12). According to Golding and Murdock (2000: 73), the key characteristics of political economy are 'a holistic approach', 'a historical approach', 'the balance between capitalist enterprise and public intervention', and 'moral philosophy'. State and market are considered central to political economy for analysing the form of policy and regulation that governs the communication industry (Mosco and Reddick 1997: 25).
2.4.1. State and Market

First of all, state activities and a deep penetration of economy and society by state interventions seem to have played a crucial role in enabling capitalist political economies to foster economic growth and manage socio-economic conflicts in many countries (Rueschemeyer and Evans 1985: 68). Evans (1997) also argues that national success in the global political economy has been related to capable, active and engaged states, and even transnational capital needs capable states, against the odds of economic globalisation that restricts state power. Korea has been considered a typical case of ‘developmental state’, which is defined by two characteristics. First, the state has its autonomy from societal forces. Its bureaucrats can make industrial policies without intervention of private interests. Second, the state has its strength or capacity to fulfil the effective policies. Thus, its bureaucrats can enforce a large measure of control over market behaviours (Amsden 1989; Chang 1993; Eun 1996; Shin and Chang 2003; Koo and Kim 1992: 121; Wade 1990).

Facing globalisation, however, the notion of national sovereignty is indeed under siege. One of the important aspects of globalisation was the change of much key decision-making for the state from the state itself to transnational corporations and international organizations (Braman 1995: 20). Nevertheless, it has not yet surrendered. Most critics of globalisation do not maintain that the state is disappearing or that it is absolutely powerless, but rather that its pre-eminence is becoming problematic and that some of its powers are detaching from and locating in other political units. National governments have surrendered sovereignty through various agreements and treaties. Perhaps, such developments have been the result of state-driven policies. Waters argues, "voluntary surrender of powers is still a surrender of powers, and while states are by no means powerless, they are rather less powerful than once they were." (2001: 220)
In South Korea, the high degree of state autonomy has diminished, and its authoritarian uses of power have been increasingly challenged, as economic globalisation and democratic movements have proceeded (Douglass 1994; Castells 2000). Since the 1987 democratic movement, many Korean scholars argue that Korean politics turned into a democracy or entered a transitional period toward democracy. They seem to agree that it is at least not an extension of the former authoritarianism. Harvey (2005: 77) points out:

*The shift from government (state power on its own) to governance (a broader configuration of state and key elements in civil society) has therefore been marked under neoliberalism. In this respect the practices of neoliberal and developmental state broadly converge.*

The capitalist state must serve the interests of dominant class factions by advancing capital accumulation in the production market and by promoting political legitimacy to maintain some degree of general popular belief in the system (Mosco 1997: 89). To analyse how the state combines these roles, Kim (1989) proposes a state-market relationship analysis. The state's market policy and the degree of state intervention or management are of importance, among other factors. As shown in Table 2.3, a typology is the combination of these concepts. Type I denotes a combination of authoritarian intervention and market formation policy. Type II combines concentrated intervention and market adjustment policy. Type III indicates a dispersed intervention and market formation policy. Type IV shows loosening repressive intervention and market adjustment policy (Kim 1989; Kim 1997a: 76-77; Kim 1997b; Kim 2003: 58-59).

Authoritarianism has the characteristic of concentrating power within the ruling elite at the expense of various interests and demands from other social sectors. Market formation policy demonstrates the state’s coercive intervention on the market to perform its capital accumulation
function. To achieve economic development, the Korean government pursued market formation by supporting conglomerates to accumulate massive profits, while it repressed labour. Market adjustment policy is a measure to cope with international competition and stabilise the domestic market. To achieve a more efficient mode of accumulation, the state yields to the market. The Korean government began liberalisation policy in the early 1980s. Kim argues that in South Korea a mixture of non-authoritarian market formation and adjustment policy replaced the former strategy, as the authoritarian military regime changed to the civilian regime (1997b: 60-65).

Table 2.3. State-market relationship

<table>
<thead>
<tr>
<th>Degree of management/ intervention</th>
<th>Authoritarian (Concentrated)</th>
<th>Non-authoritarian (Dispersed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of market policy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market formation</td>
<td>I</td>
<td>II</td>
</tr>
<tr>
<td>Market adjustment</td>
<td>III</td>
<td>IV</td>
</tr>
</tbody>
</table>

(Source: Kim 2003: 59)

Mulgan (1991) identifies three types of state control over communications. The first is a 'sponsoring type of control'. Governments have often used their powers to promote the development of communications infrastructure and support specific services. Sponsorship has been most common in the initial phase of new technology development. Governments also assume the roles of 'facilitator', 'promoter' and 'partner to the industry' (Abramson and Raboy 1999: 784). This type is related to type I and II. The second is a 'restrictive type'. As new technologies flourish, governments begin to develop mechanisms to restrain the behaviour of
dominant market players and impose obligations to keep the attainment of social and political aims. This type is mainly related to type III. The third type is 'arbitration'. The government tries to manage competition between multiple market actors and address social aims through this type of control. It is associated with type IV in particular. For example, the state watches over network interconnection, promotes standardisation and manages the terms of access to essential physical and intangible resources to encourage competition and keep openness. As Mulgan (1991: 142) put it, "this type of control can be every bit as interventionist as the two others. What distinguishes it is the idea that the state's role is to manage the parameters of an open ecology of communication, rather than directly to plan it."

Each type of control can be more closely related to a specific historical period in the evolution of modern communications in the west. Sponsorship was pervasive in the early twentieth century. Restrictions started between the interwar period. Arbitration emerged in the 1970s. However, the regimes that govern communications have evolved through a process of historical accretion rather than substitution. New types of control have not completely replaced old ones. Instead, they became a complex mix of sponsoring, restrictions and arbitration (Galperin 2004: 280-281).

Mosco (1990) points out five myths of deregulation1, which broadly incorporate a range of

1 Mosco (1990) points out 'five myths of deregulation'.

1. "Deregulation lessens the economic role of government."
2. "Deregulation benefits consumers."
3. "Deregulation diminishes economic concentration."
4. "Deregulation is widely supported."
5. "Deregulation is inevitable."

Finally, he argues that these myths continue to reflect significant political and economic interests, and help to constitute those interests with a shared belief system.
processes such as privatisation, pro-competition policies, and rate rebalancing. One of them is that deregulation lessens the economic role of government. Golding and Van Snippenburg (1995: 284-285) insist that deregulation is only 're-regulating'. Many countries have created a new supervisory regime with the clear and well-defined objective of encouraging particular forms of participation and certain kinds of participants in the new communications arena. These changes have introduced new legislation and regulation, much of which favoured the interests of large private corporations and their shareholders. They have legitimated 'a light touch', the creation of a business environment (Hesmondhalgh 2002: 109).

Murdock and Golding (1999: 118-119) properly coin recent transitions in the communication sector as 'marketisation', which has five basic dimensions.

- Privatisation: the sale of public media to private investors;
- Liberalisation: the induction of competition into monopoly markets or its extension in markets with limited competition;
- Corporatisation: promoting or forcing public institutions to pursue business chances and introduce corporate forms of institution;
- Moving from Licensing to Auction;
- Reorienting the Regulatory System: The support for the auction of the radio spectrum is part of a wider attack on the current regulatory system, intending to extend corporate access to markets and increase their freedom of business activity.

Neoliberalism means the return to the nineteenth century idea of "laissez-faire economics for free trade in an international division of labour and minimal state intervention within the
nation" (McGuigan 2005: 230). Despite neoliberals' emphasis on small government (Friedman 2002), McGuigan (2005: 237) points out that through the 'entrepreneurial governments', the goals of private corporations come true. Harvey argues that the contradictory nature of neoliberalism is a “transitional or an unstable political form” that is open both to external contestation and internal tension (2005: 79). As he puts it, there are five contradictions within the neoliberal state (2005: 79-81):

- The state is expected to be small but is constantly called on to create a business-friendly environment and to behave as a competitive entity in global politics;
- The state’s authoritarianism in market enforcement runs against neoliberal ideas of individual freedoms;
- The irresponsible individualism and corruption of the financial system leads to speculative volatility, financial scandals and chronic instability. Thus re-regulation is demanded;
- In spite of the state’s emphasis on competition, oligopolies and monopolies have been created, and a few centralised multinational corporations have gained power through the process of neoliberalisation;
- The reduction of the notion of ‘freedom’ to ‘freedom of enterprise’ creates negative externalities, undesirable social incoherence and anti-social behaviours, which requires state intervention and fosters political opposition.

2.4.2. Actors and logics

The Euromedia research group (Siune, K., Sorbets, C. and Rolland, A. 1986; McQuail, D., Mateo, R. and Tapper, H. 1992) establishes a framework of analysis for the study of media
policy. The main elements are actors and the logics that they pursue in reacting to events and in following innovatory strategies. They distinguish different levels at which different actors operate, and at which different issues emerge and should be dealt with. The choice of actors represents the main interests at stake in either defending the 'old order' or in promoting change. They argue that policymaking is a reaction to a challenge and a reaction intended to find a reasonable balance between 'forces of change' and 'forces of preservation'. Actors in media policymaking are regarded as 'being intentional in their behaviour', having 'a specific set of purposes they want to fulfil'. The 'logic' of an actor is composed of wishes, goals and related interests. Different actors are expected to have a different logic guiding their behaviour and their initiatives in relation to mass media. This framework is helpful to identify various actors and logics at the different levels in relation to the introduction of digital broadcasting.

In Europe, the pro-market coalition has worked through the lobbying of and public relations with policy-makers and key opinion-makers in the media (Hesmondhalgh 2002: 122). Table 2.4 summarises marketisation interest groups in Europe. It is also useful to understand marketisation in different countries. A table of marketisation interest groups in Korea is provided at the end of Chapter 8.

In addition to the state and market, the actors in civil society have been implicated in broadcasting policymaking and regulation (Raboy 1994: 5). According to Cohen and Arato (1992: ix), 'civil society' is considered a sphere of social interaction between economy and state, composed of the intimate sphere, the sphere of associations, social movements and forms of public communication. In Korea, civil society has developed within three groups: industrial workers, middle-class citizens and students (Kwak 2002: 227).
Table 2.4. Marketisation interest groups in Europe

<table>
<thead>
<tr>
<th>The pro-market actors</th>
<th>Their interests</th>
</tr>
</thead>
<tbody>
<tr>
<td>The electronics industry</td>
<td>To exploit markets for new TV sets; pay-TV decoders; satellite reception equipment, etc.</td>
</tr>
<tr>
<td>The cable and satellite television lobbies</td>
<td>Freedom to provide commercial services</td>
</tr>
<tr>
<td>PTTs*</td>
<td>To develop and diffuse new media technologies; to maintain monopoly or dominant market position in telecoms provision</td>
</tr>
<tr>
<td>Newspaper publishers</td>
<td>To diversify media operations; to pre-empt further competition for advertising revenue**</td>
</tr>
<tr>
<td>Advertisers</td>
<td>To gain outlets and strengthen market position</td>
</tr>
<tr>
<td>Governments</td>
<td>To promote the economy; to attract media investors</td>
</tr>
<tr>
<td>Parties of the Right</td>
<td>Pursuit of neoliberal agenda; promotion of business interests</td>
</tr>
<tr>
<td>European Commission</td>
<td>To liberalise European markets</td>
</tr>
<tr>
<td>Public service supporters</td>
<td>Their interests</td>
</tr>
<tr>
<td>Public service broadcasters</td>
<td>Self-defence; continuance of public resources, etc.</td>
</tr>
<tr>
<td>Unions</td>
<td>Protection of employment and conditions of employment</td>
</tr>
<tr>
<td>Parties of the left</td>
<td>Promotion of public service ethos and communitarian values; promotion of labour interests</td>
</tr>
</tbody>
</table>

Notes: * National Posts and Telecommunications authorities

** Not universally the case. In some countries the press remained a force resisting commercial broadcasting.

2.4.3. A Framework

I propose a 'political economy of digital broadcasting' model to illustrate my theoretical approach (see Figure 2.3). A pluralist analysis of new media develops from the view that power is situational, and it operates in specific circumstances over specific issues (Krasnow, Longley and Terry 1982). However, the political economy of digital broadcasting tries to understand the way in which power is structured and differentiated, where it comes from and how it is renewed (Garnham 2000). Mansell (2004: 99) argues that a political economy of new media examines the circumstances that bring about any existing distribution of power and the consequences for consumers and citizens, in contrast to the view that existing power distributions are simply taken as given (see also Alford & Friedland, 1985; Lukes 1974).

The current introduction of digital broadcasting in Korea has reflected the changing power relationships among state, market and civil society in the context of democratisation, marketisation and globalisation. Digital broadcasting is located in the middle of the three pillars of society, which are the state or government, market or capital, and civil society or non-governmental and non-commercial people's activities. The way in which digital technologies influence broadcasting relies on how competing interests exploit them and try to seize upon them. In this research, digital broadcasting means the digitisation of broadcasting and newly developed digital broadcasting services such as digital mobile broadcasting. In the market, there are many players including incumbent broadcasters, telecommunication companies, global media conglomerates and electronic manufacturers. Through globalisation, global capital, global media conglomerates and international organisations have been engaged in the digitisation of broadcasting.
2.5. Conclusion

In this chapter, the state and broadcasting policy, and the public interest of broadcasting were reviewed. I also proposed a political economy of digital broadcasting framework. I argue that the current introduction of digital broadcasting in Korea has reflected changing power relationships among state, market and civil society in democratisation, marketisation and globalisation. As neoliberal globalisation has advanced, the Korean state has had the features of the neoliberal state. The state’s role has changed from one of authoritarian market formation to non-authoritarian market formation, market adjustment and coordinating different interests. Digital broadcasting policy followed these general trends and the Korean broadcasting industry changed through marketisation. The concept of digital broadcasting and related regulatory issues will be dealt with in the next chapter.
Chapter 3. Digital Broadcasting

3.1. Introduction

In this chapter, technical, social, political and economic aspects of digital broadcasting are examined. My main concerns in this chapter are social, political and economic contexts of digitisation of broadcasting, and its regulatory issues. I begin with the concept of digital broadcasting and the rationales for the digitalisation of broadcasting. Technically, various types of digital broadcasting are classified, in accordance with quality categories and ways of transmission. Regulated issues and the public interest related to digital broadcasting are investigated. Regulated issues will be explored following the value chain of digital television. Public interest in the onset of digital broadcasting will be discussed at the final section.

3.2. The concept of digital broadcasting

At a fundamental level, digital technology means converting video, audio and data into binary digits – a series of ones and noughts. Digital compression techniques (e.g. MPEG) have made it possible that a large number of TV channels can be transmitted using narrow bandwidth. The digitalisation of broadcasting came to the policy arena when the General Instrument Corporation developed a new television transmission method in 1990 (Dupagne and Seel 1998: 182). Subsequently, the course of HDTV development has changed from analogue technologies to digital systems. Tadayoni and Skouby (1999: 176) forecast that digitisation of the whole value chain, from production through transmission to receivers in the end users’ homes will be achieved in around 10 years.

Digital TV has increased interoperability with equipment and applications used in the

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2 I will deal with digital audio broadcasting but mainly with digital television.
telecommunications and information service industries. Digital TV seems to accelerate the convergence of telecommunications, the computer and broadcasting because common technologies are used in the processing and transmission of data. A common digital coding system, compression and growing transmission capacity are likely to encourage convergence, which is called "a multi-faceted phenomenon covering 'the convergence of the content of media or media forms, convergence of delivery channels and convergence of customer interfaces' such as the telephone, the computer and the TV" (Levy 1999: 5). The digital TV terminal is also considered "a potential residential hub to a number of information, entertainment and transaction services" (Galperin 2004: 10). Blurring the traditional boundaries between distinct media industries and correlating formerly divided interests, such digital innovations have led to the convergence of corporate ownership like media mergers (Murdock 2000: 38). Galperin (2004: 9) highlights the related regulatory problems, including no categories for new services, the overlap of jurisdiction, turf wars between regulatory authorities, and the regulatory asymmetry of similar services.

Allowing a large number of TV channels to be transmitted, digital TV has questioned radio spectrum scarcity. Continued improvements in compression technologies mean that the number of available channels will be much higher. Mulgan (1991) argues that government regulation of broadcasting was based on the notion that the natural limitations of the electromagnetic spectrum demanded close government scrutiny of broadcasting to make sure that this scarce public resource was used to the benefit of all. As a solution, European countries established public service broadcasting. In the United States, commercial broadcasters were regarded as public trustees. However, spectrum scarcity, one of the main rationales of the analogue TV regime, has been attacked in the digital multi-channel environment (Galperin 2004: 9).
3.3. The rationales for digital broadcasting

The different technological, political and economic aspects concerning the introduction and penetration of digital TV results in diverse development paths for digital TV in various countries. Many critics argue that digital TV is part of the convergence process in communication and a pillar of the information society (Tadayoni and Skouby 1999; Levy 1999; Galperin 2004).

First of all, digital TV is able to provide the viewers with some technically enhanced broadcasting services such as hundreds of channels, clearer audio and video services, and interactivity. Personal video recorders (PVRs) like Tivo and Sky+ also permit the audience to watch programmes when they want (Parliamentary Office of Science and Technology 2004). Consumer electronic manufacturers and broadcasters have eagerly advertised these advantages to sell new TV sets and services. The technological arguments for digital TV compared to analogue TV are summed up as follows (Tadayoni and Skouby 1999: 189):

• with given resources it is possible to transmit more TV channels due to digital compression;
• it is possible to distribute TV in 16:9 widescreen format suitable for movies on the terrestrial network;
• Single Frequency Network (SFN) technology allows the acquisition of even more frequency resources;
• possibility for providing data services including interactive services;
• possibility for sending programme-related data;
• better possibility for user involvement in composition of programmes;
• less transmission cost per TV service than analogue transmission;
• better possibility for signal encryption for offering pay-TV services;
• possibility for provision of High Definition Television (HDTV);
• possibility for storing and processing of computer-related data;
• possibility for provision of high quality digital sound.

These technological advantages, however, are not always fully inclusive. For instance, if HDTV is chosen, the number of channels will not increase, because it requires about 4 times more data capacity than SDTV (Standard Definition Television).

The new digital radio system, Digital Audio Broadcasting (DAB) has similar technological advantages. Theoretically, DAB is viewed as suited for mobile reception and high robustness against multi-path reception. It allows use of SFN for high frequency efficiency. In addition to high quality digital audio services, DAB is able to transmit programme-associated data and a multiplex of other data services like still and moving pictures (Hoeg et.al.: 1). In Japan and South Korea, DMB (Digital Mobile Broadcasting) has also been initiated alongside audio and video services. In Japan, the service broadcasts seven video channels and 30 music and audio channels from satellite, allowing consumers to watch live video broadcasts on a train, bus or boat (Cole 2004a: 13).

Levy (1999:3) points out two driving forces by which broadcasting companies and other media conglomerates invest in digital technology and new programme rights. First, they expect the audience to pay more money for broadcasting services, “through increased channel choice, charging for programmes currently viewed free-to-air, and using live sport, first release films and ‘adult’ programming to drive the take-up of pay-TV”. Second, the television is expected to be the most popular consumer device through which much information will be transmitted and business transactions performed.

From a political economy perspective, Galperin (2004: 26-27) argues that the state’s interventions to the introduction of digital TV can be historically explained through the
examination of three political-economic forces that encouraged governments to promote the
migration to digital TV:

1. The decline of the consumer electronics industry in the United States and the EU, and
   the increase in the trade deficit of these nations with Japan and the newly industrialised
countries (NICs) such as South Korea and Taiwan.
2. The diffusion of the information revolution policy agenda, which brought about policy
   initiatives to promote the development of digital communications networks and
   services.
3. The radio spectrum shortage created by the rapid growth in mobile telephony and other
   wireless telecommunications services since the early 1980s, which urged policymakers
   to reconsider the incumbent spectrum regime and seek for ways to accommodate this
   demand.

This explanation is, however, mainly applicable to countries like the US and UK. Other
countries might follow the different rationales. In Korea, the advantage gained from
exporting digital TV's and set-top boxes is one of the main drivers behind the introduction of
digital televisions (Personal Interview).

The rationales for digital broadcasting can be summarised mainly as new opportunities for
market actors in the electronic, broadcasting and telecommunication industry and better services
for the audience.

Despite the various advantages and rationales for digital transition, there are still many
problems, when an existing technology is replaced by a new one. Hoeg et.al. (2004: 2) listed the
following problems.
• lack of transmission frequencies
• costs for development and investment (both producers and consumers)
• looking for providers for new non-conventional services (e.g. data services)
• solving the chicken and egg problem (who will be first – the service provider or the receiver manufacturer?).

3.4. Types of TV standard

3.4.1. Distribution forms

Digital broadcasting is distributed by different networks. Digitisation of broadcasting is "a 'multi-network' or 'multi-platform' process" (Commission of the European Communities 2003: 6). Conventionally the terrestrial network has been the dominant distribution form for analogue TV signals. In addition, satellite and cable networks have been used for broadcasting of TV signals. Other distribution networks including Microwave Video Distribution System (MVDS)\(^3\), XDSL technologies (or Internet Protocol Television (IP-TV)) have been used (Tadayoni and Skouby 1999: 179). Countries vary in terms of the adoption of these distribution forms. In countries like France, Greece, Italy and Spain, the majority of households view terrestrial television. There are high penetration of cable in countries such as the Netherlands, Korea and Germany. ADDA and Ottaviani (2005: 169) argue that a combination of geographic, political and economic factors cause these differences.

<Digital Terrestrial Broadcasting>

Transmission of TV and radio signals using terrestrial transmitters in an over-the-air network has been the most popular distribution form in many countries. Signals are sent through an

\(^3\) MVDS is a broadband radio system for distribution of TV programmes.
upgraded transmitter network, and received through a normal roof-top aerial or in-house antenna. The audience can view the broadcasting services either on an analogue television with a set-top box or an integrated digital television set (IDTV) (UK Government 2005).

This terrestrial network has been digitalised for digital TV and digital audio broadcasting in many countries. The current debate in many countries also centre on the digitisation of terrestrial broadcasting, due to the potential recovery of spectrum occupied by analogue channels and historical state interventions in this field (Commission of the European Communities 2003: 6). This network can offer interactive services, using Plain Old Telephony Service (POTS) as return path (Tadayoni and Skouby 1999: 179). Korea launched digital terrestrial broadcasting in 2001 and terrestrial Digital Mobile Broadcasting (DMB) in 2005.

The major advantage of the terrestrial network is the possibility for portable and mobile reception. If transmission power is strong enough, the audience can receive the signal even with a small aerial. Its disadvantage is limited spectrum capacity and restricted interactive services (Adda and Ottaviani 2005: 168; Tadayoni and Skouby 1999: 180).

<Digital Satellite Broadcasting>

Digital satellite broadcasting has rapidly developed. This broadcasting has paved the way for the digitisation of broadcasting in some countries. However, the viewers have to buy a satellite dish and a set-top box to have access to programmes via the Direct-to-Home (DTH) reception. Interactive services are available, using POTS as return path. Korea introduced digital satellite broadcasting in 2002 and satellite DMB in 2005.

The major advantages of digital satellite broadcasting are its comparatively lower upfront cost of network building, in the case of renting satellite transponder space, and transmission of programmes with high technical quality, offering the chance to broadcast more material and
other services to the wider area beyond a nation’s border. The disadvantage is the necessity to invest in satellite dishes (Adda and Ottaviani 2005: 168; Tadayoni and Skouby 1999: 180).

<Digital Cable>
It is possible to distribute digital TV in cable TV. Cable TV is well developed in many countries. The penetration rate is related to the geographical characteristics of the country and the concentration of population (Tadayoni and Skouby 1999: 180). Digitisation of cable is mainly market-driven. However, the prospect of digital switchover is more difficult than in the case of satellite (Commission of the European Communities 2003: 6).

  The major advantage is the high bandwidth capacity in the cable network, which is suitable for data and interactive services. The return path is integrated in the cable. Moreover, cable TV service can be provided along with telephone and broadband Internet services. The disadvantages are a high upfront cost of the network construction and restricted mobility (Adda and Ottaviani 2005: 168; Marsden and Ariño 2005: 8-9; Tadayoni and Skouby 1999: 181).

<XDSL (IP-TV)>
Television via broadband (DSL) that allows high bandwidth data transmission is emerging as a new digital platform, though it is not yet widespread. For example, in the UK, it is only available in London, Stevenage and Hull (UK Government 2005). IP-TV (Internet Protocol Television) is viewed as a new convergence service, which provides real time multi-channel programmes and various interactive services. In Korea, high penetration of broadband Internet, a 10-year experience of pay television services, a nationwide service area and relatively cheap investment for IP-TV infrastructure would be opportunities for a successful introduction (Kim 2005).
3.4.2. Picture qualities

Different picture qualities depend on different data capacity for a specific TV service. Four different quality categories are identified for digital TV (Tadayoni and Skouby 1999: 176; FCC 2006: 8):

Low Definition TV (LDTV): requires approximately 2 Mbit/s and is comparable with VHS format (regular home video quality).

Standard Definition TV (SDTV): requires approximately 5-6 Mbit/s and is comparable with the PAL TV-format (The quality of current analogue TV in many countries). It provides 480 interlaced lines of resolution.

Enhanced Definition TV (EDTV): requires approximately 8 Mbit/s and is comparable with conventional TV camera quality. It provides at least 480 progressive lines of resolution.

High Definition TV (HDTV): Requires approximately 20 Mbit/s and is comparable with a high resolution TV camera. It usually provides 720 progressive lines or 1080 interlaced lines of resolution.

In Europe, SDTV was adopted as the digital TV standard in most countries. This mainly focuses on the introduction of multi-channel services on terrestrial, cable and satellite broadcasts. The United States, Australia, Japan and South Korea have introduced HDTV for terrestrial broadcasting, concentrating on picture quality. While digital TV is not just about picture quality, many related debates have been focused on video quality in these countries. Negroponte (2004: 40-41) criticized this situation:

The good news is that in the United States we are applying the right technology, digital, to the future of television. The bad news is that we are still mindlessly addressing the wrong problems, those of image quality- resolution, frame rate, and the shape of the screen (the so-
called aspect ratio). Worse, we are trying to decide once and for all on very specific numbers for each and to legislate these variables as constants. The great gift of the digital world is that you don't have to do this.

3.5. The social prospect for digital broadcasting

In this section, the social prospects for digital broadcasting are explored, with special emphasis on the encouragement and discouragement of democracy and its relation to the market.

Some technological determinists say that digital television will revolutionise our society. Negroponte (1995: 230-231) is quite optimistic about the empowering nature of going digital. According to him, “the access, the mobility and the ability to effect change are what will make the future so different from the present.” He also argues, “digital technology can be a natural force drawing people into greater world harmony.”

Tony Ball, then BskyB chief executive, says, “technology will continue to change the media industry at an ever increasing pace; and consumers will demand that their tastes are catered for by ever greater choice.” He celebrates a revolution of choice for viewers (Ball 2003). Levy (1999: 3) also argues that;

*Digitalisation will create the possibility of hundreds of channels, convert the television set into a multipurpose/multimedia terminal, and allow viewers to become their own schedulers, watching programmes when they want and, in time, even interacting with the programmes themselves.*

In terms of production costs, digital technology is far cheaper than traditional forms. The use of low-cost digital cameras, camcorders and editing equipment capable of producing
broadcast-quality output has reduced expenditure and lowered barriers to industry entry (Doyle 2002a: 144). Media activists have also used low cost digital cameras, camcorders and editing equipment (Ahn 2001). Tony Ball (2003) argues that;

*Today television is much, much more democratic. Once the sole preserve of states and the largest corporations, now, for the price of a Georgian town-house in Edinburgh, anyone can launch a TV channel. Digital technology is doing for television production what the Apple Mac did for the publishing industry two decades ago.*

Digital compression techniques have facilitated a continuous expansion of channels. Monopolies and duopolies have given way to competitive markets as traditional barriers to market entry such as spectrum scarcity has disappeared (Doyle 2002a: 75). In addition to giving viewers more choice, a proliferation of channels can give civic groups a chance to set up public access channels. Through its interactive function, digital television was used for interactive TV voting as a pilot programme in the UK (Broadcast 17 April 2003).

In sum, the digitalisation of networks and production has the potential to give viewers a greater choice among increasing channels, more alternative media productions, and participatory modes of interactive television.

Despite these democratic potentials, some critics point out the possibilities for the fragmentation of the public sphere, increased commercialisation, and the digital divide.

McQuail, de Mateo and Tapper (1992: 15-16) argue that ‘fragmentation’ and ‘diversification’ of broadcasting has been apparent. More channels offering more choice for the audience; new market potentials for investment and exploitation; new types of employment in the media industry; the increase of independent producers; more profiling and specialised
channels; segmentation of audiences into smaller, and more homogeneous cultural and economic categories. Consequently, the size of the mass audience viewing the main national channels has decreased, though certain events and soap operas still draw mass attention. Digitalisation is accelerating this trend. Gandy (2002: 451) indicates that the increase of channels facilitated by digital technology “contributes to individualised, private consumption of media”.

Digital broadcasting has asserted the distinct commercialism of television in many ways and weakened the influence of public service broadcasting ethos such as universal service. Digital technologies are well suited for pay-per-view and pay-TV because of their encryption capabilities (Chalaby and Segell 1999: 360-361). Thus, digitalisation has reinforced the trend towards subscription-based services. People’s access to cultural and information resources relies on their ability to pay. John Birt, then-Director General of the BBC, warns of ‘digital divide’: “We may see the emergence of the information-rich and the information-poor- an underprivileged knowledge underclass, denied access to the quality of information, insight and entertainment enjoyed by the richer members of the community” (BBC, 6 July 1999).

Graham Murdock also underscores the emerging pattern of social exclusion in the digital age. There is a strong relationship between income and entry into any new communications market. Although the basic cost of a digital set is within the reach of the spending power of poorer families, the subscription charges for premium channels and interactive services are likely to exclude them. In the case of terrestrial HDTV, the digital divide is more serious, because HDTV sets are still expensive, though the price decreases, and the cost of state of the art HDTV amounts to around 6,000 pounds. Moreover, a set-top box and a UHF antenna are required to watch HD services. It is probable that people without a digital set-top box cannot even watch television, after the analogue switch off. In addition to inequalities of access within
societies, there are divisions among nations. Most countries that have introduced digital broadcasting are relatively affluent. Poor people are prohibited from access to the new services by high subscription fees and left behind with diluted free services. The major media companies have been battling to secure the exclusive rights to recent films and major sports events such as English premier league football matches and the World Cup football games. Once subscription channels buy these rights, the contents are no longer available on free channel, or available only some time after their first run (Murdock 2000: 52-54; Richeri 2004: 182-183).

Furthermore, digital technologies may contribute to distributing commercialism on television. Digitalisation enables advertisers to elaborate their knowledge of audiences. They have more marketing data related to viewing preferences, consumption patterns and lifestyle habits. Digital technologies also allow advertisers to target their audience with more precision and find the match between commercials and the viewers. Interactivity especially facilitates television commerce (Chalaby and Segell 1999: 360-362). As Nightingale and Dwyer (2005) put it, even participation in interactive TV voting is a business transaction, which brings more revenue to the telecommunications providers, the production company, the broadcasters and the vote processing company.


The first implication of the digital revolution is that broadcasting economies of scale will be intensified. With digital broadcasting a perfect copy of any programme can be broadcasted anywhere in the world for virtually zero cost.

Secondly, there will be an increase in ‘economies of scope’. They occur when activities in one area either decrease costs or increase revenues in a second area. This is what the convergence of newspaper, broadcasting, telecommunications and computing is focused on.
Thirdly, there will be a vast increase in the benefits of being in a network. To receive the full benefits of convergence, information must be moved around in accordance with a set of standards. Thus, everything is interoperable.

Graham also indicates that media will become far more concentrated. To benefit from economies of scale it will be essential to be as large as possible, to benefit from economies of scope is to invest in as many companies as possible. Alongside this, somebody has to set and maintain the standards for networks to operate properly.

In the economy of attention, fragmented markets also mean they are more difficult to control. Thus, the market actors look for new means of attaining market power. One strategy could be larger concentration of ownership within the market. The other could be using gatekeepers as a strategy to control the markets (Storsul 2004: 7-8; Doyle 2002b; Duffy, Davis and Daum 1998).

Innovations in digital technology have promoted a spate of mergers, acquisitions and joint ventures, as the major media companies seek to extend their reach and position themselves to take full advantage of future moves towards systems convergence. There are various examples in the media market. Global media conglomerates have been engaged in enormous multimedia merger and acquisitions. 2000 saw the largest ever merger, as the US media conglomerate, Time-Warner joined with AOL (American On Line), the Internet Service Provider (Murdock 2000: 38). Similarly, Rupert Murdoch has spread his interests all over the world. His ambition is to build up a global empire of digital broadcasting (Dai 2000: 194)

This trend is far from the view that the future of broadcasting will be one in which monopolies give way to free competition. There will be more channels, but there will also be fewer owners. Public monopolies are replaced by private monopolies. Thus, a new market failure is emerging. The market failure of digital broadcasting is examined in the following part.
The social prospects of digital broadcasting can be summarised as follows:

Table 3.1. Digital broadcasting and political-economical prospects

<table>
<thead>
<tr>
<th>Digital broadcasting encourages democracy</th>
<th>Digital Broadcasting discourages democracy</th>
</tr>
</thead>
<tbody>
<tr>
<td>More individual choice</td>
<td>Fragmentation of public sphere</td>
</tr>
<tr>
<td>Participatory possibilities</td>
<td>Increased commercialisation</td>
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<td></td>
<td>Digital divide</td>
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<td>Digital Broadcasting encourages markets</td>
<td>Digital Broadcasting discourages markets</td>
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<tr>
<td>Economies of scale</td>
<td>Private monopolies</td>
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<td>Economies of scope</td>
<td>Market failure</td>
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<td>Economies of network</td>
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3.6. Regulatory Issues

The need for broadcast regulation is considered in terms of market failure and public interest. In this part, the market failure of digital broadcasting will be examined. In the following part, public interest in the onset of digital broadcasting will be investigated.

There is the potential for market failure at any point in the value chain. Market failure can occur for various reasons. The most important in the digital context are either barriers to entry created by incumbent monopolists or market distortions resulting from imperfect competition (Blackman 1998: 157). A lack of competition may cause high prices and a reduction in the range of goods and services available. This raises concern about concentration of ownership and the control of programme-making relating to the media market (Gibbons 1998b: 74).

As already noted, it is argued that digital broadcasting is promoting a trend towards vertically integrated companies and alliances. The logic is that firms that wish to maximise their
competitive advantage across the value chain will best be able to achieve this through vertical integration. In this manner they will bring the necessary expertise and resources together to deliver new information services. The benefits of vertical integration may include stimulation of innovation, reduction in transaction costs, and economies of scale and scope (Blackman 1998: 157). It is also argued that digitalisation reinforces a monopolised infrastructure and the bottleneck. This is harmful to media pluralism in a democratic society and competition in the media market.

A digital TV terminal has three key components: the application programme interface (API), the conditional access system (CAS), and the electronic programming guide (EPG). The API is the middleware between the operating system and the different applications running on the terminal. It is necessary for digital TV applications to interact with the API like a word processor to interact with a computer's operating system. Access to the channels and services provided by the broadcast network operator are controlled by the CAS. Access control is very important for implementing contracts between the operator, its subscribers, and content suppliers, especially in pay TV. The EPG is a navigation device designed to assist viewers in choosing video programming and other services. Facing an abundance of channels and services, viewers will become highly dependent on EPGs, incorporated into the CAS. These components are of special interest to regulators. They play gateway roles which control the access of programme providers and viewers (Galperin 2004: 11; Levy 1999: 6-7; Graham 1998: 33-35).

Some important bottlenecks in digital broadcasting infrastructure and their possible gatekeeping functions for market actors and viewers are identified following the value chain for digital television. 'Gatekeeping' is the potential power that owners of media outlets possess

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4 The value chain is a simple analytical device which illustrates how value is added as a product moves from the point of production to the point of consumption (Duffy et al. 1998: 37)
over media access (Storsul 2004).

**Figure 3.1. Digital television value chain**

![Digital television value chain diagram](image)

The digital television industry has several key stages. First, there is production of television programmes (Doyle 2002a: 69). Digitalisation involves the digitalisation of production as well as distribution. In general, digital technology is reducing production costs. The use of low-cost digital camcorders and editing equipment capable of producing broadcast-quality output has made production cheaper and lowered market entry barriers (Doyle 2002a: 144). In contrast, cameras and digital editing equipment may elevate entry barriers to the production industry. According to industry estimates broadcasters have to fund the required investment in digital programme services. For example, the digital transition of terrestrial broadcasting will cost Korean broadcasters approximately 1 billion pounds until 2010. High definition (HD) programme production cost is almost twice that of analogue production (KBS and KSJCS 2002). With the high price of HD production appliances, a HDTV tape also costs three times that of a standard tape (Cole 2004b: 10).

Monopolising the right to distribute and receive programmes is a barrier of entry to the television market. To attract customers, television channels and network companies need popular contents like movies and sports programmes. For example, BskyB dominates the right to distribute the premium sports games like live Premiership football and Hollywood movies, which attract subscribers.
Access to a diverse output of contents is important both within the market and for the viewers. To attain the aims, diverse content production should be stimulated (Storsul 2004: 15). To add a must offer principle to the must carry is also a way of stimulating access to content. In the UK, such a must offer obligation is imposed on broadcasters to make programme services available to all digital network providers (UK Broadcasting Act 2003).

Second, programmes are provided through television channels. For programme providers, the channel schedules stand for important bottlenecks, as they want to have their programmes distributed at the best timeslots possible (Storsul 2004: 10).

Third, packaging is how channels and other contents are bundled together by the network or service providers in packages of channels and services offered to the users. Access to these packages and the presentation devices like EPG are increasingly important bottlenecks in digital television markets. Graham (1998: 34) pinpointed that each consumer, once they have bought a set-top box, thereafter face a de facto monopoly.

Fourth, channels are delivered through networks. These may be terrestrial, cable, satellite or broadband networks. Following these developments, for example, the European Union (EU) adopted a ‘platform neutral’ approach in its ‘New Regulatory Framework’ in 2002. Thus, its regulations might apply to networks irrespective of technology used to send the broadcast signal to the audience (Feintuck and Varney 2006: 222). Must carry regulations must be implemented to ensure that certain key channels like public service broadcasting and digital additional services like interactivity are available on both cable and satellite operators. In addition, these channels must be positioned more prominently and be easier to find than other channels, and there might be other applications for finding individual programmes, genres and services regardless of channels.

One of the main gates will be the conditional access system (CAS) that regulates the access
of consumers to pay-TV services and the access of content providers to the audience whom they search after. There is the risk that incumbent pay-TV operators may exploit ‘first-mover advantages’ and thereby acquire effective monopolistic control over the digital gateway (Humphreys and Lang 1998: 21). The New Regulatory Framework in the EU is related to developing competitive markets in the electronic communications sector (European Parliament and Council 2002a; Feintuck and Varney 2006: 222). According to the Access Directive of the New Regulatory Framework, “all operators of conditional access systems, regardless of their means of transmission ... are to ... offer to all broadcasters, on fair, reasonable and non-discriminatory basis compatible with Community competition law.” (European Parliament and Council 2002b: Annex I). The Access Directive also stipulates that platform operators are obliged to provide broadcasters with access to the API and EPG on fair, reasonable and non-discriminatory terms (European Parliament and Council 2002b). As Feintuck and Varney (2006: 226) put it, however, this should be a more detailed guidance, which ensures a consistency of approach throughout its Member States and enables the parties to have more certainty in their contractual negotiations. In the UK, there was a dispute between BBC and BSkyB concerning the prominent position of the EPG. The UK terrestrial broadcasters such as the BBC and ITV argued that there was no reason why they should pay for the privilege of being on BSkyB when they did not pay for carriage on digital terrestrial (Freeview) or cable (Tait 2003: 4). Ofcom issued a code of practice for EPGs, which aims, among other objectives, to give appropriate prominence to public service channels (Ofcom 2004). However, this guidance is still criticised for its being in relatively general terms (Feintuck and Varney 2006: 226).

Finally, subscriber management systems (SMS) are located next to users in the value chain. These consist of systems for identifying, billing and maintaining subscriber relations.

Standards are also significant. The different API and CAS in the set-top box are an
important set of challenges to the viewer who is locked into one network. Open standards in the set-top box are important to avoid proprietary solutions. Attention was given to the conditional access problem in the Digital Video Broadcasting (DVB) Group. The DVB group gathered to “create in Europe a framework for a harmonious and market driven development of digital framework for a harmonious and market driven development of digital television by cable, satellite and terrestrial broadcasting” (Collins and Murroni 1996: 39). Nevertheless, the group failed to establish a common European CAS standard. Two solutions competed. Incumbent subscription television providers such as BskyB and Canal Plus supported a unique proprietary standard (Simulcrypt). In contrast, a lot of broadcasters including the BBC advocated a mandated open standard (Multicrypt or common interface).

Simulcrypt is based on an agreement between the service providers ensuring that programmes from operator A will be accessible for operator B’s customers and vice versa. The Multicrypt or common interface is a system implemented in set top boxes, which can then decrypt all CAS standards. Open standards in the set-top box would be one important step forward to avoid proprietary solutions. Such a standard has been proposed and supported at a European level. However, most networks still operate with proprietary standards (Storsul 2004: 15). Korean platform operators also provide the viewers with their own set-top boxes.

3.7. The public interest in the onset of digital broadcasting

In the digital environment, Van Cuilenburg and McQuail (2003: 201) argue that the paradigm of public service media is being replaced by a new policy paradigm. Economic values have risen in salience in comparison with political and social values. This trend reflects political and ideological shifts in society. Though some critics who view broadcasting as merely commercial argue that the development of digital technology does not need broadcast regulation any more,
broadcasting still offers a major resource for public communication and cannot be left to mere market mechanisms. Broadcasting is a part of culture and gives the audience knowledge and information for political participation (Gibbons 1998a: 301). Garnham (1990: 111-114), especially, argues that the public service model of broadcasting is an embodiment of the principle of the public sphere. He advocates two great strengths of the public service model. First, it presupposes and then develops in its practice a set of social relations that are distinctly political rather than economic. Second, it attempts to insulate itself from control by the State. It also has the notion of universalism linked to citizenship of the nation-state.

With the onset of digital broadcasting, the following concepts are especially important as the values and principles of the public interest. These concepts are interlinked with each other. To become a democratic society, these concepts should be realised in the broadcasting field through public regulation:

Freedom
Access
Control/Accountability
Diversity and pluralism
Public service broadcasting
National identity and localism

<Freedom of broadcasting>

Freedom can be expressed negatively as well as positively. In the negative aspect, it refers to the independence of communication participants from government, from economic and other forces hindering exchange of messages as well as from social and political pressure groups. In its positive aspect, freedom refers to all those activities that people in society are able to do with
their freedom, e.g. to contribute to the civic debate on politics or to express artistic creativity. There should be provision for both aspects as policy goals (Van Cuilenburg and McQuail 2003: 203).

With the onset of digital broadcasting, the dependence on political and economic forces increases. Politicians institute new communication bills, which can create a new broadcasting structure. Politicians also deal with the license fee of public service broadcasting in the national assembly. Governments or independent regulators issue digital broadcasting licenses and set up various transition policies. Broadcasters also need the fund for digital transition. Many commercial broadcasters suffer the decrease of advertising revenues in the digital multi-channel environment. Thus, advertisers' influence also grows.

<Access>
This concept applies to structure, content, and audiences and it can be defined as the possibility for individuals, groups of individuals, organisations and institutions to share society's communications resources (Van Cuilenburg and McQuail 2003: 204). There is the obvious danger that large conglomerates and media alliances will gain a 'gatekeeping' monopoly control over new digital services.

Universal service is a sub-concept of access. It is also related to equality. Digital divide issues are one of its main concerns. Murdock and Golding (2004: 254) adopt Bourdieu's argument. They characterize social locations as points within a three-dimensional space fixed by intersecting inequalities of command over economic, social and cultural resources. Nonetheless, they argue that economic position continues to determine 'in the first instance,' in two ways. First, parental position plays a central role in structuring past access to core cultural resources conferred by family upbringing and education. Second, present position regulates access to new
media.

In addition to access to the network and contents, the public must be fully included in policy making for digital television. The public should be engaged in each stage of the development and current regulation of digital television, because they are the real owner of broadcasting and really pay for the digitisation cost. The issues are not only technical matters that will influence the audience as consumers, but also fundamental topics that will have deep impacts on the audience as citizens and could alter our democracy. The policy process should be conducted in a democratic manner with full media scrutiny. Effective mechanisms should be formed to secure public participation in the policymaking (Aufderheide 1999: 239).

<Control/ accountability>

Mulgan (1991: 7-8) argues that control can be liberating as well as oppressive. Control is a basic resource of advanced societies that needs to be understood both as to its potential and as to its limits. Control goes hand in hand with accountability. This dualistic concept may be defined as control over access coupled with answerability for the use made of that access. Control over access to communications is control over deciding who gets access to what communications resources, when, where, how, and on what conditions. Accountability is the possibility of securing from those who control and make use of access. People who express themselves account for their actions and intentions, respecting the communication needs of others, and consequences of publication (Van Cuilenburg and McQuail 2003: 204).

How to exercise control over digital broadcasting to make more profit is a primary concern of media conglomerates. How to control the ‘control’ with responsibility should become a public concern. Public controls have been seen as a necessary countervailing force to the tendencies of monopolising the market, and the downgrading of goodness or truth as the pursuit
of profit becomes the primary motive for communication. (Mulgan 1991: 246)

<Diversity and pluralism>
These concepts mean not only different genres and institutions, but also various political perspectives. Doyle (2002b: 33) emphasized that special restrictions on media ownership owe their existence to concerns about pluralism and not competition. Competition law is mainly focused on economic efficiency, which sometimes allows media concentrations that might be considered unsuitable for keeping diversity and pluralism (Feintuck and Varney 2006). Media ownership restrictions are generally intended to protect political and cultural pluralism that has inherent differences from promoting competition. Nevertheless, ownership limits intended to keep pluralism may, simultaneously, serve to prevent the development and subsequent possible abuses of excessive market power by dominant media firms.

'Gatekeeping' presents a special problem for pluralism whenever gateway monopolists are able to control access to a particular communication system. On a digital platform that may contain dozens of programmes, the electronic programme guide (EPG) offered with the platform can seriously influence the choice of the viewer by putting specific programmes at the top of the list (Humphreys, P. and Lang, M. 1998: 21-22). Some digital platform broadcasters also run their own channels, and can remove or disadvantage competitors on the platform.

/Public service broadcasting/>
In fragmented multi-channel situations, public service broadcasters might lose the legitimation of licence fee. With fierce competition, terrestrial broadcasters face diminishing advertising revenues and try to surrender public service obligations like regional, cultural and news programming. The UK government recently considered relaxing public service obligations.
However, public service broadcasting is still important to the digital situation. The first reason is that there is a real danger that if broadcasting were left safely to the market it would become excessively concentrated.

Secondly, commercial broadcasting on its own would fail to produce the form of broadcasting which citizens require. The market does not always reflect what society needs and these are still extant even where the market is well informed and competitive (Graham 1998: 35).

Thirdly, there is no set of rules or regulations or laws that could entirely correct the deficiencies of a commercial system. This is the reason why rules are necessarily negative. They have the capacity only to stop the undesirable. They cannot promote the desirable (Graham and Davies 1997: 63).

Public service broadcasting should be a fundamental player in the public sphere in the digital world. As a promoter of the public sphere, the role of public service broadcasting is expected to play a key role in the digital age. Graham (1998: 40) argues that public service broadcasting can solve the dilemma between quality, fragmentation and access. Quality programmes have high fixed costs and these have to be covered somehow. Thus, the license fee should be regarded as the financing of high quality programming with access for all.

Murdock and Golding (2004: 258) also argues that public broadcasting offers “the best chance of building a digital commons, open to all, hospitable to personal creativity and participation, and capable of supporting the collective debate required to underwrite full citizenship in the digital age.” They say that public service broadcasting has three advantages. It is an already ‘familiar, valued, and trusted presence in people’s lives’. It is free at the point of use. And it addresses audiences as ‘members of moral and social communities’ rather than consumers.
In terms of the digitalisation of broadcasting, public service broadcasting is also regarded as the supporter of government’s digital transition plan. In the UK, the BBC takes a share in the free digital terrestrial service called ‘Freeview’. It gives the government’s ‘digital switchover’ plan a way in which to meet the target. In the White Paper for the BBC’s Charter renewal, its contribution to “Building Digital Britain” is viewed as “extending the digital network”, “informing the public”, and “helping the most vulnerable TV viewers” (DCMS 2006: 25-27).

National identity and localism in the age of globalisation

National identity and localism is still important in the age of globalisation. John Birt, then-Director General of the BBC, argues, “the globalisation of the media will undermine national cultures – that the ubiquitous soft drink world of jeans, trainers and the baseball cap will advance inexorably – limiting choice and ignoring minorities” (Birt 1998). Broadcasters in many developing and developed countries need more imported programmes, because they do not have the capacity to produce enough programmes for digital multichannel broadcasting. U.S.-made programmes, especially, influence national and regional cultures all over the world. The British Television Distributors Association estimates that the US controls more than 60 percent of global trade in television exports, calculated roughly at 4 billion dollars (Grande 2003: 8). Critics condemn American films and television programmes as agents of cultural imperialism. While broadcasting is a national enterprise, quotas on imported programming could limit the amount of American material appearing on television screens.

Murdock also argues that full participation in one of the major arenas opened up by interactive television will require a reasonable degree of fluency in English, reinforcing the advantages already enjoyed by more educated people and excluding those with lower education backgrounds (Murdock 2000: 53-54). According to Global Reach (2004), 68.4% of all Internet
pages were presented in English.

3.8. Conclusion

In this chapter, the notions and rationales of digital broadcasting were examined. Regulatory issues related to digital broadcasting were also explored following the value chain of digital television. Important bottlenecks were identified. Specifically, content such as popular films and major sports events, and the key components of a digital TV terminal like EPG, API and CAS are newly emerging bottlenecks in the digital television value chain. With the onset of digital broadcasting, values and principles such as freedom, access, control and accountability, pluralism and diversity, public service broadcasting, national identity and localism are still important.
Part II

Digital Broadcasting from a Global Perspective
Chapter 4. Global Media Governance

4.1. Introduction

One of the recent trends related to global media governance is UN organisations like the International Telecommunication Union (ITU), the World Intellectual Property Organisation (WIPO) and the UN Educational, Scientific and Cultural Organisation (UNESCO) struggling against a trade and market paradigm, such as the World Trade Organisation (WTO) and the Organisation for Economic Co-operation and Development (OECD), supported by powerful governments and multinational media conglomerates. Intergovernmental organisations (IGOs) like the WTO try to make new agreements and treaties, which will deregulate national media restrictions within member states.

This chapter will investigate the way in which the structuring tensions between cultural exceptions and free-trade principles have been dealt with in the global media governance. The current trend of global media governance can be considered as 'marketisation', although countervailing powers like nongovernmental organisations exist. The evolution of the global trade regime exerts increased pressure toward cultural trade liberalisation jointly with technological innovations and international law (Galperin 1999: 67). On-going digital convergence has blurred the boundaries between broadcasting and telecommunication services, which were once distinguished from each other. This trend also affects nation-states including South Korea. Governments, especially, give up many policy instruments, accepting a global free-trade agreement as the basis for national regulatory reform. Moreover, global media governance is directly or indirectly related to the media environment of South Korea at a global level, because it is a member of these international organisations.

This chapter begins with the main actors in global media governance. Global media governance has been chiefly influenced by national governments, IGOs, international
nongovernmental organisations (NGOs), professional associations, private-sector corporations and associations. In the next section, IGOs as related to global media governance are reviewed. UN organisations concerning global media governance, such as the International Telecommunication Union (ITU), the World Intellectual Property Organisation (WIPO) and the UN Educational, Scientific and Cultural Organisation (UNESCO). Their aims, main activities, organisation structure and relations with media are discussed. In terms of a trade and market paradigm, the Bretton Woods institutions such as the International Monetary Fund, the World Bank and the World Trade Organisation (WTO), and the Organisation for Economic Co-operation and Development (OECD) are also examined. They have emerged as powerful organisations related to global media governance. In addition, regional organisations like the North American Free Trade Agreement (NAFTA) and the Asia-Pacific Economic Cooperation (APEC) are dealt with. Some current trends are discussed at the end of the chapter.

4.2. The main actors in global media organisations

It can be understood through 'global politics' "the extension of political power and political activity across the borders of the nation-state", and "the stretching of political relations across space and time". Political resolutions and movements in one country can swiftly spread worldwide. Furthermore, sites of political decision-making and activities can be linked through communications into complex networks of political interaction. This idea challenges the conventional "distinctions between domestic/international, inside/outside, territorial/non-territorial politics", as rooted in traditional notions of the 'political'. It emphasises "the richness and complexity of the interconnections, which transcend states, and societies in the global order". Though national governments remain powerful actors, they share the global political field with other agencies and organisations (Held, McGrew, Goldblatt and Perraton 1999: 49-
The new actors in the global political arena challenge the conventional 'realism' of international relations (Dunne 1997). This view differs from the premise of realism that "international society is anarchical and that international politics is about the establishment and maintenance of order between states" (Hamelink 1994: 36).

'Global governance' not only means the formal institutions and organisations through which the rules and norms governing global order are created and kept up but also the multinational corporations and non-government organisations which seek goals and objectives of global rule and authority systems. It is 'a multi-stakeholder process' (Raboy 2004a: 346). Unless social movements, NGOs, private sector corporations and so forth are included from the concept of global governance, its form and dynamics are not properly understood (Held, McGrew, Goldblatt and Perraton 1999: 50). Harvey (2005: 77) views governance as a characteristic of neoliberalism.

In this section, national governments, IGOs, private-sector corporations and associations, international nongovernmental organisations (NGOs) and professional associations are outlined concerning global media governance.

4.2.1. National governments
Historically, "the Peace of Westphalia (1648) marked the beginning of a world system of independent, sovereign nation-states." Though a multiple-actor system has evolved, the old Westphalian system is still an important component of global politics (Hamelink 1994: 37).

National governments can exercise the power to vote in intergovernmental organisations on multilateral agreements and treaties. If decisions are binding on governments, the consensus is indispensible. Governments still remain at the centre of the international system of governance. In most UN organisations, each state has a single vote. This is also the basic element of
democracy within the UN system (Ó Siochrú, Girard and Mahan 2002: 144).

In face of globalisation, the notion of national sovereignty is severely under siege. However, it has not yet surrendered. Globalisation critics do not maintain that the state is disappearing or that it is absolutely powerless, but rather that its pre-eminence is becoming problematic and that some of its powers are detaching from and locating in other political units. National governments have surrendered sovereignty in their agreements and treaties. Maybe, such developments have been the result of state-driven policies. However, “voluntary surrender of powers is still a surrender of powers, and while states are by no means powerless, they are rather less powerful than once they were.” (Waters 2001: 220)

In order to wield power in international organisations, governments must attain or control elected positions. Member states’ payment to fund international organisations can be a tool for ‘leverage power’, through the menace or real withdrawal from organisations or via stopping payments. The US has used this tactic as the largest contributor to the UN system. The ‘realpolitik’ of international organisations is forcing other nations to accept her decisions by menace of unilateral action, secret deals among powerful countries, and dragging in impertinent bilateral or multilateral agendas of crucial interest to reluctant nations. Knowledge and expertise can be an instrument of power. Negotiations in the international organisations are prolonged and complex requiring sustained specialist expertise, which is easier for powerful countries (Ó Siochrú, Girard and Mahan 2002: 145-6).

The most serious attack on national sovereignty would come from Multinational Corporations (MNCs). However, the reality of the situation is more ambiguous and complex. The MNCs, especially, tend to benefit from national governments. In spite of conflicts between governments and MNCs, they are overall symbiotic relationships. National sovereignty helps MNCs to evade the making of real international regulatory bodies that might control their
restrictive business practices. The MNCs require governments “to guarantee safe investment
environments, to create market opportunities through foreign aid or to promote the trade of their
national corporations through their diplomatic missions.” Moreover, MNCs can benefit from
supportive national regulation. Governments give them markets through buying in
communication sectors. Much corporate research and development also relies upon public
finance (Hamelink 1994: 37). Some governments associated the business interests with the
general national interest. National governments assume the roles of facilitator, promoter and
partner to industry, as well as ‘arbiter’ between competing factions of society (Abramson and
Raboy 1999: 784; Held 1996: 208). Governments usually bargain with the corporations as well
as with other governments and international agencies. They have adapted themselves to the
and regional governments lack in power and resources, they make up in flexibility and
networking.”

4.2.2. Intergovernmental organisations (IGOs)
The IGOs play an important role in setting global political agenda. They stand for “the largest
forum for multilateral rule making”. Many standards for the behaviour of international players
have originated from these organisations. IGOs fulfil three functions: “they are instruments of
nation-states’ foreign policy; they serve to modify states’ behaviour; and they act as players in
their own right” (Hamelink 1994: 39). However, governments still remain powerful actors,
though all governments are not equal. Nonetheless, when inter-governmental treaties are ratified,
they tend to acquire a life of their own. The executive agencies take central roles of
interpretation and implementation of the agreements. The agencies become actors in their own
right. The global private sector, through transnational corporations and their well-funded
associations and lobbying bodies, is also a major player on the international scene (Ó Siochrú 2004: 28-29; Waters 2001).

The power of IGOs to implement their decisions and their ability to apply proposed programmes are very different. The mechanisms for conformity with their decisions “range from simple consultation to sanctions”. Most of IGOs’ methods are ‘nonbonding’, for example ‘reporting on the implementation of decisions’. ‘Strong punitive measures’ can be exceptionally applied like ‘economic or military sanctions’ (Hamelink 1994: 39).

The secretariats in the IGOs consist of elected leaders and employed staffs. They facilitate and administer the actions of the organisation. They wield their influence “through setting the agendas, proposing budgets, executing activities, undertaking external liaison, and by the other measures available to bureaucracies” (Ó Siochru, Girard and Mahan 2002: 146).

The ITU, UNESCO and WIPO have been the most important IGOs related to global media governance. However, the WTO, the OECD, the World Bank, the IMF and regional organisations like the EU and NAFTA have supplanted the traditional roles of UN organisations. Recently, neoliberal ideas and policies have been adopted by these organisations.

4.2.3. Private-sector corporations and associations

Private-sector corporations and associations stand for business interests. They wield significant economic power for political purposes in order to make ‘tax havens’, to facilitate beneficial investment environment, or to put labour on curb (Hamelink 1994: 40).

Private corporations and associations have been involved in international organisations in various ways. Well-organised lobby campaigns supported by huge spending are most eminent. (Ó Siochru, Girard and Mahan 2002: 148).

The MNCs are typical private corporations in the global arena. They share the same
function of ‘capital accumulation on a global scale’ and the same steady feature of ‘having to work out global strategies to ensure their continued growth’ (Sklair 2002: 63). The largest MNCs also have assets and annual sales far in excess of the GNP of most of the countries in the world. The majority are Western or Japanese firms. In addition, they are the main beneficiaries of the ongoing processes of liberalisation, deregulation and privatisation. (Sklair 2002: 36; Thussu 2000: 116-118).

4.2.4. International nongovernmental organisations (NGOs) and professional associations

International NGOs have enjoyed a special opening to the UN system since its foundation, with the UN Economic and Social Council (ECOSOC) mandated to “make suitable arrangements for the consultation with non-governmental organizations.” Certain arrangements were proclaimed in 1968, with three categories of involvements for NGOs, relying on their growing pertinence. This began to be implemented in the 1970s. International NGOs prevailed in the 1990s, resulting in a huge increase in both numbers and activities.5 UN organisations and special agencies set up mechanisms for the participation of NGOs and initiated cooperative actions from exchange of information to formal rights of consultation (Ó Siochrán, Girard and Mahan 2002: 149). Specifically, NGOs could participate in the World Summit on the Information Society (WSIS) as a partner who could say equally in the outcome (Raboy 2004b: 228).

International NGOs and professional associations perform various functions in global politics: as publicists, calling public attention to certain matters; as lobbyists, exerting various pressures for the adoption of demands; as legitimators, providing credibility to certain statements; as epistemic communities, which is sources of knowledge, expertise, ideas and

5 An assessment of the growth of international NGOs is made by the Union of International Associations. It estimates that there are currently over 38,000 international associations and NGOs, compared with only 6,000 in 1990 (Ó Siochrán, Girard and Mahan 2002: 161)
intellectual support; and as alternative forums, offering opportunities for international
discussion and opinion building where the IGOs decline to keep concerns on the agenda
(Hamelink 1994: 42). NGOs have informal means to influence the deliberations of international
organisations. They have protested against globalisation issues through direct action at various
meetings like the WTO’s third ministerial meeting held in Seattle (Timms 2005: 130).

4.3. The UN organisations concerning global media governance

After the political liberalisation, many new nations entered the UN system, changing the
relation of power within the UN organisations and their mandates. On 10 December 1948 the
General Assembly of the United Nations adopted through Resolution 217 (III) the Universal
Declaration of Human Rights (Hamelink 1997: 97). The 1948 UN Universal Declaration of
Human Rights promoted a system of civil, political and socioeconomic rights (Winseck 1997:
224-225). In particular, Article 19 of the UN’s 1948 Universal Declaration of Human Rights
stated “Everyone has the right to freedom of opinion and expression; this right includes freedom
to hold opinions without interference and to seek, receive and impart information and ideas
through any media regardless of frontiers.”

In this section, UN organisations regarding global media governance such as the ITU,
WIPO and UNESCO are discussed as regards their aims, activities, organisation and
relationships with media, and specifically digital broadcasting.

4.3.1. The International Telecommunication Union

The International Telecommunication Union (ITU) is the only specialised agency of the United
Nations devoted exclusively to communication issues. Formed in 1865 by national governments,
it also claims the distinction of being the first truly international organisation. (Ó Siochru,

The ITU's main activities are the allocation of radio spectrum and orbital slots for satellites; the development of common standards in communications equipment, operation, and services; the facilitation of agreement on sharing tariffs between international telecommunications operators; the provision of research, strategic advice, and training to developing countries, and the implementation of telecommunications projects to assist development (Ó Siochrá, Girard and Mahan 2002: 36).

The current structures of the ITU are still relatively new and continue to evolve slowly. Facing technical, political and economic changes, the ITU undertook a major overhaul of its structure in 1994. The objectives of the reorganisation were “to streamline and speed up the procedures and work; to formalise a more prominent role for the private sector; to rationalise and focus the ITU’s role in assisting less industrialised countries” (Ó Siochrá, Girard and Mahan 2002: 43).

The authority and functions of sectors are defined within the ITU Constitution supplemented by the ITU Convention. The Plenipotentiary Conference is the supreme decision-making body, which meets every four years. Plenipotentiaries are formal affairs and the real work is executed elsewhere. They deal with structural and legal matters that centre on the internal workings of the ITU and on formal sector activities where required. In addition, they occasionally tackle major strategic issues such as restructuring.

Elections are one area where there can be some controversy, and the ITU officers are elected by the Plenipotentiary Convention, including the secretary-general, the deputy secretary-general, the directors of the three sectors, the members of the ITU Council, and the members of the Radio Regulation Board (Ó Siochrá, Girard and Mahan 2002: 47).
The colonial system of voting in 1973 that had continued since its inception in 1865 was removed due to the efforts toward a New World Information and Communication Order (NWICO) and a larger definition of freedom of communication. Nations had voted according to their number of colonies. (Winseck 1997: 226).

However, facing the demise of the NWICO and the menace of withdrawal by the US and the UK, the ITU initiated internal reforms and became a supporter of competition, privatisation and regulatory reform. Changes in 1994 included the adoption of a constitution and restructuring the organisation, replacing the former CCITT and CCIR with three new sectors, introducing a new membership category, and offering the private sector a significant role in the ITU (Winseck 2002: 22; Ó Siochru, Girard and Mahan 2002: 43).

The ITU is organised into three sectors -ITU Telecommunications Standardization Sector (ITU-T), which also deals with tariffs; ITU Radiocommunication Sector (ITU-R); ITU Development Sector (ITU-D)\(^6\) (Quoted from www.itu.org).

\(^6\) An Additional Plenipotentiary was held in December 1992 to consider the High Level Committee recommendations requiring amendment of the constitute and convention. As a result of the recommendations adopted, the ITU was reorganized into three vertical sectors: Standardization, Radiocommunication, and Development:

- Telecommunication Standardization Sector: This unit includes the work of the CCITT and some of the former work of the CCIR on interconnection of radio systems in public telecommunication networks.

- Radiocommunication Sector: The current IFRB and most activities of CCIR are merged into a Radiocommunication Sector. New radiocommunications activities will be directed by World Radiocommunication Conference every two years that will combine responsibilities of the current WARC and CCIR Plenary Assemblies. The permanent five-member IFRB board is replaced with a part-time, nine-member Regulations Board.

- Development Sector: Issues specifically related to developing countries are handled
Guidelines for work in all three sectors are set by world and regional conferences, which occur between plenipotentiaries. They vary in terms of frequency: the World Radiocommunication Conference meets every two years, while the World Development and World Standardisation Conference meet every four years. Although hard bargaining can occur in some circumstances, these huge meetings involve formal activities and diplomatic interaction, executing the political requirements of an intergovernmental body.

Most of the work is done in study groups. Each world conference and some regional conferences pose a set of issues to be resolved and establish study groups to investigate them. Much of the power of the ITU lies in these Study Groups, because consensus is achieved on all major issues of standards, tariffs, and radio frequency. They compose technical experts meeting in a series of extended sessions and produce draft recommendations for consideration at regional and world conferences. These recommendations, even when approved, are not legally binding and are the consensus that developed around the drafting process. The Study Groups may be considered a core of the power structure in the ITU.

The structural arrangements of 1994 also brought important changes to membership and influence concerning the Study Groups. Until then, only governments could become members of the ITU. In 1994, a new membership was made to facilitate greater participation of the private sector and NGOs, officially recognising the de facto influence they have wielded for years. The new members include telecommunications sector operators, equipment manufacturers, computer system vendors and financial institutions. By the early 1990s, private members came to surpass governments in number (450 to 187).

The influence of the three sectors, and the interest shown in them by major commercial

by the Bureau for Telecommunications Development (BDT) established in 1989.
(Hudson, 1997: 407-408)
players, are various. The ITU-T and ITU-R are taken seriously and have larger budgets. Recommendations in the ITU-T and ITU-R are more substantial and influential, as they are the outcome of decisions and compromises between different choices, made by influential corporations. Recommendations coming from the ITU-D are concerned with national policy and investment areas. However, these are more likely to be ignored, because the same influences do not exist to come to a binding and permanent solution. Moreover, these softer recommendations must make their mark in a policy arena in which they compete with other national and regional organisation, and the Bretton Woods institutions like the WTO (Ó Siochrú, Girard and Mahan 2002: 46-50; Winseck 2002: 23).

Concerning the process of setting standards for HDTV, the ITU failed in compromising on a world standard. Instead, regional standard organisations like ACATS, DVB and BTA assume a larger standard setting role. Regional standard organisations have risen in response to governmental and industrial initiatives to create standards that offer a competitive advantage to national industries. Their growth has been ascribed to their swift speed in resolving standards issues, but regional economic protectionism is also essential as a rationale (Dupagne and Seel 1998: 308; See Ch. 6).

<World Summit on the Information Society>
The ITU has organised the World Summit on the Information Society (WSIS) ratified by the UN General Assembly Resolution 56/183 (21 December 2001). The WSIS proposed to “address the broad range of themes concerning the Information Society” and to “develop a better understanding of this revolution and its impact on the international community.” It is considered the first global multilateral forum in which governance issues and policies concerning communication were discussed, since the digital revolution took centre stage (Burch 2004).
National Government, international organisations, private sector and civil society have participated in the WSIS. As Raboy (2004a: 346) put it, the WSIS has transformed the framework of global governance by “sanctifying the place of global civil society as an organized force in this process”. Civil society participated in this process with speaking rights in official plenaries and sub-committees, and rights to observe in drafting groups (WSIS 2005c: 7).

The first phase was held in Geneva from 10 to 12 December 2003 and the second phase in Tunis from 16 to 18 November 2005. The objective of Geneva phase was to “develop and foster a clear statement of political will and take concrete steps to establish the foundations for an Information Society for all, reflecting all the different interests at stake”. As a result, the Geneva ‘Declaration of Principles’ and the Geneva ‘Plan of Action’ were adopted. In Tunis, the Geneva ‘Plan of Action’ was put into motion and the participants tried to find solutions and reach agreements in the areas of the Internet governance and financing mechanisms (Quoted from http://www.itu.int/wsis/basic/about.html).

Due to civil society mobilisation, the Geneva ‘Declaration of Principles’ include such basic concepts as freedom of expression, cultural diversity, media pluralism and the centrality of communication as “a fundamental social process, a basic human need and the foundation of all social organization” (Raboy 2004b: 227; WSIS 2003a: article 4). However, in the Tunis phase, as civil society put it, “while recognizing media and freedom of expression, the WSIS documents are weak on offering support for developing diversity in the media sector and for avoiding a growing concentration and uniformity of content.” Moreover, the documents mainly concentrate on “market-based solutions and commercial use” (WSISc 2005: 11-12).

The Korean government, private industry and civil society took part in the WSIS process. In 2005, the ITU in partnership with the Ministry of Information and Communication (MIC) and the Korea Agency for Digital Opportunity and Promotion (KADO) hosted a WSIS Thematic
Meeting on Multi-Stakeholder Partnerships for Bridging the Digital Divide in Seoul. The objectives of the meeting were “to discuss the factors that can hinder or contribute to the success of partnerships focused on the use of ICTs for development” and “to encourage the development of a composite Digital Opportunity Index to measure the digital divide.” (Cho 2005: 2; Quoted from http://www.itu.int/osg/spu/ni/wsisbridges/about.phtml). During the meeting, most civic organisations were excluded and they blamed the MIC for “preoccupation with the task of ICT industry development” and “no concern on information society’s issues at all and less concerned with encouraging the participation and cooperation of multi-stake holders including civil society” (Citizen’s Action Network, et al. 2005; Kim 2005).

4.3.2. The World Intellectual Property Organisation

The World Intellectual Property Organisation (WIPO) is an institution specially established to ‘promote and protect Intellectual Property Rights’ (IPRs), though the World Trade Organisation (WTO) has become more involved in this area. WIPO still remains the sole organisation whose only task is with IPRs (Ó Siochrú, Girard and Mahan 2002: 85). WIPO’s membership is composed of states that are represented by governments. By March 2006, there were 183 member states (Quoted from http://www.wipo.int/about-wipo/en/gib.htm?printable=true).

The mandate of WIPO as expressed by the Contracting Parties in 1967 is, "to encourage creative activity, to promote the protection of intellectual property throughout the world." WIPO is placed as the specialised organisation responsible to adopt appropriate measures ‘to promote creative activity’. (Quoted from http://www.wipo.int)

WIPO administers twenty-three treaties (15 on industrial property and 7 on copyright) and performs a varied programme of work, through its member states and secretariat, which seeks to (Ó Siochrú, Girard and Mahan 2002: 86);
• Harmonise national intellectual property legislation and procedures
• Provide services for international applications for industrial property rights
• Exchange intellectual property information
• Provide legal and technical assistance to developing and other countries
• Facilitate the resolution of private intellectual property disputes
• Marshal information technology as a tool for accessing and using valuable intellectual property information

WIPO is a ‘convention of conventions’, meaning that it is an agreement by which members allow it to administer other agreements that concern IPRs. It provides a forum for signatories to come together and make decisions. It offers technical assistance in various issues that need it and has a centre of expertise for those who wish to use it. In addition, it facilitates mediation and arbitration, helps developing countries implement their commitments, supervises enforcement mechanisms, and generally implements any actions that member states believe are necessary to achieve their agreed aims.

The WIPO pulls together under a single framework a total of twenty-three different conventions and treaties - 13 on IP Protection, 6 on Global Protection System, 4 on Classification. The IP Protection treaties define internationally agreed basic standards of intellectual property protection in each country. These concern IPRs.7

7 Six of the industrial property treaties relate to IPRs:
• Paris Convention for the Protection of Industrial Property (1883)
• Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods (1891)
• Nairobi Treaty on the Protection of the Olympic Symbol (1981)
• Trademark Law Treaty (1994)
Each convention makes a ‘union’ of its signatories. The formation of WIPO did not change the conventions already signed, but rather enveloped them, along with their respective unions, unchanged into the broader structure of WIPO (Ó Siochru, Girard and Mahan, 2002: 95-97).

<Intellectual Property Rights>

IPRs are the rights concerning the creation of ideas, and give a monopoly over or restrict access to their use. IPRs appeared in the industrial nations in particular forms, such as copyright, patents, and trademarks. Copyright protects the right to control the use or expression of creative works, like books, music, paintings, and sculptures. Patents and trademarks are related to ideas in the industrial field. Patents cover new inventions and processes, and trademark the use of signs or symbols that identify goods and services. Copyright is especially pertinent in the current context of media governance (Ó Siochru, Girard and Mahan 2002: 85; Sung 1994: 126).

As Ó Siochru, Girard and Mahan (2002: 87) state, there are tensions between competing


And all seven copying treaties are relevant to IPRs:
- Berne Convention for the Protection of Literary and Artistic Works (1886)
- Geneva Convention for the Protection of Producers of Phonograms against Unauthorized Duplication of Their Phonograms (1971)
- WIPO Copyright Treaty (1996)
- WIPO Performance and Phonograms Treaty (1996)

(Ó Siochru, Girard and Mahan, 2002: 96; http://www.wipo.int/treaties/en/).
rights of IPRs claimed by three groups-authors, owners, users:

- Authors are able to demand a moral right over content when it is related to them.
- Owners (originally the authors) are able to demand an economic right to a fair rate of return as an incentive to invest in the creative activity.
- Users (society) are able to demand a public interest right, because ideas are innately related to society and the entry of ideas into the public domain is an essential process of social evolution.

In principle, IPRs must balance between the moral, the economic, and social values. They should encourage innovation and progress in artistic, technological and scientific domains which thus benefit public interest. In reality, the protection of IPRs restricts access to knowledge because it defines knowledge as private goods and tends to facilitate monopolistic practices. The monopoly control over ideas and knowledge may restrict their free flow and reduce potential public interest (Hamelink 2004: 43-45).

Copyright is of central pertinence of IPRs to media. Media content of all kinds consists of ideas that are embodied in forms specific to each medium, for example, aural or visual, mobile or fixed. Regulations that define and enforce these rights are thus a key element in deciding who gets to use ideas and the terms under which they gain access to them. Internationally, the governance of IPRs is also crucial to the nature and extent of interaction of ideas between societies, via the media, and thus to the use and impact within societies of ideas coming from foreign countries (Ó Siochrú, Girard and Mahan 2002: 87).

The recent trend to encompass copyright in trade negotiations shows the commercial thrust of media industries. Copyright has become a trade issue and the protection of the author has yielded to the interests of the owners. Its main beneficiaries are global media conglomerates.
Securing popular contents is a core business. Several recent mergers and acquisitions are driven by the desire to gain control over rights to contents like film libraries or collections of musical recordings.

Since the adoption of the Rome Convention in 1961, the rights were granted to broadcasting organizations at the international level. It defines broadcasting as "the transmission by wireless means for public reception of sounds, or of images and sounds" (Article 3(f)). However, it did not include cable transmission, because it was not fully developed for broadcasting at that time. The WIPO Performances and Phonograms Treaty (WPPT) adopted in 1996 revised the notion of broadcasting, though it still restricted broadcasting to wireless broadcasting and did not reflect technological development, especially in digital technology. Transmission by satellite and certain encrypted broadcasting is included in the WPPT. Programme providers using cable or wire distribution are mostly protected by national copyright laws (WIPO 2002a).

Development of digital technology that leads to possibilities for free access to knowledge has made the professional production, reproduction and distribution of content vulnerable to grand scale piracy. This situation makes content owners worry about their property rights and interested in the making of global enforceable legal regime for their protection (Hamelink 2004: 44). For example, digital pay-TV providers developed their encryption technologies and scrambled their signals (Flournoy 2004: 11).

In 2003, Korea revised the Copyright Act to fulfil the WIPO treaties including the WIPO Copyright Treaty and WPPT. In addition, the revised act reflects the development of digital networks including the Internet (MCT 2003: 92).
WTO’s Relations with the WTO

The WTO was established as a consequence of the Uruguay Round of the GATT Multilateral Trade Negotiations on April 15, 1994 (See 4.4.2). One of the negotiated agreements is the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), which came into effect in 1995. The TRIPS Agreement protects and enforces IPRs, in accordance with WIPO treaties and conventions. Provisions in the TRIPS Agreement concerning “copyright and related rights, trademarks, geographical indications, industrial designs, patents, layout-designs (topographies) of integrated circuits and undisclosed information” (Article 1.2) complement WIPO treaties and conventions.

In 1996 an Agreement Between the WIPO and the WTO entered into effect. It provides for cooperation concerning the implementation of the TRIPS Agreement, such as notification of laws and regulations and legal-technical assistance and technical cooperation. Developing countries were urged to meet their TRIPS obligations. (Quoted from http://www.wipo.int/about-wipo/en/gib.htm).

4.3.3. The UN Educational, Scientific and Cultural Organisation

UNESCO had been created after World War II reflecting Western ideals and ideology. UNESCO is about much more than communication. Its objective is to contribute to world peace by promoting international collaboration in education, science, culture, and communication, in order to further “universal respect for justice, for the rule of law and for the human rights and fundamental freedoms which are affirmed for the people of the world, without distinction of race, sex, language or religion, by the Charter of the United Nations.” In contrast to the practical origins of many institutions of governance, the humanist intention behind UNESCO is evident in the preamble of its constitution: “Since wars begin in the minds of men, it is in the minds of
men that the defences of peace must be constructed....A peace based exclusively upon the political and economic arrangements of governments would not be a peace which could secure the unanimous, lasting and sincere support of the peoples of the world, and the peace must therefore be founded, if it is not to fail, upon the intellectual and moral solidarity of mankind.” (UNESCO 1945)

Although UNESCO has a broader mandate, media and communications feature as means for realising its objectives. Of three points in its constitution, the first is to: “Collaborate in the work of advancing the mutual knowledge and understanding of peoples, through all means of mass communication and to that end recommend such international agreements as may be necessary to promote the free flow of ideas by word and image.” Nevertheless, this wide-ranging mandate in media and communications lacks a material base in a specific domain of action. To execute its mandate, UNESCO performs five main functions - prospective studies; the advancement, transfer, and shaping of knowledge; standard-setting action; expertise; the exchange of specialised information (Stevenson, 1988: 8; Ó Siochráin, Girard, and Mahan, 2002: 71-73).

UNESCO has developed particularly strong relations with NGOs. About 600 NGOs have official relations with UNESCO, at different levels according to their remit and level of organisation (Ó Siochráin, Girard, and Mahan, 2002: 82-83).

<New World Information and Communication Order>

The controversy as regards to New World Information and Communication Order (NWICO) was that media and communications issues were debated at a global level for the first time. It raged inside and outside the United Nations from the mid-1970s through to the mid-1980s. The main debates were about the free flow of information, cultural imperialism and the
right to national self-determination of national media policies. Its main goal is a reformed system of media and communications for less developed countries (LDCs) "to obtain greater influence over the media, information, economic, cultural, and political system" (McPhail 2002: 9). It is significant more for the fact that such key issues on media and communications were actually debated than for its results.

The NWICO debate can be understood only in its broader context. The growing power of the less developed countries and developing countries following decolonisation, and the resulting new balance of power in the United Nations, render its base. By 1974, less developed countries and developing countries had succeeded in vindicating an economic philosophy in the United Nations, against the resistance of the more powerful countries. The New International Economic Order (NIEO) had five main arguments (Ó Siochrú, Girard, and Mahan, 2002: 76):

- Enhanced terms and conditions of trade for less developed countries and developing countries to address current trade imbalances
- More native control of productive assets in less developed countries and developing countries, thus improving national control of development strategies.
- More interaction between less developed countries and developing countries in trade and other forms of cooperation
- More 'counterpenetration' by less developed countries of developed countries' markets
- More influence from less developed countries and developing countries within the Bretton Woods institutions such as the International Monetary Fund (IMF), the World Bank and the World Trade Organisation (WTO), and on the activities of MNCs.
The UN General Assembly accepted a declaration on the NIEO on 1 May 1974, along with a limited programme of action. The declaration urged member states to:

Work urgently for the establishment of a NIEO based on “equity, sovereign equality, interdependence, common interest and cooperation among states,” irrespective of their economic and social systems which shall correct equalities and redress existing injustices, make it possible to eliminate the widening gap between developed and the developing countries and ensure steadily accelerating economic and social developments and peace and practice for future generations (McPhail 2002: 183)

Most of the concerns of NIEO were related to media and communication (Ó Siochru, Girard, and Mahan 2002: 76-77):

- The free-flow doctrine of information flow was supporting Western dominance of media content and news
- The concentration of the Western media industry was converting into more foreign ownership of media in smaller and less developed countries
- The Western control of media technologies was making it difficult for others to keep pace.

Many countries became anxious about the impact of media on national identity, cultural integrity, and political and economic sovereignty. In a trend of ‘cultural and media imperialism’ driven mainly by the US and its long-term implications, not only for less industrialized countries, but developed countries including France, Canada, and Finland were also concerned. Finland’s then President Urho Kekkonen argued that the theory of the ‘free flow of information’ was a rationale for a ‘one-way’ flow in reality (McPhail 2002: 180).
The Non-Alligned Movement (NAM) of UN countries led NWICO. The action would primarily be staged in UNESCO as the only UN organisation equipped to debate the range of issues raised by and about media, communications, culture, news distribution, and so on. The NAM constituted a group of countries defined by their independence of the US and USSR, led by the Organisation of Petroleum Exporting Countries and based on their oil-based power. At meetings between 1973 and 1976, the NAM advanced from a simple critique of MNCs and powerful governments, to a more complex plan for a ‘New World Information Order’ (as it was known then).

Simultaneously, UNESCO convened many expert groups and commissioned research papers on issues like Direct Broadcasting Satellite (DBS), which would beam unwanted contents, and on the development of national media policies.

At the 1976 UNESCO General Assembly in Nairobi, under Director-General Amadou Mahtar M’Bow, a wide gap became apparent between the views of the NAM and the Western countries including the United States and the United Kingdom. Especially, the debate on Article 12 in a draft declaration, which demanded state responsibility for media activities, dominated the Assembly. A confrontation was narrowly evaded by the establishment of an International Commission for the Study of Communication Problems, conventionally called the MacBride Commission. However, NWICO became limited to the UNESCO agenda (McPhail 2002: 182; Ó Siochrú, Girard, and Mahan 2002: 77).

At the 1978 UNESCO General Assembly there were controversies and diplomatic battles. Nonetheless, there was a significant outcome, at least on paper, in that agreement was reached on a Declaration on Mass Media. This contained a diluted version of the original, much broader, proposal, and the free-flow doctrine supported by the United States, the United Kingdom, and others was amended to one of a “free flow and wider and better balanced dissemination of
information." (Ó Siochrú, Girard, and Mahan 2002: 77-78)

The MacBride Commission reported to the 1980 General Assembly. The 'Many Voices, One World' report was comprehensive and came with a long list of recommendations. For the first time, NWICO had a general framework, a detailed justification, and a set of proposals in the following areas: Strengthening Independence and Self-reliance; Social Consequences and New Tasks; Professional Integrity and Standards; Democratisation of Communication; Fostering International Cooperation (UNESCO 1980). Inevitably, however, the report was couched in ambiguous language on key issues to accommodate divergent views, and recommendations were often weak and based on reciprocal concession (Hamelink 1997b: 74). The most difficult issues were earmarked to be explored in more depth in the future. One tangible outcome was agreement to set up an International Programme for the Development of Communication (IPDC), seen by some as an instrument to coordinate a huge range of resources into realising NWICO aims. It continues to exist today. Though it does useful work, its budget has been small in comparison to the size of the problem and the expectations of many people in less industrialised countries (Ó Siochrú, Girard, and Mahan 2002: 78).

Instead of bringing the sides together, the entire process emphasised the split and entrenched the positions of key players especially the West. US commentators objected to the MacBride Commission Report's recommendation that "in expanding communication systems, preference should be given to non-commercial forms of mass communication" and suggesting that "public funds might be made available for this purpose," as they are for education. The then American Bar Association representative, Leonard Theberge, blamed the Report for having "clear bias against private sector involvement in communication," though the Report did not suggest any limitations on the freedom of privately owned media (Baker 2002: 272-273) The United States led the attack on UNESCO, supported strongly by the private media industry and
lobbies such as the World Press Freedom Committee. With a backdrop argument that UNESCO should be a technical agency and keep away from political issues, the main charge was that less industrialized countries were attempting to impose government control of the media and subsequently suppress freedom of the press, despite the fact that freedom of the press was strongly endorsed at every turn by NWICO.

UNESCO continued to support the NWICO concept and resolutions during the 1980s by sponsoring meetings, promoting dialogue, and trying to disentangle especially knotty and contentious issues. The NAM also continued its work by holding a large conference in late 1980 that called for an intensification of efforts to promote NWICO.

However, in 1983 the United States informed UNESCO of its intention to withdraw from UNESCO. It withdrew the following year. Its strongest ally, the United Kingdom, left the year after. These decisions were taken partly because of NWICO, but probably represented also the United States’ and the United Kingdom’s broader rejection of multilateralism for which UNESCO was a key component (Ó Siochrú, Girard, and Mahan, 2002: 78). Baker (2002: 273) also argues that the US response to NWICO was encapsulated in an intersection of corporate interests and Cold War apprehension. NWICO managed to stay on the UNESCO agenda, though with little action, until 1987. The replacement of M’Bow in that year by Federico Mayor of Spain, and the changed mood, led to its disappearance. UNESCO’s medium-term plan for 1990 to 1995 made only brief mention of NWICO and reinstated free-flow doctrine at its centre.

As Winseck (1997) put it, the contributions of historical debates between NWICO supporters and ‘free flow of information’ supporters are of limited value; both were related to partial views of democracy that assumed a model of ‘internationalised modernity’ based upon state and market. He argues that a better model must incorporate another actor of modernity, civil society.
The ‘imbalance’ underlying the NWICO movement was not easily dealt with, and in some aspects has deteriorated. Nevertheless, the main lesson of NWICO was that the way forward would have to be through the democratisation of media and communications rather than through government- or market- led efforts to make new global orders. For example, the MacBride Round Table met on an annual basis from 1989 to 1999 to continue the spirit of the MacBride Commission. In a wider context, it brought together NGOs, scholars, as well as national governments to debate salient issues (Ó Siochru, Girard, and Mahan, 2002: 79).

<Universal Declaration on Cultural Diversity>

In 2001, the ‘Universal Declaration on Cultural Diversity’ was adopted by the 185 member states at the 31st session of the General Conference. The Declaration views ‘cultural diversity’, ‘the common heritage of humanity’, as being “as necessary for humankind as biodiversity is for nature” (Article 1). The support of cultural diversity is regarded as “an ethical imperative, inseparable from respect for human dignity” (Article 4). The Declaration provides a comprehensive standard-setting framework to maintain that “intercultural dialogue and respect for cultural diversity and tolerance are among the surest of guarantee of peace”. According to the Declaration, “freedom of expression, media pluralism, multilingualism, equal access to art and to scientific and technological knowledge, including in digital form, and the possibility for all cultures to have access to the means of expression and dissemination are the guarantees of cultural diversity.” (Article 6). It also affirms that “Market forces cannot guarantee the preservation and promotion of cultural diversity, which is the key to sustainable human development” and recommends to build “a partnerships between the public sector, the private sector and civil society” (Article 11). It pursues ‘humanizing globalization’ (UNESCO 2002). Moreover, in 2004, UNESCO adopted a plan to develop a legally binding international
convention on cultural diversity. These actions taken by UNESCO with NGOs show growing concerns about both the chances for and the threats to ‘pluralism of expression and cultural diversity’ (Harvey 2005: 170). During the debate on the screen quota in Korea, the supporters of the screen quota have quoted the argument of the Declaration against free trade advocates (Im 2005).

4.4. Global Trade and Liberalisation Regimes

In this section, the IMF and the World Bank, the World Trade Organisation (WTO), and the Organisation for Economic Co-operation and Development (OECD) are outlined. They have emerged as powerful organisations related to global media governance. They have played a pivotal role of marketisation of global media industry.

4.4.1. The IMF and the World Bank Group

In the year of optimism after World War II, the UN Economy and Social Council (ECOSOC) had been given the task of coordinating tripartite set of bodies: the International Monetary Fund (IMF) to ensure stable exchange rates and balances of payments, the International Bank for Reconstruction and Development (better known as the World Bank) to provide loans for development, and the International Trade Organisation (ITO) to ensure a stable system in trade between countries. Actually, the IMF and the World Bank both originated in World War II as a result of the UN Monetary and Financial Conference at Bretton Woods, New Hampshire, United States, in July 1944. (Stiglitz, 2002: 11) Their principal locations are in Washington, D.C.. Their aims were to make sure of more balanced and equitable world development and to avoid the emergence of global economic dynamics that fostered international tension and finally caused aggression and war (Ó Siochrá, Girard, and Mahan, 2002: 52-53)
According to Hoogvelt, the Bretton Woods institutions, together with the Truman Doctrine (1947) composed the system of informal imperialism under Pax Americana, which was the symbol of the neo-colonial period and lasted until about 1970. In the system, the USA formally announced its intentions to act as a global policeman, ‘defending free people anywhere in the world who were threatened by armed minorities or by outside pressures’, However, “it was the very informality and indirectness of the system that gave it an aura of invisibility and made it so difficult for people to see through” (Hoogvelt, 2001: 34).

The ideas and intentions behind the creation of the IMF gradually evolved over the years to become something very different. The Keynesian orientation of the IMF and the World Bank, which emphasized market failures and the role for government in job creation, was replaced by the free market ideology of the 1980s, part of a new ‘Washington Consensus’-a consensus between the IMF, the World Bank, and the U.S. Treasury about the ‘right’ policies for developing countries-that signaled a radically different approach to economic development and stabilization (Stiglitz, 2002: 16-18).

These institutions suffered dramatic change, when free market mantra prevailed in the US and UK. ‘Fiscal austerity’, ‘privatisation’ and ‘market liberalisation’ were the three pillars of Washington Consensus advice throughout the 1980s and 1990s (Stiglitz, 2002: 53). According to Stiglitz (2002: 74), the Washington Consensus policies were based on a simplistic model of the market economy, the ‘competitive equilibrium model’, in which Adam Smith’s invisible hand works, and works perfectly. As there is no need for government in the model, the policies are considered neoliberal, based on ‘market fundamentalism’.

The IMF is not directly related to media governance. However, it was related to the Asian
financial crisis in 1997, which had an impact on Korean society. Under the IMF bailout programme, Korea eagerly and even voluntarily pursued structural reforms in the public sectors, labour sectors, financial sectors, corporate sectors, and embraced foreign investment liberalisation (Government of Republic of Korea 2004). The IMF was originally founded on the belief that there was a need for collective action at the global level for economic stability. It was designed to hinder crises like the Great Depression of the 1930s and help resolve crises when they happen. It is responsible for making sure "the stability of the international monetary and financial system." In theory, it also seeks "to promote growth and alleviate poverty". The IMF provides credits and loans to member states with balance of payments problems to support policies of adjustment and reform (Quoted from http://www.imf.org/external/np/exr/facts/glance.htm).

The IMF has a key problem of governance: "who decides what they do". The institution is dominated not only by the richest developed countries but also by the commercial and financial interests of those countries, and the policies of the institution naturally reflect this. Stiglitz (2002: 19) argues that the selection of the managing director of the IMF represents the institution's problem, and too often has contributed to its dysfunction. While most of the current activities of the IMF and the World Bank are in the developing countries, representatives from the developed countries run them. Traditionally, the chairman of the IMF is a European, that of the World Bank an American. They are chosen behind closed doors, and it has never been regarded as a requirement that the head should have any experience in the developing world. The institutions do not represent the countries they serve.

In addition, problems derive from "who speaks for the country". At the IMF, it is ministers of finance and governors of central banks. These ministers are closely affiliated to particular constituencies within their countries. The finance ministers and central bank governors are
closely allied with the financial community; they come from financial companies, and after they resign, that is where they go back (Stiglitz, 2002: 18-19).

<The World Bank>

The World Bank Group is one of the world’s largest sources of development assistance. In 2002, the institution provided more than US$19.5 billion in loans to its client countries. It works in more than 100 developing economies. The World Bank group is owned by 184 countries. The World Bank Group consists of five closely associated institutions: The International Bank for Reconstruction and Development (IBRD), The International Development Association (IDA), The International Finance Corporation (IFC), The Multilateral Investment Guarantee Agency (MIGA), The International Centre for Settlement of Investment Disputes (ICSID). Each institution specialises in different aspect of development, but uses its comparative advantages to work collaboratively toward poverty reduction. The term ‘World Bank Group’ includes all five institutions.

According to their mission statement, the aim of the World Bank is a world free of poverty. Their specific aims are (Quoted from www.worldbank.org);

- To fight poverty with passion and professionalism for lasting results
- To help people help themselves and their environment by providing resources, sharing knowledge, building capacity, and forging partnerships in the public and private sectors
- To be an excellent institution able to attract, excite, and nurture diverse and committed staff with exceptional skills who know how to listen and learn.

By custom, the World Bank has always had an American as its president, and control (20%
of voting-and veto-power) is still held by the United States. In the 1960s, and especially after Robert McNamara moved over from the Defense Department to head the Bank (1967-1981), the focus and funding suddenly shifted toward the Third World at a time of growing authoritarianism in Asian politics. (Sussman, 1991: 44) Current president is Paul Wolfowitz, a former US Deputy Secretary of Defence under the Bush government (Quoted from www.worldbank.org).

<The World Bank and Telecommunications>

The World Bank is a powerful organisation within the global telecommunications market (Hills 1994: 1). The Bank “has been the largest multilateral source of telecommunications financing in developing countries since the mid-1960s.” Though the bank stopped from being directly engaged in building infrastructure, its financing and policy initiatives aim at sector reform in its target countries. The bases of its sector reform are privatisation of domestic telecommunications carriers, the establishment of a sufficient regulatory and policy framework and recommendation of competition among carriers (Courtright 2004: 345). The World Bank adopted the ideology of privatisation in the 1960s before any of the major Western neoliberal governments came into power (Hills 1994: 18)

Although the Bank, in the early 1970s, together with its soft loan affiliate, the International Development Association (IDA), considered itself “a lender of last resort” in telecommunications, it began to look more carefully at this sector as part of the Third World states’ requisite development infrastructure. The Bank portrayed “telecommunication network [functioning]...as the central nervous systems of complex societies, transmitting information and commands between their various parts”. IBRD/IDA support for Third World telecommunications, though constituting only 3% of their total lending since 1960, has since
been considerable, particularly in Asia, where the Bank has pressed upon host countries the necessity of “improv[ing]...the climate for foreign investment.” (Sussman, 1991: 45-46) The telecommunication financing was over 5 billion dollars by 1993, mainly for infrastructure (Courtright 2004: 345).

Moreover, even in the Bank’s advisory capacity, its guidance in institutional and infrastructural development, tends to be taken seriously by less developed countries (LDCs). The Bank is head of the ‘consultative group’ of public and private lenders in many Third World countries and its stamp of approval is an indispensable credit rating for governments wishing to avail themselves of other sources of loans and of transnational trade and investment.

The Bank’s policies in telecommunications, consistent with its other sectoral programmes, are premised on preferences for trade liberalisation, private enterprise, government austerity, and foreign investment. Ascribing objectivity to its role, the Bank views its Third World interventions as “the unbiased advice and overview on institutional development and the technical choices usually associated with multilateral financing”. However, certain critics of Bank policy have seen the institution as being ignorant of the real human needs of most LDCs and as disguising development jargon for its actual political economic intention of preserving market opportunities for itself, its sister agencies, including the IMF, and transnational capitalism (Sussman, 1991: 45-46). As shown in the Stern Report on ‘The World Bank’s role in fostering telecommunications development’, the conditions attached to loans can be summarized as follows:

The state monopoly of telecommunications should be changed to private ownership, as is the case in many industrialized countries. If developments in global communication create a new demand, then the market should create new enterprises to respond to that demand. The
World Bank further insists that developing countries should adapt their economic policy to attract foreign investors. The endorsement of the private sector is of primary importance, alongside major adjustments in the infrastructure and policy sectors (Mohammadi 1997: 77; Originally cited from Stern 1986).

At the same time, the Bank is seen as having selectively isolated those governments opting for more nationalist strategies of economic development: Vietnam after 1975, Argentina under Peron, Cuba, Sukarno's Indonesia, Chile under Allende, Afghanistan after 1979, and Peru under Velasco, among others. (Sussman, 1991: 46)

4.4.2. The World Trade Organisation

The World Trade Organisation (WTO) is the most powerful global trade institution ever created. Its member countries have given it enormous powers to deliver sanctions. They have made its rules and sanctions strong enough to hurt even the most powerful government. No other global economic institution has been given more power. The WTO currently has 148 member governments, and nearly 30 waiting to join as of 13 Oct 2004 (Quoted from www.wto.org).

The official goal of the WTO is to help producers of goods and services, exporters, and importers conduct their business. The WTO takes charge of eliminating international barriers to trade, and trade, in theory, should benefit both sides. If country A sells country B goods that the former can produce more cheaply and buys goods that the latter can produce more cheaply, then both are better off because they can focus their economic activities in areas where they have a competitive advantage. In developing countries, the logic continues, the sale of basic commodities can yield the foreign exchange required to purchase the technology needed to diversify the economy. Thus the returns might justify renouncing some components of
sovereignty.

However, real situations are more sophisticated. The rules of the WTO and its coercive measures are entwined with the exercise of self-interest by governments, and with changing alliances between the state and capital. "Who speaks for the country" is another problem. At the WTO, it is the trade ministers. The trade ministries reflect business interests - both exporters who want to see new foreign markets opened up for their goods and services, and providers of commodities that compete with new imports. Its critics regard the WTO as an instrument by which more powerful governments and corporations can govern international trade and economic relations in order to suit their goals (Ó Siochrú, Girard, and Mahan, 2002: 51; Stiglitz, 2002: 19).

The WTO's main functions are related to the negotiation, implementation, and administration of a set of agreements, known as the GATT, which govern trade between its 148 member countries. These agreements are negotiated in a series of 'rounds', and by joining the WTO countries agree to provisions in the agreements that limit their right to pass laws, to tax, and regulate matters concerning international trade and economic relations. The WTO also monitors national trade policies and gives developing countries technical assistance and training (Quoted from www.wto.org).

During the eighth or Uruguay Round, however, the GATT succeeded in reducing tariffs on manufactured goods and began negotiations in new sectors, such as financial services, telecommunications and transportation, IPRs, media and audiovisual services (Ó Siochrú, Girard, and Mahan, 2002: 51-52).

International trade in commercial services has increased significantly in the past three decades. According to the WTO, world exports of commercial services amounted to 2.10 trillion dollars in 2004 (see Table 4.1). As shown in the Table 4.2, a few wealthy countries or regions
like the Western Europe, Japan and the US are predominant in international trade of commercial
services, transport and telecommunications infrastructure, and financial services by virtue of
their financial and technological superiority (Thussu 2000: 89-90).

Table 4.1. World exports of merchandise and commercial services 2001-2004
(Billion dollars and percentage)

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>Annual percentage change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2004</td>
<td>2001</td>
</tr>
<tr>
<td>Merchandise</td>
<td>8880</td>
<td>-4</td>
</tr>
<tr>
<td>Commercial</td>
<td>2100</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: WTO World Trade Report 2005

Table 4.2. Top exporters in commercial services 2003

<table>
<thead>
<tr>
<th>Country</th>
<th>Value in $ billion</th>
<th>Global Share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>282</td>
<td>16.0</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>130</td>
<td>7.4</td>
</tr>
<tr>
<td>Germany</td>
<td>112</td>
<td>6.4</td>
</tr>
<tr>
<td>France</td>
<td>98</td>
<td>5.6</td>
</tr>
<tr>
<td>Italy</td>
<td>73</td>
<td>4.1</td>
</tr>
<tr>
<td>Japan</td>
<td>70</td>
<td>4.0</td>
</tr>
</tbody>
</table>

Source: WTO World Trade Report 2004
At the apex of its organisation structure is the Ministerial Conference, comprising of all members, which meets at least every two years. Beneath it is the General Council, which also meets as the Trade Policy Review Body and the Dispute Settlement Body. Three sectoral councils report to the General Council: the Goods Council, dealing with traditional commodities; the Services Council, set up to work on GATS; and the Intellectual Property Council, established to work on the TRIPS agreement. Beneath these are numerous Specialized Committees, Working Groups, and Working Parties, concentrating on specific agreements as well as sectoral issues such as the environment and membership. Some countries maintain representation in Geneva, with their representatives permanently employed in various levels of activities. However, many of the poorest countries cannot afford to have such representatives.

Eight rounds were completed, with the last one, the Uruguay Round, concluding in 1994 after eight years with the addition of the GATS and TRIPS agreements and the formation of the WTO in January the following year. The Doha round began in November 2001. In general, agreements encompass a broad set of goods and each country decides when and to what extent it will sign up for individual items. When countries do sign, sometimes with a period of grace for poorer countries, there can be no going back. No country is allowed to retreat on its agreement or to renegotiate its terms, under threat of very severe sanctions.

Therefore, the Dispute Settlement Body is very important and is stronger, quicker, and more predictable than its antecedent in the GATT. Any country can claim another is in breach of the agreement, setting in motion a succession of stages that, unless there is a consensus not to do so, continues through to the end of the process and the resolution of the dispute. The process can take no more than fifteen months; from the time a mistreated country files a complaint, allowing even for an appeal by the loser. If the losing country does not change practice, the winning party
may with the approval of the WTO, apply sanctions that can cost large amounts of money.

Some critics have argued against the structure of the WTO in recent years. They have argued that the more powerful countries get the profits of increasing global trade, while many poorer countries are really worse off. The major reason is the fault of the structure of the institution reflecting real global politics. (Ó Siochrán, Girard, and Mahan, 2002: 64-67; Quoted from http://www.wto.org)

The WTO and Media

The WTO is important in several areas of media, including telecommunications infrastructure and services and trade in media products and services. The current debates about media are 'cultural exceptions'. Free-trade agreements and 'cultural exceptions' were born on the same day in 1947, when the original GATT was signed. At the time, European film industries were slowly recovering from the devastation of World War II, while Hollywood studios were inundating screens in Europe with more than 3,000 films produced during the war (Galperin 1999: 68).

Since the 1980s, marketisation in the media sector at the national level has been witnessed, resulting in the introduction of market dynamics into telecommunications and the relaxation of regulation of media outlets, contents and ownership. Media lobbies succeeded in the liberalisation of these sectors nationally in North America, Europe, and elsewhere, with the private sector and some degree of competition moving into areas previously prohibited. The major drive by GATT came mainly from global media conglomerates, which had succeeded in breaking into previously prohibited or restricted markets nationally, and sought to expand their markets overseas. Mainly U.S.-based global media conglomerates recognised their advantages of scale and capacity over virtually any rival anywhere in the world. The U.S. and others have
turned to the multilateral trade agreement as an instrument to open telecommunications and media markets. The market in television programmes, films, music, and other areas has expanded rapidly, with the United States being the main beneficiary globally, followed by a few countries that established themselves as suppliers of regional contents, such as South Africa and Mexico.

Allied business and government lobbies succeeded in putting telecommunications and services on the agenda of the Uruguay Round, which culminated with the successful opening up of the telecommunications services sector. However, efforts to open negotiations on audiovisual services were blocked, at least temporarily, because they became a victim of disagreement between the United States and the European Union. France was arguing for a ‘cultural exception’ by which the protection of culture would constitute a legitimate cause to support and subsidise national cultural production, though such measures gave them a market advantage over imported products. After long negotiations in Geneva, they could finally only agree to disagree, and the audiovisual was in effect omitted from the WTO deal. Cable and satellite television were also excluded from the telecommunications agreement.

However, the audiovisual sector was included on the list of “mandated sectors” (i.e. those automatically on the agenda for new round), and discussion began in 2000 as part of ongoing GATS negotiations. The United States has signalled its determination to pursue the issue to the end, and the Doha round set to conclude by the end of 2005, might offer opportunities. Currently it changes a strategy which refuses a ‘full liberalisation or a blanket exemption’ to audiovisual negotiations, and accepts the validity of adopting subsidies to fulfil particular cultural goals. However, it still argues that the best way to protect cultural diversity is through liberalisation (Ó Siochráin, Girard, and Mahan, 2002: 59-60; Freedman 2005: 125).

The WTO currently plays an important role in global media governance.
Telecommunications equipment, infrastructure, and services, and the sector of cultural products like books, films, television and other media are currently included or might be included in the future. Associated with its influence in intellectual property rights, the WTO might claim to be the most influential player in media and communications governance at the global level. (Ó Siochrú, Girard, and Mahan, 2002: 56)

Digital Convergence

According to Galperin (1999), the degree to which the GATT-Uruguay Round, GATS, TRIPS and the WTO Telecommunications Agreement will affect cultural trade still remains open. Nevertheless, there are indications that the ‘agreement to disagree’ might not be a valid solution any more. On-going digital convergence threatens to overhaul the entire scenario upon which the ‘agreement to disagree’ depends. The debate over the audiovisual sector in the WTO has been sometimes framed as an ‘all-or-nothing’ game. European countries, especially France, have argued that the audiovisual sector should be excluded from the WTO. However, digital convergence has blurred the boundary between telecommunications and audiovisual services. The audio-visual sector traditionally includes motion picture and videotape production and distribution services, motion picture projection services, radio and television services, radio and television transmission services, and sound recording. Convergence has changed the way audiovisual contents are created, produced and distributed. In the WTO, the U.S. argues, “The distinction between these two sectors that exist in the analogue world are not as easy to identify in the digital world, where the transmission of digitalized information can become the same thing as the digitalized content itself” (United States 1998: Paragraph 5). It proposed a new list of audiovisual and audiovisual related service activities during the New Round. It also argues that GATS disciplines are relevant to the audiovisual sector, as they are to virtually any service
sector. It seeks negotiated commitments for the audiovisual sector that set up clear, dependable and predictable trade rules (United States 2000). One of the current FCC objectives is to "promote competition in international communications markets". It aims to work with regulators from other countries to promote full implementation of existing WTO commitments and reduce entry barriers in foreign communication markets by securing additional market opening commitments and expanding current commitments (FCC 1999: 16).

<GATS>

GATS is composed of articles, annexes and schedules of commitments on specific services or service sectors. The articles lay out the scope of the Agreement and the general obligations and disciplines to be observed. Part II of the GATS set up the general obligations and disciplines to be observed by all WTO member states. Among those having impact on telecommunications regulatory regimes are the following (Henderson et al. 2005: 209):

(i) MFN-most favoured nation treatment clause under Article II,
(ii) Legal and regulatory transparency clause under Article III,
(iii) Impartial regulation and access to procedures for review under Article VI,
(iv) The obligation to work toward the removal of business practices that may distort competition under Article IX, and
(v) The obligation on members to enter into negotiations regarding subsidies.

Within GATS, the telecommunications sector is divided into two broad categories: basic service (including voice telephone, packet and circuit switched data transmission services, telex, telegraph, facsimile and leased circuits services) and value-added services (including electronic
mail, voice mail, online information and database retrieval). During the Uruguay Round, most countries committed themselves to liberalise value-added services, but not basic telecommunications services, so the GATS Fourth Protocol on Basic Telecommunications Services ensures that basic telecommunications will also be liberalised.

The Protocol and its annexed documents, which came into effect in February 1998, obliges the 69 signatories, representing more than 93 per cent of world revenues in telecommunications services, to liberalise telecommunications in their respective countries. All technological means of transmission are included in the agreement, although broadcasting of radio and television programmes is excluded. It obliges the signatories to provide market access and national treatment to international telecommunications corporations. (Thussu, 2000: 86-87; Quoted from http://www.wto.org/english/news_e/pres97_e/summary.htm)

Developments in telecommunications liberalisation are relevant to audiovisual trade for two reasons. First, the convergence between telecommunications, computing, and audiovisual services means a merger into a single digital platform. Though Article 2 of the Annex on Telecommunications states that “this Annex shall not apply to measure affecting the cable or broadcast distribution of radio or television programming,” distinction between telecommunications and data transmission services as opposed to broadcasting are increasingly difficult to make. Because of the lack of clear definitions between virtual goods and services, the convergence offers the back doors for circumventing cultural quotas, which apply to the audiovisual sector, when new digital services are concerned. As Winseck (1997: 240) puts it, “through the back door opened by media convergence and the portmanteau concept of enhanced services,” this might bring audiovisual industries within the frame of GATS. Thus the US has a strategic angle of attack for undermining the Europeans’ audiovisual protectionism (Pauwels and Loisen 2003: 306). During the WTO negotiations, the US tried to define DTH (Direct-to-
Home) television and DBS (Direct Broadcasting Satellite) television as telecommunications services, a regulatory classification refused by all other WTO members.

Secondly, governments give up many policy instruments such as subsides or public service requirements, accepting a global free-trade agreement as the basis for national regulatory reform. Murdock and Golding (2001: 116) argue that "whether or not all the proposals currently on the table are incorporated into the revised version of the GATS, the marketized world view that underpins them is already firmly entrenched." For example, Korea has already opened up its telecommunications market to foreign investors. It also enacted and revised the Broadcasting Act to attract foreign investment in the area of satellite broadcasting and cable TV (See chapter 7 and 8).

<TRIPS>

The TRIPS agreement was a landmark in IPR evolution and is considered a victory for the developed countries and the transnational copyright industries. The 'commodification of culture' has gained power in this area. These negotiations aim to set up a multilateral agreement managed by the WTO for enhanced protection of IPRs (Pauwels and Loisen 2003: 302). While imposing IPR standards and patterns of the developed countries on the rest of the world, it also greatly limits the freedom of countries to shape their systems according to national objectives and degrees of development.

It was disputable from the commencement of the Uruguay Round, having been initially approved for inclusion in 1986 only on a limited set of issues about counterfeit goods. The developed countries gradually increased the pressure, with the U.S. going as far as threatening unilateral trade sanctions under Section 301 of the U.S. Trade Act. The less developed countries and developing countries eventually accepted in principle a broader remit, in 1989, and then
surrendered in practice at the negotiating table. The main concessions won by the less
developed countries and developing countries concerned timing. Transition periods until 2000
for developing countries, and 2007 for the less developed countries, were allowed. Thus they
could bring their legislation into line.

The most debatable issues of the TRIPS agreement, from the perspective of developing
countries, were not related to media and communications. The TRIPS agreement does not
include any definitions concerning broadcasting. The most serious reservations were expressed
concerning patenting of life forms and of pharmaceuticals. However, the TRIPS agreement on
media and communications has global effects and virtually everywhere in the world will be
influenced, when seen in the broader context of trends in media and communications. Especially,
it gives broadcasting organisations rights to prevent specific acts, such as ‘the fixation\(^8\), ‘the
reproduction of fixation’, and ‘the rebroadcasting by wireless means of broadcasts’ (Ó Siochru,

The TRIPS agreement commences by committing all signatories to a minimum standard of
IPRs as stipulated in the Berne and Paris Conventions. The only exception is the Berne
Convention Clause on moral rights in copyright, which is not obligatory at the insistence of the
United States. The agreement operates on the basis of granting ‘national treatment’ and ‘most-
favoured-nation’ status. Concerning copyright and related rights, the main provisions are (Ó
Siochru, Girard, and Mahan, 2002: 92):

- The extension of copyright to software as a literary creation;
- The making of ‘rental’ rights to copyright owners, which means that the owner may prohibit

\(^8\) According to the WPPT, the concept of ‘fixation’ is an “embodiment of sounds, or of
the representations thereof, from which they can be perceived, reproduced or
communicated through a device” (Article 2\(\theta\)) Tapes, compact discs and the memory of
computer are regarded as examples of the embodiments (WIPO 2002b: 7).
commercial rental even in case of the legitimate purchase of a copy;

- Protection enduring the lifetime of an author and then fifty years further, or for works belonging to corporate institutions, a total of fifty years;

- Stronger enforcement rules through an obligation to initiate legal proceedings and to prescribe penalties against piracy.

4.4.3. The Organisation for Economic Co-operation and Development

The Organisation for Economic Cooperation and Development (OECD) was established on 30 September 1961 by an international convention as a successor to the Organisation for European Economic Cooperation (OEEC), which had been set up in 1948. Raboy (2002: 7) views the OECD as a 'multilateral exclusive club', which collectively wield economic power to influence global affairs.

Its aims are to promote social and economic welfare throughout the OECD area by assisting its member governments in the formulation of policies designed to this end and by coordinating these policies, and to stimulate and harmonise its members’ efforts in favour of developing countries. The OECD also helps governments exploit the opportunities of the globalising world economy. (Ypsilanti and Kelly, 1994: 118)

According to the OECD, its policy dialogue fosters understanding among nations. Policy dialogue also often results in standard-setting which helps shape globalisation to the benefit of all. Peer review of public policy promotes transparency and enables governments to learn from best practices. Statistics – the numbers that measure what is going on, from rises and falls in unemployment to levels of pollution in the air – are also a key element of OECD work. The OECD’s key activities are promoting ‘economic growth and stability’; ‘employment, education and social cohesion’; ‘trade and international investment’; ‘sustainable development’;
'governance'; 'best use of new technologies'; 'development cooperation'; and 'co-operative relations with non-members' (Quoted from http://www.oecd.org).

Its permanent base is in Paris and its membership comprises of 30 of the most advanced industrial nations. Korea joined the OECD in 1996. The OECD works together with various stakeholders and interest groups. It shares its expertise and exchanges views with more than 70 non-member economies all over the world. In addition, business, labour, civil society groups and other international organisations participate in a wide range of OECD activities, most notably the OECD Forum. These groups make an important contribution to the substantive work of the OECD, and help strengthen public support for policy reform.

THE INFORMATION, COMPUTER, AND COMMUNICATIONS POLICY COMMITTEE

Within the OECD, matters concerning telecommunications are discussed in a number of different fora including the Committees concerned with Trade, Competition Policy, and Development. However, the principal committee concerned with telecommunications is the Information, Computer, and Communications Policy (ICCP) Committee.

The ICCP was established by the Council at its 557th meeting on 1 April 1982 with a mandate to examine policy issues arising from the development and application of technologies in the field of information, computer, and communications systems and services, including the impact of such issues on the economy and society in general, and to strengthen cooperation between the member states in this field. This Committee deals with a number of government concerns related to the economy and international trade, which also have important impacts on society in general. Nowadays, it addresses issues arising from the "digital economy", the developing global information infrastructure and the evolution towards a global information society. (Ypsilanti and Kelly, 1994, 118-119; Quoted from http://www.oecd.org)
According to the OECD Code of Liberalisation of Current Invisible Operations, there is no barrier to any international investments in principle. South Korea opened broadcasting markets to foreign investors after it had joined the OECD. Nevertheless, member states may negotiate specific reservation for their sensitive areas. Members like Italy, Spain and South Korea have specific reservations concerning the screen quota (Choi 2002).

4.5. Regional Organisations in media governance

Global media governance has gone hand in hand with the development of new forms of regionalism. Regional trade agreements like the North American Free Trade Agreement (NAFTA), the European Union (EU) and the Mercado Común del Sur (MERCOSUR) have combined liberalisation, co-operation and exemption in unique ways. In this section, the NAFTA and APEC will be briefly dealt with. It is important to deal with the NAFTA because Korea has pursued a Free Trade Agreement (FTA) with the US.

US communication policy has been extended in various ways. One of the methods is bilateral free trade agreements and US participation in regional organisations. The NAFTA was agreed between Canada, the US and Mexico in 1993. The goal of NAFTA is the elimination of tariffs and other forms of trade and investment barriers over a fifteen year period. NAFTA originated from the earlier Canada-US Trade Agreement in 1988 (Butler 1997: 414).

Winseck (1997) argues that WTO's Telecommunications Annex is a carbon copy of the NAFTA agreement on telecommunications, with minor changes in syntax and the addition of two clauses dealing with developing countries and international organisations like the ITU.
However, there is a ‘cultural exemption’ clause in the NAFTA. Controversies over cultural industries and free trade in North America stem from the Free Trade Agreement (FTA) between Canada and the USA. After long negotiations, Canada succeeded in excluding cultural industries from the agreement. The controversial Article 2005 of the FTA states that “cultural industries are exempt from the provisions of this agreement”, while a party is permitted to take retaliatory measures ‘of equivalent commercial effect’ against cultural protectionism policies.

During the negotiation of the NAFTA, a double standard was set within NAFTA. Annex 2106 institutes that, between the US and Canada, cultural industries are exempted from the agreement. Canada also kept the right to review any investment “relating to Canada’s cultural heritage or national identity” (Chapter 11, Annex I). However, the NAFTA regulates Mexican cultural industries, even if Mexico demanded minor exemptions like a 49 percent limit on foreign investments in audiovisual industries and a 30 percent content quota in theatres for Mexican films (Galperin 1999: 632).

A more open form of regionalism has developed, referred to by the concept of the ‘new regionalism’. The Asia-Pacific Economic Cooperation (APEC) is one example. Several nations of the Pacific Rim including South Korea came together in late 1989 to set up a multilateral forum to improve intergovernmental cooperation. The member states are as follows: Australia, Brunei Darussalam; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; ‘Republic of Korea’; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Philippines; Russian Federation; Singapore; Chinese Taipei; Thailand; Vietnam; United States. Serviced by a small secretariat in Singapore, APEC stands for a ‘new regionalism’ in the Asia-Pacific which, though restricted to economic matters, is evolving into a significant institutionalised forum for
multilateral cooperation rather than regional political integration (Held, McGrew, Goldblatt and Perraton 1999).

The APEC goal set in Bogor established 2010 and 2020 as the target years for ‘free and open trade and investment’ for the developed and developing economies respectively. It has mainly pursued the trade and investment liberalisation. In 2001 APEC adopted e-APEC Strategy, which set out an agenda to strengthening market structures and institutions, facilitate infrastructure investment and technology for on-line transactions and promote entrepreneurship alongside human capacity building. In 2003 APEC agreed to reinvigorate the WTO Doha Development Agenda negotiations and emphasised the complementary aims of bilateral and regional trade agreements, the Bogor Goals and the multilateral trading system under the WTO.

The Telecommunications & Information Working Group (TEL) was formed in 1990. Under its first Chair, the United States, TEL was in charge of addressing human resources development, technology transfer and regional cooperation; opportunities for on-site visits; observerships and fellowships; and telecommunications standardisation. It is committed to improving telecommunications and information infrastructure in the region and to facilitating effective cooperation, free trade and investment and sustainable development. Its Programme of Action covers implementation of the e-APEC Strategy, implementation of the Digital Divide Blueprint for Action, promoting policy and regulatory measures to liberalise trade and investment in the telecommunications and information sector, e-security, e-government, mutual recognition arrangements for the conformity assessment of telecommunications equipment, human capacity building and an active dialogue with the business community. APEC ministers in charge of the telecommunications and information industry also meet regularly. They recognise the critical role of telecommunications and information infrastructure in achieving the goal of the liberalisation of trade and investment (APEC 2003).
However, some countries have expressed concern that the APEC is not a forum for negotiation, insisting that the process of achieving trade and investment liberalisation should be governed by voluntary policy initiatives. Being left to unilateral voluntary initiative, member countries would choose the exemption of some sensitive areas like the audiovisual sector (Choi 2002).

4.6. Trends in global media governance

Manuel Castells (2000b: 386-387) describes global situations as follows:

_The global economy will be governed by a set of multilateral institutions, networked among themselves. At the core of this network is the G7 countries club, perhaps with a few additional members, and its executive arms, the International Monetary Fund, and the World Bank charged with regulation and intervention on behalf of the ground rules of global capitalism. Technocrats and bureaucrats of these, and similar, international economic institutions will add their own dose of neoliberal ideology and professional expertise in the implementation of their broad mandate._

Nation-states have been bound by free-trade commitments under the WTO and regional or bilateral trade agreements that limited the available instruments for such policies. Furthermore, the national devotion of competing digital TV systems was sufficiently less defined than that of colour TV (Galperin 2004: 284). However, nation-states still engage in efforts to favour 'their' systems, notably by mandating use within local markets and aiding corporations in diplomatic efforts to gain adoption by other nations. Broadcasting is also a typical public sphere in which governments are engaged. Broadcasting plays a key role in arenas of culture and social cohesion.
Unlike telecommunications, broadcasting does not come under the umbrella of the WTO though this regime has expanded into services. In spite of pressure from the U.S., concerns about cultural and political sovereignty raised by France and other nations led to limited opening of audiovisual trade under the GATS (Galperin 2004: 286-287). The advocates of cultural exception view that culture is not a trade issue. They argue that US culture, supported by its financial advantage, would sweep over other cultures if left to unfettered competition. However, those supporters for trade liberalisation in the audiovisual sector view that cultural exception is a protectionist approach for the audiovisual industry. They primarily regard audiovisual services as economic goods. Galperin (1999) argues that there have been only limited steps toward a more multilateral system of media governance. Nevertheless, the US delegates seek to open the audiovisual sector via the path of digital technologies. They argue that the emerging audiovisual sector is different from the one discussed during the Uruguay round and that there is a need for a deregulated market to absorb the costs of creating audiovisual content and to secure the development of both the audiovisual and the ICT sector (Pauwels and Loisen 2003; United States 2000).

There are some intertwining strands which affect the future media landscape. First, with a few exceptions such as the United States and associated powerful countries, there is a decline of national government in role at the national level. The decline of UN organisations and the rise of the trade regime are particularly noticeable in global media governance. Second, global media conglomerates own and control the media and communication assets all over the world. They have disseminated typical patterns of consumption and consumerism around the globe. In addition, they have influenced media policy at a global and national level. Third, closed and quasi-governmental organisations reflecting business interests marketise the media and
communication sectors. Fourth, the influence of civil society has increased and 'alternative media' has risen accordingly. Civil society has participated in the global media governance. Recently it participated in the World Summit on the Information Society as a partner who had an equal say in the outcome. There is also a countermovement to the current IPRs, which includes 'the Open Source Initiative', 'OpenContent’ and 'Copyleft initiatives’ that innately accept the importance of both collective work and free use and distribution of information if authorship is approved. Finally, less industrialised countries grow sophisticated in relation to their role in international bodies. There are increasing complexities of less developed countries in relation to their role in international organisations. Fewer countries have expressed concern at the imposition of external media content and structures, and the liberalisation of telecommunication and other media sectors. The World Bank, OECD, WTO and the ITU have supported privatisation of telecommunications networks for developing countries (Ó Siochráin 2004: 30-33; Ó Siochráin, Girard, and Mahan, 2002: 93; Sklair 2002: 36; Raboy 2004b: 228).

4.7. Conclusion

In the field of global media governance, UN organisations like the ITU, WIPO and UNESCO have struggled against a trade and market paradigm supported by developed countries and multinational media conglomerates. The WTO especially try to enact new agreements and treaties, which will eliminate national media restrictions within member states. The effective loss of IPRs by WIPO and its Conventions to the WTO and the consequent strengthening of trade and competition rules over human rights and cultural and social considerations are eminent. The current trend of global media governance can be considered as ‘marketisation’, though countervailing powers like nongovernmental organisations exist. The evolution of the global trade regime exerts increased pressure toward cultural trade liberalisation jointly with
digital technologies and international law. Digital convergence has blurred the boundaries between telecommunications and broadcasting services, which were otherwise distinguished before.
Chapter 5. Global Media Industry

5.1. Introduction
The global media industry is emerging as global media conglomerates spread their media assets and ideology around the globe. Well-organised lobby campaigns supported by huge spending influence media and communication policy at national and global level. Digital technologies also enable their ambitions to come true.

In this chapter, I begin by looking at regulatory changes in the US, Europe, and Japan following the digitisation of broadcasting. Ownership rules are given prominence as I focused on the Telecommunications Act of 1996 in the US, and the 2003 Communications Act in the UK. With the rationale of convergence, the ban on cross-media ownership has been lifted. Global media are explored, with special emphasis on media merger and concentration. Following regulatory changes, the global media conglomerates have experienced mergers and acquisitions across the different media platforms. The public service broadcasters’ response to digitalisation is also investigated. In the wake of marketisation, the current situations of public service broadcasting are dealt with.

5.2. Regulatory change
Recent regulatory changes related to digitisation of broadcasting show three movements—neoliberal free market policies, convergence of communication sectors and globalisation. (Herman and McChesney 1997; Sussman 2003; Syverstsen 2003). Some scholars and business people argue that digitisation of broadcasting and other technological developments have removed the barriers among media, telecommunications and computer industries. Through technological convergence, the traditional functions of telephones, televisions and computers have been merging. Thus, people in the media, telecommunications and computer industries
think that their activities are homogenising. This situation makes it difficult to sustain distinct regulation for different media sectors. Radical improvements in communications technology also make global media conglomerates feasible and profitable.

This, however, is only a partial explanation of digital convergence at best. Technology does not decide the institutional forms of either advertising-financed commercial broadcasting or license-financed public service broadcasting (Garnham 2000: 72). The central dynamic of convergence is not technological but economic (Murdock and Golding 2002: 113). McChesney argues that the real force has been a change to neoliberalism, which means the relaxation or elimination of barriers to commercial exploitation of media, and concentrated media ownership. There is nothing innate in the technology that required neoliberalism (McChesney 2004: 10-11). Golding (2000) also highlights the hype beyond new Information and Communication Technologies (ICTs). He distinguishes two forms of technological innovation.

Technology One allows existing social action and process to occur more speedily, more efficiently, or conveniently (though equally possibly, with negative consequences, such as pollution or risk). Technology Two enables new forms of activity previously impracticable or even inconceivable. In essence many new ICTs are more obviously Technology One than Technology Two (Golding 2000: 171).

Murdock and Golding (1999: 118-119) describe recent transitions in the communication sector as 'marketisation'. They also argue (1999: 120) that these moves are not the innate 'logic' of digital technology, but due to the ambitions and interests of the 'major corporate players within the communication system'. The corporate players deploy appeals to technological
inevitability to provide justifications for continuing and extending marketisation to the maximum possible advantage.

Convergence among telecommunications, computers and media has not been realised even in the most developed countries. Nevertheless, the idea of convergence has fuelled many of the more recent changes in cultural industries (Hesmondhalgh 2002: 129). We have seen mergers and acquisitions been formed across distinct sectors, including the merger between AOL and Time-Warner. Because corporations expect that profits will be made out of such convergence, various new technologies have been introduced. Because powerful companies provide jobs and produce profits, national governments have introduced policies paving the way for convergence-led activities.

Globalisation is a huge and complex subject. Thus, there are various theoretical positions that attempt to explain the concept (Bauman 1998; Giddens 1999; Held et al. 1999; Sklair 2002; Hirst and Thompson 1996; Waters 2001). Golding (1993) gives us four key aspects claimed to result from globalisation. First, the decline of the nation as both a cultural force, where people begin to identify more with supranational cultural affiliations than with those of the nation, as well as the reduction of the role of the nation-state as a political and economic force. Second, organisations at the supranational level supposedly take over the functions previously performed by national governments. Third, the global distribution of branded goods and ubiquitous images of global television channels like CNN are evidence of ‘an internationalisation of dominant imagery’. Finally, he regards the role of major international languages, especially American English, as the vehicle for international culture. His main concern is to stress the patterns of inequality that these global processes reinforce both within as well as between societies.

Changes in world political and economic structures, together with major technological innovations in communications, are also seen to be central to an understanding of globalisation
as expression of an advanced market economy that has significant impact on communication structures and policies in many countries (Richards and French 2000: 15-16). Hamelink points out, "In response to recent economic and technological developments many countries around the world are revising their communication structure. In this process the leading strategy would seem to be 'more market, less state' and the buzzwords have become privatisation and liberalisation" (Hamelink 1997a: 96). The globalisation of regulatory change is considered the cause and consequences of neoliberal globalisation. For example, in the area of the concentration of media market, there is an increasing interdependence between nations. Following the national deregulation of media in the countries such as the US and UK, global governance organisations like the World Trade Organisation (WTO) have tried to create a global marketplace.

5.2.1. US

The most important law influencing global media industry has been the US telecommunications Act of 1996, because it directly influences many global media conglomerates (Herman and McChesney 1997: 109). The Act cleared the way for convergence in three ways. First, it freed the local Bell telephone companies created by AT&T divestiture to enter long-distance call markets, in return for allowing competition in their own regions. Thus, these companies were allowed to access to enormous markets in new communication technologies. The seven regional Baby Bells became two or three big regional telecom companies. Second, it is very favourable to the media companies that dominate US broadcasting. Free spectrum was given to the main broadcasters of digital television. New legislation made it easier to update broadcasting licenses, and the duration for retaining them was prolonged. The legislation was also favourable to cable companies by relaxing the regulation of charges, and it allowed phone companies to enter the
cable market to provide content. Third, the Act paved the way for a wave of media mergers by reducing barriers to consolidation, cross-ownership and vertical integration (Hesmondhalgh 2002: 129-130).

In the US, the FCC was traditionally encouraged by Congress to facilitate competition and to protect against potential abuses caused by telephone ‘natural monopoly’ and from radio and TV ‘spectrum scarcity’. A few privileged players were forbidden to abuse their semi-monopoly (Tunstall 1999: 41). The FCC was provided with appointees who shared pro-business and anti-regulatory stances. In the Reagan administration, then FCC Chair Mark Fowler, whose metaphor of the television as a ‘toaster-with-pictures’ meant that the media industry was no different from any other industry, considered the marketplace model as a means for serving the public interest. From this perspective, the public interest could be defined as what interests the public, as indicated by the media that are most popular. The deregulatory approach is founded on the market assumption that supply and demand is the only appropriate way to assess the public interest. The audience is mainly regarded as the consumer. In the 1980s and 1990s, a wide range of media regulations, such as the Fairness Doctrine, the financial interest and syndication (fin-syn) rules and ownership regulations related to radio and television, were either relaxed or repealed (Croteau and Hoynes 2001: 67-68).

With the growth of larger media companies, the number of media outlets expanded, especially in the areas of cable and satellite television. These new technologies were a major reason why a U.S. District Court ruled that broadcast networks should no longer be subject to many of the financial interest and syndication rules in 1993. Television networks acquired programming from outside producers who continued to own the programmes. However, with

9Aiming to prohibit network domination of programme production and distribution, the financial interest and syndication (fin-syn) rules restricted network freedom to take part in production and limited ownership of prime-time programmes or in their domestic syndication (Head et al. 1998: 220).
the repeal of fin-syn rules, networks were free to air their own programming. Thus, vertical integration of production and distribution increased (Croteau and Hoynes 2001: 83). Regulatory changes have encouraged transactions as broadcast ownership limits were relaxed. Its growth and cash flow features make the media industry an attractive investment to bankers and investors (Ozanich and Wirth 1998: 106).

The anti-regulatory attitudes in government that had escalated under the Republican Reagan administration were followed by Democrat Clinton's administration. By that time, new digital technologies were swiftly developing; major media conglomerates were expanding; and market-oriented media policies prevailed. To move the media business into the digital age, the media and telecommunications industries promoted the new Act, which replaced the 1934 Communication Act. Media industry lobbyists worked hard on swaying US Congress, and media companies provided large campaign contributions to both Republican and Democrat parties (Croteau and Hoynes 2001: 68).

As the New York Times editorial put it, “Forty million dollars’ worth of lobbying bought telecommunications companies a piece of Senate legislation they could relish. But consumers have less to celebrate.” The newspaper also argued that the law’s “anti-regulatory zeal goes too far, endangering the very competition the bill is supposed to create.” (Quoted from Croteau and Hoynes 2001: 83) This law removed barriers to entry and consolidation within the different media. The Act eased considerably the restrictions on media ownership, leading to larger media corporations and more concentration of ownership (see Table 5.1.).

Whereas the Act was promoted using a market approach that encouraged more competition, the changes brought about a new wave of media mergers and acquisitions in reality (Croteau and Hoynes 2001: 84). In addition, the Act was promoted under the rubric of ‘protecting consumers against monopolies’. Then- US President Clinton said at the signing ceremony that
the act “guarantees the diversity of voices our democracy depends upon” (Quoted from Blevins 2002: 98). Then- Vice President Gore, who had promoted the law, also said “in the interest of promoting diversity of voices and viewpoints that are so important to our democracy, this legislation will prevent undue concentration in television and radio ownership” (Quoted from Blevins 2002: 98). In contrast, Blevins (2002) argues that the Act has done exactly the opposite of what it promised.

Table 5.1. Select Ownership Rules Changes in the 1996 Telecommunications Act

<table>
<thead>
<tr>
<th>Previous Rules</th>
<th>New Rule Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>National television</td>
<td></td>
</tr>
<tr>
<td>A single entity:</td>
<td></td>
</tr>
<tr>
<td>Can own up to 12 stations nationwide or</td>
<td>No limit on number of stations</td>
</tr>
<tr>
<td>Can own stations reaching up to 25% of</td>
<td>Station reach increased to 35% of U.S. TV households.</td>
</tr>
<tr>
<td>TV households.</td>
<td></td>
</tr>
<tr>
<td>Local television</td>
<td></td>
</tr>
<tr>
<td>A single entity:</td>
<td>Telecom Act called for review.</td>
</tr>
<tr>
<td>Can own only one station in a market</td>
<td>In 1999, FCC announced it would allow multiple station</td>
</tr>
<tr>
<td></td>
<td>ownership in a single market under certain circumstances.</td>
</tr>
<tr>
<td>National radio</td>
<td></td>
</tr>
<tr>
<td>A single entity:</td>
<td>No limit on station ownership.</td>
</tr>
<tr>
<td>Can own up to 20 FM and 20 AM stations</td>
<td></td>
</tr>
<tr>
<td>Local radio</td>
<td></td>
</tr>
<tr>
<td>A single entity:</td>
<td>Ownership adjusted by market size:</td>
</tr>
</tbody>
</table>
Cannot own, operate, or control more than two AM and two FM stations in a market. Audience share of co-owned stations cannot exceed 25%.

<table>
<thead>
<tr>
<th>Stations</th>
<th>Total Stations</th>
<th>Same Service</th>
<th>Fcc Rule</th>
</tr>
</thead>
<tbody>
<tr>
<td>14 or fewer</td>
<td>5 total, 3 same service</td>
<td>(but no more than 50% of the stations in the market)</td>
<td>Limits may be waived if the FCC rules it will increase the total number of stations in operation</td>
</tr>
<tr>
<td>15-29</td>
<td>6 total, 3 same service</td>
<td>(but no more than 50% of the stations in the market)</td>
<td></td>
</tr>
<tr>
<td>30 to 44</td>
<td>7 total, 5 same service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>45+</td>
<td>cannot own more than 8 stations total and no more than 5 in the same service (AM or FM)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Croteau and Hoynes 2001: 85

The Act proactively encouraged media mergers, “in the months following the Act, mergers and buyout multiplied. In 1997 alone, $154 billion [$163 billion] in media and telecommunications deals was recorded in the following categories, according to Paul Kagan Associates research, telephone, $ 90 [b]illion; radio, $ 8.3; TV station deals, $ 9.3 billion; and entertainment and media networks. $ 22 billion."\(^{10}\) (Quoted from Aufderheide 1999: 89; Croteau and Hoynes 2001: 84 )

\(^{10}\) Number and character in [] were cited from (Croteau and Hoynes 2001: 84)
5.2.2. Europe

The deregulation in the US following the 1996 Telecommunications Act has accelerated the international trend towards enlarged, transnational, vertically and diagonally integrated media organisations. Many European states have also introduced the same approaches. France introduced relaxations on concentrations on ownership in television and radio sectors in 1994. Italy also revised its approach to media ownership regulation in the mid-1990s. Moreover, Germany relaxed domestic rules on cross-media media ownership in 1997. The UK relaxed rules on television ownership and on cross-ownership of press and broadcasting in the 1996 Broadcasting Act. Further deregulatory measures were introduced in the Communication Act of 2003 (Doyle 2002b: 150).

The main goal of the Communication Act in the UK is to rationalise and coordinate regulation in the UK right across the 'converging' telecommunications and broadcasting sectors (Doyle 2002c: 720). The Act deregulates possible areas in order to promote competition and attract new investment. A key proposal in the White Paper – entitled A New Future for Communications - was the creation of a single regulatory entity named the Office of Communications (Ofcom), which deals with content and economic issues for telecommunications and broadcasting (DTI/DCMS 2000). Ofcom assumes responsibility for the tasks undertaken by Oftel, the British Standards Commission, the Independent Television Commission, the Radio Authority and the Radiocommunications Agency and introduces a more coherent and coordinated approach to regulation of communications across different sorts of delivery platforms (Simpson 2004: 240; Doyle 2002c: 720). An official from Ofcom summarised the role of Ofcom in the introduction of digital broadcasting (Personal Communication, 5 January 2007):
Ofcom's role (and before that the ITC) is essentially three-fold: licensing of digital channels and digital terrestrial (DTT) multiplexes, regulation of competition within and between digital platforms, and spectrum planning of the DTT network. At different times over the past 10 years each of these roles has been the predominant one. Right now, Ofcom is focussed on its regulatory and competition duties as most of the foundations for digital broadcasting and switchover (for example, the issuing of digital licences with a switchover date of 2012) were laid a few years ago.

According to the Act, Ofcom exercises regulatory power related to media ownership. Ofcom will maintain a wide range of programming and plurality of public expression (DTI/DCMS 2000). Rather than establishing measures to tackle the predominance of Rupert Murdoch's News Corporation, which controls the British Sky Broadcasting (BskyB), Sun, News of the World, Sunday Times and the Times in the UK, the Act removes various restrictions such as a ban on non-European Economic Area residents' holding broadcasting licences - Murdoch is now a US citizen. The Act also removes upper restrictions on radio and television and cross-ownership. Firms with more than a 20 per cent share of the national newspaper market are still forbidden to own ITV licenses, but, in what some regard as an 'appeasement' to News Corporation, they are permitted to acquire Channel 5 broadcasting licences. The Act repeals the two rules that prevent the joint ownership of Channel 3. These are the rules that limit ITV license holders to no more than 15% of the TV audience, and which forbid the same company to hold the two London licenses. After the Royal Assent of the Communication Act in July 2003, Granada and Carlton merged into a single ITV in October 2003 (Doyle 2002c: 722-723; http://www.culture.gov.uk/broadcasting/media_ownership.htm).

In the European Union, media ownership restrictions have evolved separately under the
jurisdiction of each member state and according to the features of each state’s media markets. Upper thresholds on media and cross-media ownership are various, and the approaches towards regulation of media ownership tend to differ. While the UK, France and Germany have upper limits on ownership, Sweden favour a public interest test approach, allowing each instance of concentration in ownership to be dealt with on a case-by-case basis (Doyle 2002b: 148).

European policies of media concentrations remain a matter for competition interventions by DGIV (the Competition Directorate). The Commission has a power to investigate and restrict mergers in terms of size of turnover, both globally and within the European Union. The Commission deals with two sorts of cases. First, cases concerning the restructuring of market positions, through the creation of transnational ventures, commonly referred to as ‘strategic alliances’, between media firms as they move into global markets. Second, cases concerning issues of convergence, especially in the overlap of telecommunications and media.

Article 85, 86 and 90 of the EC Treaty offered a basis for Member States to take action to restrict anticompetitive behaviour. Article 85 is related to agreements that prevent, restrict or distort competition. Article 86 prohibits abuse of a dominant position in the market. Both Articles are applied to the public sector (subject to certain exceptions) by Article 90 (Goldberg, Prosser and Verhulst 1998: 89-90).

Cross-sectoral domination in the communication industries seems to present a convincing case for action at the level of the EU. However, many influential media companies opposed to ‘interference’ from Europe in the design of media and cross-media ownership regulations. The legality of any European intervention aimed at curbing media concentrations to promote pluralism is open to question and there are many practical obstacles to the harmonisation of policy. Since the late 1980s concerns have been expressed within the Community that competition policy fails to control media concentration due to problems of market definition and

5.2.3. Japan

Compared to the US and Europe in terms of the global media entry, the Japanese media system has remained stable. However, in the early 1990s, Rupert Murdoch's pan-Asian satellite broadcaster Star TV arrived in Japan. Murdoch also bought a 20 percent stake in TV Asahi, one of Japan's five major commercial TV networks to found Japan Sky Broadcasting Company (JskyB).\(^{11}\) He established JskyB with Masayoshi Son, President of Softbank, the Japanese software, television and electronics groups in 1996. JskyB provides digital multi-channel satellite broadcasting services to Japan using a communication satellite (CS). JskyB also merged with PerfecTV that had launched in 1996 to become Sky PerfecTV in July 1998.\(^{12}\) (Gatzen 2003; Saito 2000). Moreover, DirecTV owned by America's Hughes communications launched its services in December 1997. These platform businesses are out of the control of the MPT, because they are neither broadcasters nor common carriers in the legal term. Instead, they are an intermediary of content sellers and buyers. The entry of digital CS into the Japanese broadcasting market has contributed not only to the enlargement of the technological frontier but also the formation of a new competitive circumstance (Nakamura 2001: 143).

One of the official aims of digitisation is to allow new entrants into the broadcasting business due to multi-channel service arising from the digitisation of broadcasting (Ministry of Internal Affairs and Communications 2004). Digitisation of broadcasting encourages various kinds of companies like telecommunications carriers, electronic manufacturers, trading houses and printing companies to participate in the converged markets between broadcasting,

\(^{11}\) Murdoch sold his Asahi shares within a year.

\(^{12}\) The five main shareholders with an 11.4-percent stake each are the News Corporation and Japan's Fuji TV Network, Itochu, Softbank and Sony (Bruin, R. and Smits, J. 1999: 83).
telecommunications and computing. They are trying to make strategic alliances to take first-mover advantage in the new market. NTT, Sony, Microsoft, and trade companies like Itochu and Sumitomo sought to form consortia to establish de facto standards, which might enable them to pursue 'lock-in strategies' towards a higher market share (Nakamura 2001: 150).

In April 1998, the MPT released a three-year programme for the promotion of deregulation. This deregulation programme means that the MPT has continued adopting policies for a more competitive market in Japan, and that foreign entrance should become easier. In the broadcasting field, a number of policies were announced, including foreign investment for cable television as a result of the WTO agreement on telecommunications services (Bruin, R. and Smits, J. 1999)

Though Japanese satellite broadcasting and cable television have expanded, terrestrial television continues to be the dominant form of television in Japan. The major players are Nippon Hoso Kyokai (NHK), public service broadcasting and the commercial networks Nihon TV, Tokyo Broadcasting System (TBS), Fuji TV and TV Asahi. Though cross-media ownership is restricted by law, major Japanese newspaper groups hold a majority stake in their affiliated television networks, partly through direct ownership and partly through various subsidies. Nihon TV is associated with the Yomiuri Shimbun, TV Asahi with the Asahi Shimbun, TBS with the Mainichi Shimbun, Fuji TV with the Sankei Shimbun, and TV Tokyo with the Nihon Keizai Shimbun. A recent trend has been the formation of alliances between the major American and Japanese TV networks. Major Japanese networks are now linked with ABC, CBS, NBC and CNN (Gatzen 2003; Saito 2000).

5.3. Global Media Conglomerates

Global media conglomerates are particular types of transnational corporations, who own and
control the mass media, especially television channels and the transnational advertising agencies. They have spread typical patterns of consumption and a culture and ideology of consumerism at the global level (Sklair 2002: 36). The firms pursue various business strategies to accomplish some general goals (Croteau and Hoynes 2001: 109-110).

- Media giants seek to maximise profits;
- Some of the structural changes have enabled companies to reduce costs by improving efficiency and streamlining departments;
- Conglomeration has enabled companies to execute various business strategies for reducing risk.

In short, the logic of global conglomerates can be described as becoming larger and diversified in order to reduce risk and improve profit-making chances, and straddling the world so not to be beaten by competitors (McChesney 2004: 11).

Herman and McChesney (1997: 70) classify ten corporations in the dominant first tier which constitute the global media oligopoly. Alongside this are the second tier corporations that fill regional or niche markets, and they often rely on alliances with corporations in the first tier for their profitability.

Most of the firms in the first tier are based in the United States. These corporations work in oligopolistic markets with barriers to entry. They compete on a non-price basis, but their competition is mitigated not only by common interests as oligopolists, but also by a vast array of joint ventures, strategic alliances and cross-ownership among the global media conglomerates (Herman and McChesney 1997: 104).

The reach of global media conglomerates and strategic alliances are being extended as governments around the world adopt privatisation and instigate a free market approach,
allowing the major media companies to access previously closed or restricted markets. The opening of the media market in the former Soviet Union and China is the most substantial instance in this trend (Golding and Murdock 2000: 80-81).

The largest media conglomerates in sales terms – Time Warner, Disney, Bertelsmann, Viacom, News Corporation and NBC Universal – are also the most globally integrated. In 2003, General Electric acquired Vivendi Universal’s entertainment holding, and created NBC Universal. News Corporation, Time Warner, Disney, NBC Universal and Viacom have huge film and television production facilities and are in intense competition for success in the global commercial television market. Lacking such major film studios, Bertelsmann compete in different markets and manners. (Herman and McChesney 1997: 70; Quoted from http://www.cjr.org/tools/owners/ge-timeline.asp) (see Table 5.2).

Table 5.2. Globalising media conglomerates

**Time Warner**


Internet and Telecommunications: AOL, Compuserve, Netscape and other companies

Printed press and publishing houses: Time, Fortune and other titles

Radio and Recording companies: Record labels

Other Businesses: Theme parks, sports team, Warner Bros. Merchandising stores

World Headquarters: USA

**Disney**

TV and Cinema: The Disney Channel, ESPN, ABC plus other major television networks; Walt Disney Pictures, Touchstone, Miramax Films, Buena Vista and other movie companies

Internet and Telecoms: Online ventures including Infoseek
Press and publishing: Magazine publishing groups, newspapers, Disney Books
Radio and Recording: Radio stations, music labels
Others Businesses: Disney theme parks, MGM studios, hotels, several sports clubs, Disney Stores worldwide
World Headquarters: USA

**Bertelsmann AG**

TV and Cinema: Owns television stations including UK’s Channel 5 and radio stations in 10 countries (RTL network)
Internet and Telecoms: Bertelsmann Broadband, Barnes & Noble.com and numerous other online ventures
Press and publishing: The world's biggest publisher: Random House. Gruner & Jahr's publishes magazines worldwide and own newspapers
Radio and Recording: Bertelsmann Music Group (BMG) operates worldwide.
Other Businesses: Arvato AG, DirectGroup
World Headquarters: Germany

**Viacom**

TV and Cinema: Owns CBS with more than 200 affiliated TV stations and global distribution, for example via MTV (more than 400 million subscribers), also owns Nickelodeon, Paramount, United Cinemas International, Blockbuster Video, and cinemas
Press and publishing: Simon and Schuster publishes more than 1500 titles annually
Radio and recording: Infinity Broadcasting
Other Businesses: Viacom Outdoor, Paramount Parks
World Headquarters: USA

**News Corporation**

TV and Cinema: Owns Fox TV, 20th Century Fox, BskyB, DirecTV, Sky Italia and others. Star TV broadcasts across Asia, and Phoenix satellite and other channels cover China
Other Businesses: Australian National Rugby League
5.4. Media mergers and acquisitions

Media conglomerates have grown, become more vertically or horizontally integrated, and developed a global presence to execute various business strategies more effectively. There are some advantages to becoming large media companies. First, they can afford to develop more expensive projects because they control or have access to significant amounts of 'Investment capital'. Second, media conglomerates have the resource to advertise and promote a product with expensive and multifaceted campaigns. Third, the companies can develop 'economies of scale'. In this context, the term 'economies of scale' means that 'the cost of producing individual units of a product' decreases as 'the volume of sales' increases. Fourth, the firms can develop 'economies of scope'. This occurs when activities in one area either decrease costs or increase revenues in a second area. Finally, the companies can endure 'short-term losses'. The most concentrated companies actively attract investors in the media market, promising dominant positions in the advertising market and the largest economies of scale (Aufderheide 1999: 90; Croteau and Hoynes 2001: 113-116; Graham 1998: 32-33).

When Disney took over Cap Cities/ABC, Disney CEO Michael Eisner told the press, “I’m optimistic that one [plus] one adds up to four.” He talked about the concept of synergy. Croteau and Hoynes define synergy as the idea that separate entities working together can achieve
results that none could obtain individually. Maximising synergy is taking advantage of multiple media holdings to develop or promote a single project with multiple facets. Through the media merger, media conglomerates seek to maximise synergy to make profits. There are two elements of synergy. One element of synergy involves developing and packaging a single concept for various media. A second aspect of synergy involves cross-promoting a single concept via various media. Large conglomerates, with their extensive resources and diverse holdings, are economically able to develop and promote projects in ways that smaller competitors simply cannot match. In addition, the globalisation of these media conglomerates has permitted them to exploit synergy by packaging content. Thus, it is usable in different media, by promoting products across media, and by developing popular brand names. (Croteau and Hoynes 2001: 116-119, 145).

The major media conglomerates that aim to position themselves to maximum advantage in a rapidly moving communications environment have brought about waves of mergers and acquisitions. This trend was mainly encouraged by the repeal and relaxation of the regulations that previously prevented consolidation across major sectors (Golding and Murdock 2000: 80). Moreover, some argue that these mergers and acquisitions in the media industry have been led by technological change and the ready availability of capital. Digital technologies have played a role through the introduction of competition, because of new distribution channels and a trend toward the convergence of technologies (Ozanich and Wirth 1998: 106).

However, Auferheide points out that technological convergence was not necessarily a trend that would lead to direct competition. Market analysts also claimed that, even in the same markets, they were unlikely to compete for the same customers. For example, phone-provided broadband appealed to business customers, and cable modem-driven cable services were targeted at residential users (Auderheide 2001: 88-89).
Convergence also means enhanced market power. Microsoft, the dominant company in the global computer software market, purchased cable interest in Comcast to supply ‘Web TV’ or audiovisual and interactive services via the TV set. It seemed that Microsoft would extend the computing company’s control into new services. In the US, antitrust lawyers at the Department of Justice in fall 1997 raised concerns over its extension onto the Internet (Auferheide 2001: 89). However, in 1998 Web TV joined up with BT, the British telecommunications company, to develop trials of the system in the UK, and in 1999 Microsoft and BT signed a general agreement to develop Internet access for mobile telephone users. Microsoft, the dominant company in the global computer software market, has been keen on exploiting the potentials of the Internet as a ‘platform’ for delivering broadcast services and organising electronic transactions such as home banking, shopping and pay-per-view (Golding and Murdock 2000: 80). Herman and McChesney (1997: 104) predict that the ultimate shape of the global media oligopoly will be allied with the fate of global telecommunications and computing.

The merger of AOL and Time Warner is considered a well-known case of digital convergence. It relies on the idea that traditional media companies had to cooperate with the Internet service operators (Quoted from http://www.cjr.org/tools/owners/timewarner.asp). Bagdikian (2000: Xi) argues that the aim of the top executives of AOL and Time Warner in their announcement of the merger was a shopping mall of global dimensions where media and other products could be promoted, displayed, and ordered instantly with a click of the computer or via interactive television. For instance, AOL owns Compuserve and Netscape, and has a strategic alliance with Sun Microsystems that gives it entry into the e-commerce arena.

In January 2003, however, ‘AOL Time Warner’ recorded a 99 billion dollar loss in 2002, which was the highest recorded loss in US corporate history. In September 2003, the name was changed back to its original ‘Time Warner’. A weak advertising market, stagnant subscribers for
new online service and lower than expected penetration rate of broadband Internet were viewed as some reasons for the failure (Quoted from http://www.cjr.org/tools/owners/timewarner.asp).

The concentration and conglomeration did not actually provide conditions commensurate with high-cost new risks. This occurred in the broadcasting industry where a wave of merger and acquisition was highest. Broadcasters made investments to control the new spectrum. The FCC also insisted that broadcasters use some of the spectrum for high-definition TV. However, broadcasters, including Disney/ABC, floated the proposition that they might use the spectrum to supply a wide variety of services, and perhaps experiment with limited interactivity. Many broadcasters seemed unwilling or unable to restructure their business plans for new services in a new communication paradigm (Aufderheide 1999: 92).

Synergy then does not always work. When Japanese electronic hardware companies Sony and Matsushita purchased Columbia Pictures and MCA respectively, they sought to develop successful cross-promotional strategies in vain. Many industry observers believed that hardware/software synergy efforts had a much lower potential for success than those of various forms of media content. Another problem of synergy is that some merged companies have found it difficult to coordinate efforts across various media that have different norms of operation and different industry cultures. The AOL and Time Warner case showed the difficulty of joining two very different sorts of organisation culture. Synergy did not take place. The company was left with an unmanageable structure and a hostile corporate faction. Finally, Time Warner controlled the company and AOL was neglected in key decision making (Croteau and Hoynes 2001: 119; Gershon 2006: 216-218).

Global media conglomerates attempt to reduce risk by limiting the amount of competition, though competition is a key element of healthy markets. Most of all, critics argue that the impacts of media merger are the decline in diversity and pluralism in democratic societies.
because more and more outlets fall within the ownership of fewer owners (Bagdikian 2000; Croteau and Hoynes 2001; Doyle 2002b; Herman and McChesney 1997).

A typical example of the failure to curb media power is the case of the Italian media mogul Silvio Berlusconi who became Prime Minister of Italy twice. During the elections, Mr Berlusconi used his extensive media interests to promote his own political campaign and his Rete Quattro television channel, whose evening news had become ‘tantamount to a Berlusconi propaganda rally’, was censured by the Communication Authority in Italy for breaching rules on political impartiality (Doyle 2002c: 722).

Table 5.3 shows the major mergers and acquisitions in the media industry since 1994.

Table 5.3. Some major cultural industry mergers and acquisitions

<table>
<thead>
<tr>
<th>Date</th>
<th>Acquiring Firm</th>
<th>Acquired firm (new name in brackets)</th>
<th>Price US$ Billions</th>
<th>Strategic motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1994</td>
<td>Viacom</td>
<td>Paramount Comms</td>
<td>8.0</td>
<td>Conglomeration across publishing, film, broadcasting, cable, theme parks</td>
</tr>
<tr>
<td>1994</td>
<td>Viacom</td>
<td>Blockbuster</td>
<td>8.5</td>
<td>Distribution control</td>
</tr>
<tr>
<td>1995</td>
<td>Disney</td>
<td>Capital Cities/ABC</td>
<td>19</td>
<td>Vertical integration and control of content creation</td>
</tr>
<tr>
<td>1995</td>
<td>Time Warner</td>
<td>Turner Broadcasting</td>
<td>7.4</td>
<td>Vertical integration and conglomerate /synergy</td>
</tr>
<tr>
<td>1995</td>
<td>Seagram</td>
<td>MCA (Universal)</td>
<td>5.7</td>
<td>General conglomerate moves into diversified media</td>
</tr>
<tr>
<td>Year</td>
<td>Company 1</td>
<td>Company 2</td>
<td>Value**</td>
<td>Description</td>
</tr>
<tr>
<td>------</td>
<td>-----------</td>
<td>---------------</td>
<td>---------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td>1995</td>
<td>Westinghouse</td>
<td>CBS</td>
<td>5.4</td>
<td>General conglomerate moves into broadcasting</td>
</tr>
<tr>
<td>1998</td>
<td>AT&amp;T*</td>
<td>TCI (including Liberty Media)</td>
<td>48**</td>
<td>Telecoms-media convergence</td>
</tr>
<tr>
<td>1998</td>
<td>Seagram</td>
<td>PolyGram</td>
<td>10.6</td>
<td>Recording market share plus European film interests</td>
</tr>
<tr>
<td>1999</td>
<td>Carlton*</td>
<td>United*</td>
<td>8.0**</td>
<td>Merger of major European media groups</td>
</tr>
<tr>
<td>1999</td>
<td>Viacom</td>
<td>CBS</td>
<td>22</td>
<td>Media conglomerate consolidates broadcasting power</td>
</tr>
<tr>
<td>2000</td>
<td>Vivendi</td>
<td>Seagram/Universal</td>
<td>35</td>
<td>Very diversified European leisure conglomerate diversifies further</td>
</tr>
<tr>
<td>2000</td>
<td>AOL*</td>
<td>Time-Warner*</td>
<td>162</td>
<td>This was the first merger of a major Internet service provider with a traditional media company</td>
</tr>
<tr>
<td>2002</td>
<td>Comcast</td>
<td>AT&amp;T</td>
<td>54</td>
<td>Comcast acquired AT&amp;T Broadband (cable) and became the largest cable television operator in the US.</td>
</tr>
<tr>
<td>2003</td>
<td>Granada*</td>
<td>Carlton* (ITV plc)</td>
<td>9.0</td>
<td>Merger of major commercial broadcasters in UK</td>
</tr>
<tr>
<td>2004</td>
<td>NBC</td>
<td>Universal</td>
<td>3.8</td>
<td>NBC acquired Universal Studios from Vivendi Inc.</td>
</tr>
<tr>
<td>2004</td>
<td>NewsCorp</td>
<td>DirecTV</td>
<td>6.1</td>
<td>NewsCorp acquired the DirecTV satellite network</td>
</tr>
</tbody>
</table>
5.5. Public service broadcasting in the digital era

Public service broadcasting continues to prosper in the broadcasting industry of Western Europe, Japan and South Korea (Curran 2002: 191). Even Public Broadcasting Service (PBS) in the US does not suffer from the assault of Republican-dominated Congress any more. Since digital television and ‘New PBS’ began, it has been no longer heard that the Congress threatens to cut funds for public broadcasting, and the claims of a liberal bias on public television are less prevailing13 (Hoynes 2003). In Western Europe, their income amounted to 46 percent of the total Western European broadcasting market value in 1997-8 (Papathanassopoulos 2002: 64). Siune and Hulten (1998) also argue that public service broadcasting will continue as long as there is a dual system at the national or European level with enough support from the political system as well as the audience for its services. Tunstall (1999) asserts that the BBC is a great survivor and will surely survive to its hundredth anniversary in 2020 despite its commercial activities. Bell (1995) argues that the Irish public service broadcasting case suggests that public service broadcasting provision may be more resilient to neoliberal economic ideology than media theorists have imagined, especially if it is supported by nationalist cultural ideology.

However, they are suffering the most important period of their history as a consequence of

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13 Hoynes criticises PBS for introducing ‘New PBS’. “The new PBS is, by its own definition, more market savvy and commercially oriented than ever before. The ‘PBS brand’ is the key to the growth of this multimedia enterprise, a sign that public television has adopted the language and strategy of the advertising industry. For the new PBS, the brand becomes the primary asset of the system, making the shift to a conceptual framework that renders public service a kind of value-generating activity and makes the idea of noncommercial broadcasting increasingly dubious.” (Hoynes 2003: 123)
fundamental changes to politico-economic and media environments as well as to technological
development. (Papathanassopoulos 2002: 64). Since the 1980s, public service broadcasting has
been challenged, due to competitive pressures from commercial terrestrial broadcasting, cable
and satellite TV. Public service broadcasters worldwide confront two severe threats: The first is
related to their funding source, and the other is their position in the digital environment.

In most liberal democratic countries except the United States, television started as public
monopoly funded solely by a licence fee. By 1980, these channels began to mix advertising with
the licence fee. By 1990, many countries changed to a mixed revenue (license fee/advertising)
public monopoly, but almost equal numbers of countries changed to a dual system of public
service broadcasters along with commercial channels (Hesmondhalgh 2002: 120). The typology
of national systems shows that dual systems dominate, while license-fee-only public service
broadcasting systems have disappeared. A purely commercial national system is still only to be
found in Luxembourg (see Table 5.4).

Table 5.4. Typology of national systems

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Public monopoly/License fee only</td>
<td>Belgium, Denmark, Norway, Sweden</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public monopoly/Mixed revenue</td>
<td>Austria, Finland, France, Germany, Greece, Iceland, Ireland, The Netherlands, Portugal, Switzerland</td>
<td>Austria, Denmark, Iceland, Ireland, The Netherlands, Portugal, Switzerland</td>
<td>Austria, Ireland, Switzerland*</td>
</tr>
</tbody>
</table>

145
Since 1990, most countries have allocated frequencies for three to five analogue terrestrial channels. Cable and satellite deliveries have reached audiences across national frontiers, as well as expanded the number of channels. In addition, critics of public service broadcasting argue that the strategy selected by most of the public broadcasters is ‘adaptative’. They imitate commercial channels in order to beat the competition (Siune and Hulten 1998: 27-28).

Public service broadcasters have suffered a severe problem in terms of audience and

*According to Kelly, Mazzoleni and McQuail (2004), commercial broadcasters were introduced in these three countries by 2004. The broadcasting systems in the countries are currently categorised into the dual system.

Source: Siune and Hulten 1998: 27; Kelly, Mazzoleni and McQuail 2004

<table>
<thead>
<tr>
<th>Private monopoly/Advertising only</th>
<th>South Korea (formerly dual system)</th>
<th>Luxembourg</th>
<th>Luxembourg</th>
<th>Luxembourg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dual system</td>
<td>Luxembourg</td>
<td>Belgium, Finland, France, Germany, Greece, Italy, Japan, Norway, Spain, South Korea, Sweden, UK, US</td>
<td>Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Italy, Japan, The Netherlands, Norway, Portugal, Spain, South Korea, Sweden, UK, US</td>
<td></td>
</tr>
</tbody>
</table>
revenue. Decreases in the audience ratings undermine the rationale for the licence fee. So far the licence fee remains the primary source of revenue for public service broadcasters in Europe. The majority of Europeans paid an average of 185 US dollars in 1997 to their public service broadcasters, though the percentage of paying households differed. Income from advertising and sponsorship amounts to several hundred million Euros. Nevertheless, advertising and sponsorship revenue are still below revenues from license fee. In the 1990s, total European public television income from advertising and sponsorship was about 48 percent of the size of the total television revenue from the licence fee (Papathanassopoulous 2002: 70). They also keep a considerable audience share. Some public service broadcasters have managed to keep a sizeable share of their national audiences. In Austria, Germany, Ireland, Italy, the Netherlands, Norway, Sweden and the UK, a combination of public service broadcasting has kept about 40 percent of the audience (Collins 2002: 97; Papathanassopoulous 2002: 64; Curran 2002: 191).

However, most public service broadcasters do not attract the same ratings as before (see Table 5.5). For instance, the BBC has suffered a decline of audience share recently. According to the Independent on 14 December 2004, BBC1’s share of all television viewing is set to fall through the 25 per cent barrier for the first time in the broadcaster’s history. The combined audience share for BBC1 and BBC2 has fallen by almost 9 per cent since 2000, mainly because of the rise of multi-channel viewing. In 2004, for the first time, multi-channel television attracted higher overall audience share than either BBC1 or ITV1, with 26 per cent of the audience. In the interview with the Independent, a BBC1 spokeswoman said that the BBC has responded to the changing television landscape by launching its own portfolio of digital channels including BBC3 and BBC4 (Byrne 2004).
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>72.7</td>
<td>62.3</td>
<td>63.1</td>
<td>50.0</td>
<td>56.6</td>
</tr>
<tr>
<td>Belgium, North</td>
<td>34.3</td>
<td>28.9</td>
<td>16.6</td>
<td>32.4</td>
<td>32.0</td>
</tr>
<tr>
<td>Belgium, South</td>
<td>18.2</td>
<td>17.0</td>
<td>25.0</td>
<td>18.0</td>
<td>24.5</td>
</tr>
<tr>
<td>Denmark</td>
<td>75.0</td>
<td>71.0</td>
<td>27.0</td>
<td>37.5</td>
<td>31.5</td>
</tr>
<tr>
<td>Finland</td>
<td>49.0</td>
<td>42.9</td>
<td>45.0</td>
<td>46.0</td>
<td>43.0</td>
</tr>
<tr>
<td>France</td>
<td>32.6</td>
<td>39.3</td>
<td>44.9</td>
<td>43.0</td>
<td>40.4</td>
</tr>
<tr>
<td>Germany</td>
<td>51.1</td>
<td>42.2</td>
<td>30.3</td>
<td>41.3</td>
<td>41.8</td>
</tr>
<tr>
<td>Greece</td>
<td>17.7</td>
<td>10.4</td>
<td>8.3</td>
<td>10.0</td>
<td>11.0</td>
</tr>
<tr>
<td>Ireland</td>
<td>63.0</td>
<td>57.0</td>
<td>53.0</td>
<td>52.0</td>
<td>45.6</td>
</tr>
<tr>
<td>Italy</td>
<td>46.3</td>
<td>46.5</td>
<td>40.0</td>
<td>48.1</td>
<td>48.1</td>
</tr>
<tr>
<td>Japan</td>
<td>-</td>
<td>19.0a</td>
<td>18.0</td>
<td>19.1</td>
<td>19.3b</td>
</tr>
<tr>
<td>Netherlands</td>
<td>47.7</td>
<td>43.6</td>
<td>43.6</td>
<td>36.6</td>
<td>37.4</td>
</tr>
<tr>
<td>Norway</td>
<td>57.0</td>
<td>48.0</td>
<td>43.7</td>
<td>41.0</td>
<td>41.0</td>
</tr>
<tr>
<td>Portugal</td>
<td>91.5</td>
<td>56.7</td>
<td>39.9</td>
<td>37.7</td>
<td>38.8</td>
</tr>
<tr>
<td>Spain</td>
<td>45.7</td>
<td>52.5</td>
<td>53.1</td>
<td>34.3</td>
<td>33.1</td>
</tr>
<tr>
<td>Sweden</td>
<td>67.0</td>
<td>54.0</td>
<td>49.0</td>
<td>48.0</td>
<td>44.0</td>
</tr>
<tr>
<td>Switzerland</td>
<td>28.0</td>
<td>29.0</td>
<td>28.0</td>
<td>34.0</td>
<td>36.1</td>
</tr>
<tr>
<td>UK</td>
<td>44.4</td>
<td>43.0</td>
<td>44.0</td>
<td>40.8</td>
<td>38.5</td>
</tr>
</tbody>
</table>

Note: a: 1995, b: 1999

Source: Papathanassopoulos 2002: 67; Agata 2001: 136
PSBs consider their active participation in the digital broadcasting as essential if they are to evolve and survive in a more fragmented market. However, market proponents and commercial competitors have criticised PSB’s for their expansionist strategies in the digital TV market. They prefer to see a more restricted form of publicly funded provision, and consider PSB’s expansion strategies and supplementary commercial activities as a competitive threat and a source of cross-subsidized and unfair competition (Singer 2004: 4; Steemers 2001: 70). Even some proponents of PSB argue that pressed by the necessity to provide new services, PSBs tend to undermine their own core services and seclude their public service programmes on specific channels (Padovani and Tracey 2003: 139).

Though investment in digitalisation is expensive to both public and commercial media, public broadcasters cannot easily use licence fees for digital ventures, in comparison to private broadcasters. Media analyst Norman Molsky argues that the digitisation of broadcasting poses some threats and challenges to public broadcasters in terms of finance (Originally quoted from Papathanassopoulos 2002: 79-80).

• The introduction of digital broadcasting costs public service broadcasters more in the short and medium term as they buy new equipment and keep operating dated equipment, due to their public service remit, until analogue switch-off.

• The increasing cost of programmes is influencing the public service broadcasters’ financial position because of the fierce competition from private broadcasters. Private broadcasters managed to secure rights to popular programmes like films and sports. Thus, this competition has raised programme prices and has forced public broadcasters either to try to outbid them for the rest of the programmes or to lose these and see their viewing share and advertising revenue
drop even lower.

- Public service broadcasting must allot large amounts of money for digital switchover, while most of their spending has previously gone into programming. In addition, this needs to be done with sluggish revenues.

There are two distinct hypotheses concerning the future of public service broadcasting related to commercial broadcasters. According to the convergence hypothesis, competition will gradually make public and commercial channels more and more alike. Finally, public service channels will offer the same output as commercial television, which will make public channels superfluous as a consequence. This hypothesis may not be advocated by empirical evidence. In the convergence case, public service broadcasters might raise their audience share but increase their production costs simultaneously. If there is no apparent difference between public service broadcasters and their commercial rivals, this poses the question about what is the reason for survival if they have become similar to commercial channels.

A divergence hypothesis stipulates that public service broadcasters and commercial broadcasters stress different content segments. Public service broadcasters might provide programmes of quality or programmes that their commercial counterparts would not even dare to consider broadcasting because of their low appeal. In this situation, their audience share might even fall further. Thus, they would confront new problems either to increase or even to justify their licence fee (Hellman and Sauri 1994; Siune and Hulten 1998: 29; Papathanassopoulos 2002: 83).

To solve the problems, Achille and Miège (1994: 34) recommend the strategy of partial confrontation. According to this strategy, “one of the public channels moves in the direction of
increased commercialisation, in order to compete with the private sector on its own ground, while the other adopts a strategy of differentiation vis-a-vis the commercial competition and of complementarity vis-a-vis the other public channel."

Public service broadcasting was set up to cater to the mass public. However, the digitalisation of broadcasting is expected to accelerate the fragmentation of audience due to expanded channel capacity. In the digital environment, public service broadcasters have competed with significantly more channels and new digital platforms than ever before. Currently they are less powerful and more vulnerable due to growing competition and uncertainties about funding (Iosifidis, Steemers and Wheeler 2005: 31). A solution for public broadcasters might be to pay more attention to catering for neglected minority interests. On the other hand, this case would not guarantee the universality of the licence fee in the long term. In addition, most of the new channels are expected to cover niche markets or segments of the audience. In the US, the major challengers to the public broadcasting system are not the commercial networks but rather the specialised thematic channels. Blumler and Hoffmann-Riem (1992: 205) argue that American model of public television of filling whatever gaps are left untended by private broadcasters, seems like a recipe for marginalisation and cultivation of an elitist system. Lacking a system-influencing capacity, it can do little more than offer occasional oases to thirsty travellers in the commercial desert.¹⁴

Similar weaknesses attend the video publishing model of public service provision. This was endorsed in the UK by the Peacock Committee on Financing the BBC, when it recommended a gradual phasing out of the BBC, to be replaced by a Public Service Broadcasting Council, which would award grants to producers wishing to make worthy

¹⁴ Starr argues that U.S. public broadcasting is at a critical juncture in its thirty-five-year history. Political intimidation, corporate seduction, and financial insecurity have seriously undermined the industry's original mission (Starr 2003).
programmes that could not attract commercial finance (Blumler and Hoffmann-Riem 1992: 205).

The survival of public service broadcasting will be related to the future of societies. If societies are transformed along highly divisive lines in accordance with the audience’s capability for payment, public service broadcasting may have to be devoted to serve the interests of the new underclass. There may well be a new underclass, derived of information, that will not be able to afford the subscription services of the ‘pay-society’ like the PPV sports channels (Papathanassopoulous 2002: 86). Chalaby and Segell (1999: 364) note that public service broadcasting will need all available support by activists, politicians and scholars. As Murdock (2005: 196) puts it, new tasks of public service broadcasting are “building on the possibilities offered by this emerging digital cultural commons and using them to reconstruct the relations between television and democratic culture.”

5.6. Conclusion

Global media industry faces convergence, the spread of neo-liberalism, and globalisation. The term ‘convergence’ has various aspects - technological, cultural, political and economic. However, the political economic aspect is the base of current changing broadcasting structure. Many countries have adopted neoliberal free market policies, with the introduction of digital broadcasting. Global media conglomerates have expanded their businesses all over the world, using digital technologies. Public service broadcasting is still prominent in the broadcasting industry. However, public service broadcasters worldwide confront two severe challenges: The first is related to their funding source, and the other to their position in the digital environment. They also suffer marketisation internally. The introduction of digital broadcasting worsens these situations.
Chapter 6. Global Development of Digital Broadcasting

6.1. Introduction

Murdock (1993: 533) argues that "the history of communications is not a history of machines but a history of the way new media help to reconfigure systems of power and networks of social relations". Winston (1995; 1998) also proposes a model, challenging the pervading theory of technological determinism. This model emphasises socio-economic factors. In the model, technology is but one of many forces, influenced by and influencing social, economic, and cultural developments.

In his model, the accelerator is the 'supervening social necessity' transforming the prototype into an invention and diffusing the invention. In contrast, there is a brake. This operates as a transformation, wherein general social constraints coalesce to limit the radical potential to disrupt pre-existing social formations. "The 'law' of suppression of radical potential", which he coined, was at work to stabilise the sector by both constraining the radical potential of the latest development and, simultaneously, bringing the exploiters of the previous 'new thing' into the fold (Winston 1998: 11-13). The development history of digital television technology is comprehensive, considering the interplay among international participants. Winston (1998: 142) points out two moments of the 'law' of suppression of radical potential—so-called, Dubrovnik rejection and the proposal of digital high definition.

In this chapter, I trace the global developments of digital broadcasting, focusing on the technology policy of Japan, Europe and the US. The Japanese, American and European governments have been actively involved in making policies intended to promote national champions and impede foreign competitors (Dupagne and Seel 1998: 294). South Korea has also followed similar paths (Kim 2003). I will begin with the development history of HDTV. Japan and Europe initially competed for analogue methods of picture transmission from satellite.
However, since the General Instrument Corporation (GI) developed a radical new method of television transmission in 1990, the focus has shifted to the terrestrial transmission of HDTV in a digital form. Digital broadcasting policymaking in Japan, Europe and the United States (US) will be investigated in both a chronological and a thematic order. This chapter concludes with a table in which scores will be allocated to each player in terms of relative power in the process of digital broadcasting policymaking.

6.2. The Hi-Vision System

The Japanese Broadcasting Corporation, Nippon Hoso Kyokai (NHK) initiated a study project on HDTV technology at its Science and Technical Research Laboratories in 1964. The laboratories’ objective was to create a system that would give a sense of presence by which the audience would feel as though they were really at the venue watching an event. The NHK engineers understood that the NTSC—a technology screen with an aspect ratio of 4/3 was not suitable for the natural vision range of a human, which is believed to be a 16/9 frame. After this study, NHK began HDTV development in 1970 (Dai 2000: 174).

Some motivating factors for NHK to undertake HDTV research were indicated. One factor is enhancing the NTSC colour TV technology. Through broadcasting of the Olympic Games, the Japanese became convinced that the colour TV was inadequate and could be enhanced by technological advances. Japanese viewers were also dissatisfied with the quality of NTSC colour service. For example, a survey conducted by the Nikkei Industry Research in 1985 indicated that only 10 percent of the respondents did not complain about the quality of NTSC reception. The most frequent grievances were ‘eye strain from prolonged viewing’, ‘poor reception on some channels’, and ‘ghosts’ (double images) (Dupagne and Seel 1998: 71).

Another motivating factor is that NHK is the public service broadcasting that relies on a
license fee. Some NHK officials were afraid that the level of revenue might stagnate and viewers might refuse to pay their license fees unless the corporation offered state-of-the-art technology to its viewers (Dupagne and Seel 1998: 71-72).

In 1984, SONY and NHK unveiled the world’s first HDTV system, called Hi-Vision. International television standardisation matters are complicated by the nature of the technology, which involves several interrelated areas, each requiring standardisation. In the case of HDTV, at least two television standards are necessary: a studio standard to produce programmes and a transmission standard to broadcast them to the viewer. The transmission system to be adopted for Hi-Vision was MUSE (Multiple Sub-nyquist Sampling Encoding). The major technical parameters of the MUSE transmission standard are as follows (Dai 2000: 174-175):

- 1125 horizontal scanning lines;
- 16/9 screen aspect ration;
- using Direct Broadcast by Satellite (DBS);
- interlaced scanning;
- incompatible with conventional colour TV receivers\(^{15}\);
- 60 field frequency;
- digital stereo sound.

The Japanese consumer electronic companies, the Ministry of International Trade and Industry (MITI) and the Ministry of Post and Telecommunication (MPT) supported the NHK initiative, because they were keen to maintain their leading position in the world consumer electronics industry (Dai, Cawson and Holmes 1996: 151). The MPT became involved in

\(^{15}\) It was incompatible with existing NTSC receivers. Thus viewers had to buy a HDTV receiver to enjoy the HD scene.
HDTV policy by coordinating standard-setting and promotional activities. The MITI played its role in HDTV promotion.

The important institution behind HDTV standardisation in Japan was the Broadcasting Technology Association (BTA). Established in September 1985, BTA was an industry-led organisation, comprising broadcasters (including NHK) and electronics manufacturers. It considered two different approaches for bringing advanced television (ATV) technology to the Japanese viewers - HDTV and Extended-definition television. In April 1986, as part of its Satellite Broadcasting Group, BTA instituted a High Definition Television Committee to examine HDTV studio and transmission standards, as well as programme production technology (Dupagne and Seel 1998: 81-83).

In February 1981, NHK demonstrated its HDTV system at the annual SMPTE (Society of Motion Picture and Television Engineers) in San Francisco. This was the first major HDTV exhibition in the United States. Finally, the US was determined to support the Japanese standard. In March 1985, the HDTV Technology Group of the ATSC (Advanced Television Systems Committee), an industry-led ATV standards organisation adopted a document specifying NHK-based technical parameters for an international HDTV production standard. In April 1985, the ATSC Executive Committee approved the document and forwarded it to the US Department of State. The decision was based on the benefits that a worldwide HDTV standard would bring to the American television industry by reducing non-tariff barriers for trade in programming (Dupagne and Seel 1998: 7-12; Galperin 2004: 74).

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16 Extended-definition television (EDTV) is also referred to as Clear Vision. This system gave a 60% enhanced horizontal resolution and a 30-60% improved vertical resolution; moreover, the EDTV was compatible with the NTSC standard (Bruin, R. and Smits, J. 1999: 85).
6.3. The Dubrovnik Rejection

On May 30, 1985, the United States submitted its proposal for a worldwide HDTV production standard to the CCIR (Consultative Committee for International Radio), a permanent organ of the International Telecommunication Union (ITU). Japan did the same independently. In October 1985, CCIR’s Study Group 11, with delegates from over 50 countries, approved a new draft Recommendation to be considered by the forthcoming CCIR Plenary Assembly in May 1986. The Recommendation contained the same technical parameter: 1125 lines, 60 Hz field rate, 2:1 interlaced scanning, and 16:9 aspect ratio. However, the XVIth CCIR Plenary Assembly in Dubrovnik, Yugoslavia, rejected this initiative. Strong opposition was provided from some countries driven by European television equipment manufacturers such as Philips (Netherlands) and Thomson (France), the CCIR Plenary Assembly decided to postpone the decision on an HDTV production standard until the next Plenary Assembly in 1990 (Dupagne and Seel 1998: 13).

The controversy about the acceptance of the NHK-based HDTV production standard did not occur suddenly at the Dubrovnik CCIR Plenary Assembly. The French government had condemned the MUSE transmission system in January 1986, four months before the CCIR Plenary, as inequitable, premature, unfair and unsuitable for Europe (Dai, Cawson and Holmes 1996: 153). One week before Dubrovnik, the CCIR delegates from the 12 EC member state had met in Brussels and unanimously consented to delay a decision on the HDTV production standard for at least two years to perform further studies (Dupagne and Seel 1998: 13).

The case of HDTV standardisation is also similar to that of colour TV standardisation. The world has been divided into three major incompatible television systems: NTSC, SECAM (Sequentiel Couleur a Memoire), PAL (Phase Alternating Line). In 1966 the CCIR XIth Plenary Assembly was held in Oslo, Norway. The delegates failed to unanimously recommend a single
standard for colour television. Instead, the CCIR just managed to issue a Report that described the characteristics of the different systems proposed for a worldwide colour TV standard. Crane (1979) criticised France for using technical standards as a non-tarriff device for protecting its colour television industry. France manipulated the SECAM system to support its television manufacturing industry, because of CCIR's inability to recommend a worldwide colour television standard. National agendas and industrial policies played a major role in derailing the CCIR negotiations from their original purpose. From the French perspective, there was little consent to accept the NTSC (or PAL) standard. The de Gaulle government regarded SECAM as a ‘national champion’ capable of promoting French technological adroitness at home and abroad. If France decided to adopt NTSC instead of SECAM, “they would have been require to pay royalties to American companies holding the NTSC patents” and would not have been able to regain their research and development (R&D) investment in SECAM from patent and licence royalties. In addition to these factors, “lack of authority, poor coordination between international entities, formation of regional blocs, and language difference” contributed to hamper the negotiations and agreement on standardisation of colour television (Crane 1979; Dupagne and Seel 1998: 9-10).

The triad powers had differed in their implementation plans for HDTV. While the United States and Japan had strived to develop HDTV production standard, European countries had developed MAC (multiplexed analogue components) systems since the early 1980s. The MAC series of transmission standards (C-MAC, D-MAC and D2-MAC) were designed for Direct Broadcasting Satellite (DBS) and cable television delivery, and for affirming compatibility with existing PAL/SECAM receivers and future HDTV service. The MAC systems were made to enhance video quality through new signal processing techniques. They are regarded as intermediary enhanced-definition television (EDTV) systems paving the way to HDTV (HD-
Some Europeans who refused to adopt the Japanese standard regarded the NHK-based proposal not only as a production standard, but also as an effort to impose its transmission standard on the rest of the world. They thought that if the NHK-based proposal were adopted, MUSE would suffocate the MAC systems (Dupagne and Seel 1998: 15-16). A senior manager from Philips said:

*The Japanese have targeted HDTV as a key, strategic technology and have devoted so much energy trying to force their system onto others. They wish to dominate tomorrow's economic world. (The Financial Times, 21 May 1990)*

In addition, the US argued that the Europeans rejected the NHK-based proposal in order to protect their national consumer electronics industries. US representatives and observers thought that European refusal was not so much led by technical considerations as political and economic reasons. Francis Ford Coppolla, American director, recalled a meeting with ‘an extremely highly placed person in France’ who said to him: “Listen, we have 24,000 people making television sets. We are not going to risk that—even if it means the world standard—because we just cannot” (Dupagne and Seel 1998: 16).

After the Dubrovnik rejection, Japan, Europe, and the US went their own ways. Europe developed a competing HDTV production system based on the MAC through EUREKA 95. The Council of the European Communities (1989) wanted its HDTV standard to be a single world standard, and hoped that its industries would benefit from its own standard. The US decided to develop its own standard instead of adopting the NHK-based production system as a voluntary standard for domestic use because it aimed to develop its own electronic industry. Japan continued to promote its system at home and abroad (Dupagne and Seel 1998: 17).
6.4. The development of digital television in the United States

Since the late 1960s, US leadership in electrical and electronic technology has declined. In 1964, the US companies produced 94 percent of colour TV sets sold in the US. This percentage fell to 67 percent in 1975 and to 43 percent in 1986. As shown in Table 6.1, six Japanese companies ranked among the world’s top 13 colour TV manufacturers in 1988 with 28 percent of the production capacity, followed by the European firms with 20 percent and the South Korean firms with 12 percent. Only Zenith was ranked with 2.3 percent as a US manufacturer. Zenith’s share of the US colour TV market dropped by 50 percent from 1975 (24 percent) to 1990 (12 percent) (Dupagne and Seel 1998: 137-139). The company is currently owned by the Korean conglomerate, LG, which was called GOLDSTAR in 1988 (The Korean Herald, 15 July 2004).

The fall of the US consumer electronics industry is connected with the rise of Japanese manufacturers. The growth of the Japanese consumer electronics industry is due to many factors like “availability of basic patents from the US, ability to adapt imported technology, lower production costs, prompt acceptance of Japanese products overseas, government stimulation, aggressive pricing and R&D investments” (Dupagne and Seel 1998: 139). Galperin (2004: 31) also points out American companies’ lack of regulatory advantages in the domestic market and industry policy for coordinated export efforts.

Table 6.1. Top Worldwide Colour TV Manufacturers in 1988 (Estimated Production Capacity in Millions of Units and Gross Share in Percent)

<table>
<thead>
<tr>
<th>Company</th>
<th>Country</th>
<th>Production</th>
<th>Gross Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>PHILIPS</td>
<td>Netherlands</td>
<td>6.5-7.0</td>
<td>7.2-7.8</td>
</tr>
<tr>
<td>MATSUSHITA</td>
<td>Japan</td>
<td>6.5-7.0</td>
<td>7.2-7.8</td>
</tr>
<tr>
<td>THOMSON</td>
<td>France</td>
<td>6.5-7.0</td>
<td>7.2-7.8</td>
</tr>
<tr>
<td>--------------</td>
<td>--------------</td>
<td>-------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>SAMSUNG</td>
<td>South Korea</td>
<td>5.5</td>
<td>6.1</td>
</tr>
<tr>
<td>GOLDSTAR</td>
<td>South Korea</td>
<td>5.5</td>
<td>6.1</td>
</tr>
<tr>
<td>SONY</td>
<td>Japan</td>
<td>4.5</td>
<td>5.0</td>
</tr>
<tr>
<td>SHARP</td>
<td>Japan</td>
<td>3.5-4.0</td>
<td>3.9-4.4</td>
</tr>
<tr>
<td>TOSHIBA</td>
<td>Japan</td>
<td>3.5-4.0</td>
<td>3.9-4.4</td>
</tr>
<tr>
<td>SANYO</td>
<td>Japan</td>
<td>3.0-3.5</td>
<td>3.3-3.9</td>
</tr>
<tr>
<td>HITACHI</td>
<td>Japan</td>
<td>3.0-3.5</td>
<td>3.3-3.9</td>
</tr>
<tr>
<td>GRUNDIG</td>
<td>Germany</td>
<td>2.2</td>
<td>2.4</td>
</tr>
<tr>
<td>NOKIA</td>
<td>Finland</td>
<td>2.2</td>
<td>2.4</td>
</tr>
<tr>
<td>ZENITH</td>
<td>United States</td>
<td>2.1</td>
<td>2.3</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>90.0</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: Dupagne and Seel 1998: 139; Originally from BIS Mackintosh, Consumer Electronics Information Service (Basis: all end-equipment manufacturing plants)

After the Dubrovnik Rejection, the United States decided to adopt its own system. The American Electronics Association (AEA) released a report in November 1988. The report shows that the failure of U.S. companies to take part in HDTV would affect their capability to compete in the market for relevant electronic components like semiconductors and highly developed displays, due to “technological spillovers into R&D and manufacturing.” This report was widely commented on in the media as an example of the widening technology gap between the US and its international rivals (Galperin 2004: 74-75).

While the Japanese and Europeans sought to devise HDTV transmission system mainly for satellite broadcasting, the Americans gave priority to the development of HDTV for terrestrial delivery. The Federal Communications Commission (FCC) approved a standard for domestic
terrestrial transmission on 24 December, 1996 (FCC 1996) In reality, the technical part of HDTV standard-setting processes ended on 28 November, 1995, when the Advisory Committee on Advanced Television Service (ACATS) recommended that the FCC adopt the ‘ATSC Digital Television Standard’ as the US digital terrestrial broadcasting standard. Following the recommendation, however, there were some controversies among broadcasters, manufacturers, and computer industries (Dupagne and Seel 1998: 21-22).

The FCC began the formal policymaking process of HDTV transmission standard-setting on 17 February, 1987. In November 1987, the FCC formed the ACATS, a 25-member advisory body that consisted of broadcasters, cable operators, manufacturers, and government officials to recommend policies for the introduction of advanced television in the US. Chaired by communications lawyer Richard E. Wiley, ACATS supervised the HDTV technical transmission standardisation process and advised the FCC on it regularly. It did not have the authority to approve a broadcasting standard (Dupagne and Seel 1998: 22-23; Hart 2004: 101-104).

The turning point from analogue HDTV to digital television occurred on 1 June, 1990, when General Instrument (GI), a cable TV equipment maker in the US, designed a method to compress and transmit digitally HDTV signals within a normal 6 MHz channel. This announcement not only changed the course of the transmission standardisation process in the US, but also effected HDTV development programmes abroad. After the GI declaration of the all-digital HDTV system, DigiCipher, Alfred C. Sikes, then FCC chairman, expressed his sensation with digital HDTV. In September 1990, the FCC adopted its First Report and Order, by choosing a simulcast high-definition television approach for advanced television (ATV) (Dai, Cawson and Holmes 1996: 157; Dupagne and Seel 1998: 24).

In July 1991, Advanced Television Testing Center (ATTC) laboratory and field tests of six systems were finally working. The six systems were: Advanced Compatible TV (Advanced
Television Research Consortium), Narrow MUSE (NHK), DigiCipher (GI/ Massachusetts Institute of Technology (MIT)), Digital Spectrum Compatible HDTV (Zenith/AT&T), Advanced Digital HDTV (Advanced Television Research Consortium), and Channel Compatible DigiCipher (GI/MIT). In March 1992, the Advanced Television Research Consortium withdrew Advanced Compatible TV, an analogue NTSC compatible system.

The FCC was expected to make its final decision on HDTV standards, depending on the recommendation of ACATS. In February 1993, however, the ACATS chairman reported that the ATTC tests had submitted 'no superior system'. The proposed systems were much the same but defective in some aspect. Facing this dilemma, ACATS proposed two courses of action to the four HDTV finalists: either ready their systems for retesting within the same year or create a 'Grand Alliance' system\(^\text{17}\) that would combine the best components of individual systems. The four finalists reached a consensus and formed the Digital HDTV Grand Alliance on 24 May, 1993. This consortium consisted of seven European and American entities: AT&T, the David Sarnoff Research Center, GI, MIT, North American Philips, Thomson Consumer Electronics, and Zenith Electronics. The consortium was hailed as a success of the American standardisation

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\(^\text{17}\) The Grand Alliance system had seven main characteristics: (1) all-digital audio and video transmission; (2) dual scanning format (1125-line (or 1080-active line) interlaced scanning and 787.5-line (or 720-active line) progressive scanning); (3) MPEG-2 compression for video and Dolby AC-3 compression for audio; (4) MPEG-2 encoding and transport scheme; (5) vestigial sideband (8-VSB) modulation; (6) multi-channel audio (five channels and a subwoofer); and (7) 16:9 aspect ratio. The system had interoperability capabilities like dual scanning modes and multiple frame rates to accommodate broadcast and non-broadcast uses and applications (e.g. computer systems, cable, DBS) (Dupagne and Seel 1998: 26).

Nonetheless, the Grand Alliance faced the challenging task of accommodating the interests of various participants. TV set manufacturers and existing broadcasters confronted the computer industry. The computer, a technology that had been less related to communications, provides the new communication systems with vast capacity to manage, initiate and respond to information (Havick 1983: 3). The computer's role in communication is so dominant that it can blur and merge separate industries. It was a main player in the development of a digital HDTV system based on information technology components, but had been underrepresented in the HDTV standardisation process. The computer industry was closely connected with the Clinton administration and lobbied the government for more participation in the HDTV standardisation process (Galperin 2004: 86).

The two players disputed about the picture format to be adopted by the Grand Alliance. Computer industry delegates supported a system that utilised progressive scanning, a method typically used in computer monitors and that would better serve for the display of application other than video programming. Broadcasters and TV set manufacturers opposed progressive scanning and favoured the conventional interlaced scanning used in existing analogue sets. They viewed the future evolution of the industry differently. Computer interests claimed that the new system needed to accommodate the inevitable convergence of the computer and the television into a single device. In contrast, broadcasters and manufacturers argued that convergence would ultimately be limited by the different functionality of the TV and the PC. The former is used mainly for entertainment; the latter is used for task-oriented purposes (Galperin 2004: 86-87).

In November 1995, ACATS voted to approve the system developed by the Grand Alliance and recommended to the FCC that the system be adopted as the American digital TV standard. However, opposition to the FCC mandating and adopting such a standard grew throughout 1996.
Opposing the FCC mandate, the cable industry and several Hollywood film celebrities joined the Computer Industry Coalition on Advanced Television Services (CICATS), which included US-based computer hardware and software makers such as Microsoft, Apple, Compaq, Hewlett-Packard, Intel, and Oracle. The FCC decided to attempt to bring the opponents together in support of a baseline system. Led by FCC Commissioner Susan Ness, a compromise among broadcasters, CICATS, and the Consumer Electronics Manufacturers Association (CEMA) was reached on November 26, 1996. The FCC would adopt the ACATS recommendations but not the table that specified the eighteen picture formats, that is, the number of active lines, the number of pixels (picture of elements) per line, the aspect ratio, the frame rate, and the scanning structure (Dupagne and Seel 1998: 28; FCC 1996; Galperin 2004: 87-88).

This compromise meant that the selection of these parameters would be left to the marketplace. Broadcasters could choose among different formats in accordance with the specific applications they favoured, and equipment manufacturers could offer various receivers to match the consumers' demands better. However, this flexibility brought about the expense of coordination problems in the introduction of services and equipment and confusion for consumers. (Dupagne and Seel 1998: 28; FCC 1996; Galperin 2004: 88) Forcing the FCC to consider an open ATV standard that includes both television and computer scanning, the computer industry also wished to be active competitors not only in the US, but also in the foreign markets that would introduce digital broadcasting (Dupagne and Seel 1998: 306)

Meanwhile, the FCC issued the timetable for digital transition. In April 1992, the FCC adopted its Second Report and Order/ Further Notice of Proposed Rule Making in which it proposed a timetable for ATV implementations. Incumbent full power broadcasters would have two years to apply for HDTV spectrum when the FCC approved the standard, three years for "constructing the new HDTV facility once that spectrum was allocated, seven years to simulcast
50 percent of their programming, nine years to simulcast 100 percent of their programming, and
15 years to fully convert their stations from NTSC to HDTV." After this digital transition period,
broadcasters would be required to relinquish one of the two broadcast channels and stop
broadcasting in NTSC. The FCC timetable infuriated broadcasters. Some broadcasters
complained, although they reequipped their facilities, thereby incurring significant costs, HDTV
would not make a 'satisfactory return on investment' (Dupagne and Seel 1998: 24-25; Galperin
2004: 79).

In July 1992, the FCC determined to allocate a separate HDTV channel to all incumbent
broadcasters and assign almost 17 HDTV channels to the UHF band. Thus, almost all HDTV
allocations would be made on UHF frequencies. In September 1992, the FCC modified its
initial transition schedule and set the specific deadlines: 1996 for HDTV spectrum applications;
'1999 for the construction of HDTV facilities'; '2000 for the 50 percent simulcasting
requirement'; and '2002 for the 100 percent simulcasting requirement'; and '2008 for full
station conversion from NTSC to HDTV'. The updated schedule still enraged broadcasters who
argued that such a 15-year conversion scheme could suffocate small-market stations that might
be unable to absorb the high cost of HDTV equipment and programming. However, the FCC,
Congress, and the White House considered shortening the conversion schedule for HDTV
terrestrial broadcasting (Dupagne and Seel 1998: 25). The latest purpose of digital transition is
to regain valuable spectrum and plan spectrum auctions. Galperin (2004: 49-51) points out that
the current spectrum drought provides a good opportunity to patch holes in the public budget in
the US and UK.

Civic organisations like the Media Access Project also blamed the FCC and Congress for
"giving away' the digital spectrum" to incumbent broadcasters. They maintained that "this
spectrum should be auctioned to support public broadcasting and public interest programming."
The FCC answered that the spectrum allotted to incumbent broadcasters is only for DTV transmission, and the government would reclaim the analogue channels at some future date for auction and reallocation (Dupagne and Seel 1998: 298).

However, the telecommunication act of 1996 met the key demands made by the incumbent broadcasters. The licenses would go to the incumbents with few conditions attached, and the date for the return of the analogue channels was indefinite. The law also gave the broadcasters other favourable provisions, such as relaxed ownership limits, extension in the term of broadcast licenses, and relaxed scrutiny for license renewals. In 1997, Congress also allowed broadcasters to return the analogue spectrum until a hypothetical moment when digital viewership exceeds 85 percent (Aufderhide 1999: 68; Galperin 2004: 98).

Aufderhide (1999: 68) argues that the law commits the future of digital TV to station owners, giving the spectrum to them without payment, in return for indefinite public trustee obligations. In this context, the public interest is identified with the development of a commercial digital TV service.

When the first digital stations went on the air, new controversy occurred over the poor performance of the ATSC system. The controversy was mainly due to the modulation technology used by the system called 8-level vestigial side-band (8-VSB). The technology performed below expectations and created serious indoor reception problems. Thus, in early 1999, several broadcasters led by the Sinclair Broadcasting Group required the FCC to request a revision and the possible replacement of 8-VSB with a European technology called coded orthogonal frequency division multiplex (COFDM). COFDM was already being implemented in Europe and was believed to be superior for mobile data services. In addition, they argued that viewers could not easily pick up a viewable television signal in non-ideal circumstances (Dai 2000: 203). This incident also influenced the same controversy in South Korea where the ATSC
system had adopted as an official standard.

The Consumer Electronics Association (CEA), the trade group representing consumer equipment manufacturers, opposed any changes to the system, insisting that engineers were trying to “solve the reception problems” and that “any changes would orphan the equipment already sold and send manufacturers back to design board.” The CEA argued, “Reopening the proceeding on a DTV standard years after its adoption by the commission will benefit no one but the handful of broadcasters desiring to delay the transition to digital broadcasting.” (Dai 2000: 205) The FCC investigated the technical evidence, and concluded that both 8-VSB and COFDM had some advantages and disadvantages (FCC 1999). Finally, the FCC approved 8-VSB, for the data indicated that the relative benefits of switching to COFDM were uncertain and would not exceed the substantial costs of making such a revision in the ATSC standard already adopted. The FCC determined to deny the Sinclair petition by a 5-0 vote in the early February 2000 (Dai 2000: 205; Galperin 2004: 114-115).

However, the controversy continued through 2000. COFDM advocates took their case to Congress and quarreled in technical demonstrations with 8-VSB supporters before the House Telecommunications Subcommittee. The Representatives were embarrassed with the highly technical issues and told the industry to solve the question immediately and proceed with the rollout of services as scheduled. Moreover, Tauzin, then chair of the subcommittee, warned “broadcasters against using the digital frequencies for mobile data services” that competed with those of mobile telephony operators. Congress returned the issue to the FCC (Galperin 2004: 115).

The major broadcasters decided to conduct their own technical tests. The tests showed that the current system needed urgent improvement but that there was insufficient evidence to support a change to COFDM. In January 2001, as the National Association of Broadcasters
(NAB) and Association for Maximum Service Television (MSTV) formally endorsed 8-VSB, the controversy came to an end.

According to Galperin, the modulation controversy indicated the fragility of the consensus on Digital Terrestrial Television within a divergent broadcast community, and the reluctance of the FCC to seek compliance of its own decisions facing divided industry interests (Galperin 2004: 115-116).

Both consumers and broadcasters have been slow to adopt digital HDTV services. Sterling (2003: 148) points out the US policy failure of high-definition television: “In its willingness to serve industry economic demands and not actively promote the improved technology, the FCC has allowed HDTV to drift for years, while broadcasters benefit financially from their freely-granted second channel and provide little that is new for the public.” As of September 2002, 552 US television stations were on the air with a DTV signal. However, 843 commercial stations petitioned the FCC for an extension of the May 1, 2002 deadline to construct their DTV facilities (Seel 2003: 149). Moreover, it is difficult for viewers to watch HDTV services. Less than 20% of the households that had bought the digital receiving appliances were really watching HDTV programmes, because 86.9% of households receive the signals via cable, satellite, or another type of multichannel delivery system, which carry few HDTV signals (Goff 2005: 677).

In 2005, however, the US Congress set up a revised DTV transition deadline that demands all full-power television stations to cease analogue broadcasts after 17 February 2009 (FCC 2006: 3). The US government also announced its plan to provide a digital switchover package worth 1.5 billion dollars to help households make the digital transition. However, consumer organisations criticised the plan: “the US treasury stood to gain at least $ 10bn from the sale of analogue TV spectrum but was planning to spend less than 15% of that on helping consumers
6.5. The Failure of the MAC Policy and Digital Television in Europe

MAC, particularly D2-MAC (Multiplexed Analogue Components), purposed to become the transmission standard for DBS and lead to HDTV satellite broadcasting in Europe. To achieve this, the Council of European Communities adopted a Directive in November 1986 that required all DBS programmers to deliver their services in MAC format. HDTV was also considered strategically important for the European consumer electronics industry and for European television and film industries (Council of the European Communities 1989). In contrast, few DBS services really adopted a MAC format, because of broadcasters' want of interest in MAC, PAL's incumbent status for satellite transmission in Europe, and the multiplicity of MAC and encryption standards. In addition, the driving forces behind the MAC format were not the satellite broadcasters but the national governments (Dupagne and Seel 1998: 30).

In 1989 Rupert Murdock's Sky began transmitting its service in the PAL format through Astra, a medium-powered telecommunication satellite, not covered by the 1986 MAC Directive (Dai, Cawson and Holmes 1996: 156). Even if the EU supported MAC by adopting the directive, it brought about its failure simultaneously. The directive regulated only the broadcasting satellite services (BSS), leaving an escape clause for fixed satellite services (FSS). The European commission consciously excluded low and medium power satellite (i.e., FSS), owing to opposition from the Luxembourg corporation SES (Société Européenne de Satellites) that was running Astra as a medium-powered satellite. However, technological advance allowed medium power (FSS) satellites to broadcast with small parabolic antennas. Thus, Anti MAC groups could transmit through satellite like Astra using the FSS band, bypassing the Directive (Dupagne and Seel 1998: 101). As a competitor of Sky, BSB was launched in May 1990 and
became the first user of the MAC format. BSB was expected to make the MAC format popular. However, the earlier and cheaper PAL based Sky won the competition. Finally, BSB and Sky merged into British Sky Broadcasting (BskyB), which abandoned the MAC format (Dai, Cawson and Holmes 1996: 156).

When the Commission of the European Union (EU) issued its first draft of the second MAC Directive in July 1991, it provoked a series of debates in which satellite broadcasters conflicted with electronic manufacturers. Satellite broadcasters condemned the recent example of EU industrial policy and hampered the cost of upgrading to HD-MAC. Moreover, some broadcasters were worried about technological disuse, asking if it was worthwhile to continue advocating an analogue HDTV system despite rapid developments in digital technology. However, the manufacturers advertised MAC as an evolutionary approach toward HDTV and advocating a single standard for satellite and cable transmission. In May 1992, the Council of Ministers permitted existing satellite broadcasters to keep transmitting their services in PAL, but compelled all new satellite channels launched in 1995 and later to transmit their services in D2-MAC (Dupagne and Seel 1998: 30-31).

The EU's MAC/HDTV policy consisted of three connected parts: (1) a second Directive on standards for satellite broadcasting to replace the 1986 Directive; (2) an Action Plan to fund MAC equipment; (3) a Memorandum of Understanding (MoU) to indicate the obligations of the different players in D2-MAC development. This policy initiative attempted to create an active cooperative style of policymaking. It tried to coordinate regulators and industry forces through the MoU. (Dupagne and Seel 1998: 105; Kaitatzi-Whitlock 1994: 180-181).

The aim of the original MoU was to create a consortium among satellite operators, manufacturers and broadcasters with the participation of the Commission, to co-ordinate the promotional work and administer EU financial incentives to D2-MAC and HD-MAC over a
five-year period. Nonetheless, the Commission failed to get the different parties to accept the terms of the MoU, and contrived a diluted version of the MoU. Thus, in June 1992, the new MoU was accepted by about 40 European companies and professional associations, which consented to join efforts to promote the European HDTV system provided that EU Member States would give financial backing (Dai, Cawson and Holmes 1996: 160). However, Andre Rousselet, the owner of the pay-TV service CANAL+, broke it. He said, “D2-MAC is dead in the short term...better an association with the Americans today than being forced to manufacturer under American license tomorrow.” Therefore, the signing of the MoU was never enforced and it was replaced by a non-binding Declaration of Intention (Dupagne and Seel 1998: 109).

Table 6.2. The pros and cons of MAC standards

<table>
<thead>
<tr>
<th></th>
<th>UK</th>
<th>France</th>
<th>Germany</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro MAC</td>
<td>BSB</td>
<td>TDF1</td>
<td>SAT2</td>
<td></td>
</tr>
<tr>
<td>Anti MAC</td>
<td>DTI, Sky (US)</td>
<td>Canal+</td>
<td>ARD, ZDF</td>
<td>SES (Luxembourg)</td>
</tr>
</tbody>
</table>

Source: Kim 2001: 76 modified

The British Department of Trade and Industry (DTI) argued that HD-MAC could be replaced by fully digital HDTV. The controversy between the UK and the other EU member states, especially France and the Netherlands, occurred in the European Council in December 1992. To compromise, the Commission cut the funding in its Action Plan from 850m ECU (then European currency) to 500m ECU (Dai, Cawson and Holmes 1996: 160). The British government was not yet satisfied. It was finally decided to allot 228m ECU to broadcasters and producers for making and converting programming to the 16/9 wide-screen format (Kaitatzig-
Whitlock 1994: 187). In the meantime, Philips announced that it was suspending plans for mass production of HDTV sets to the European standard because of the short of EU funding for HD programme-making and transmission. Following the British argument, the Commission promised to consider a report on the prospects for digital HDTV and a review of its HDTV strategy in 1993 (Dai, Cawson and Holmes 1996: 160-161).

The D2-MAC and HD-MAC was no longer emphasised as a policy initiative in July 1993, when the Council adopted a resolution demanding a revision of the 1992 MAC directive. The EU retreated from the standard-setting process of satellite transmission and programmers could choose a proper standard. The renewed directive left room for digital television (Dai, Cawson and Holmes 1996: 161). Kaitatzi-Whitlock (1994: 173) argues that divergent and conflicting national and industrial interests are, partly, a cause of this failure. She also insists that mismanagement of time in the policy process was also destructive as rapid technological innovations brought about the competing digital HDTV model. Dai (2000: 178) supported this argument. European institutions chose a winner at the early stage of innovation, and public policy failed to reflect the technological development at an opportune time.

Then- EU Commissioner Martin Bangemann said that digital TV was included in the ‘Europe’s Way to the Information Society: An Action Plan’ (Commission of the European Communities 1994). The action plan indicated the course of the development of new information infrastructure and services on the Europe. As the plan put it, “Public authorities (Member States) will have to set new ‘rules of the game,’ control their implementation and launch public interest initiatives.” The purpose would be “to back up this development by giving them a political impetus, creating a clear and stable regulatory framework and by setting an example in areas of their own responsibility.” The plan supported an acceleration of the liberalisation process and a departure from top-down European technology initiatives: “The
creation of the information society in Europe should be entrusted to the private sector and to market forces.” The responsibilities between private and public actors are described as a political manifesto for less state and a more laissez-faire approach (Commission of the European Communities 1994; Dupagne and Seel 1998: 117; Galperin 2004: 134).

The focus moved towards assistance for the exploitation of digital broadcasting. In November 1993 the EU Commission turned in a communication entitled ‘Digital Video Broadcasting: a Framework for Community Policy’, which included a proposal to replace the 1992 revised MAC directive (Commission of the European Communities 1993). The 1994 Council Resolution supplied for officially incorporating market forces in the processes of policy formulation, standardisation, and implementation. On the other hand, the Council introduced regulatory measures if market forces failed to reach a consensus between all related stakeholders including broadcasters or “if necessary to ensure fair and open competition, to protect consumers or safeguard a public interest” (Council of the European Communities 1994; Dupagne and Seel 1998: 118).

The Digital Video Broadcasting Group (DVB) was established as a new industry body in September 1993. The main decision-making body, the Steering Board, comprised broadcasters, operators, manufacturers, delegates of national governments and a non-voting Commission representative. The DVB Technical Module worked to clear requirements specified by the Commercial Module. DVB was located between the formal standard-setting procedures and a lot of private industry groups. DVB specifications made rapid progress through the formal standard-setting processes of organisations like ETSI (European Telecommunications Standards Institute). In many cases, the Council and the Commission postponed regulatory proposals, awaiting consensus agreements from the DVB. When there were no great vested interests at stake, the DVB swiftly succeeded in a series of standardisation like a digital satellite
transmission specification. However, the DVB's consensus decision-making revealed its limits in deciding conditional access. While the incumbent analogue pay broadcasters wanted to extend their control of proprietary conditional access systems to the digital market, third party broadcasters disliked it. The debate within the DVB focused on two approaches to operating conditional access systems - Multicrypt and Simulcrypt (See chapter 3) (Dupagne and Seel 1998: 118; Galperin 2004: 135-138; Levy 1999: 70-71).

The 1995 Directive effectively repealed the 1992 MAC Directive. It reflected DVB's standard-setting. The actual issue of the agenda changed from an issue about HDTV and single transmission standards to an issue on the management of digital delivery systems. A proprietary access system, SimulCrypt, which is liaised with PALplus was chosen by the DVB and the institutions of the EU. The outcome of regulation seemed to favour the pay-per-view services (Dupagne and Seel 1998: 119).

Some European states are leading in the digitalisation of broadcasting. Specifically, the UK recorded the highest diffusion rate in the world at the end of 2005. About 70% of households watched digital television. The UK government plans to finish digital switchover by 2012 (Tryhorn 2006a). The European Commission also expects that analogue switch-off in all Member States will be completed by 2012 (Commission of the European Communities 2005). Table 6.3 shows the introduction of digital TV in 15 European countries. However, they did not adopt digital HDTV. The reasons for this absence were an unfavourable cost/demand relationship and a lack of programming. HDTV services depend on substantial initial investments in production and transmission. These large-scale projects, which span many related economic sectors, require high financial risks regarding broadcasters' and consumers' investments in digital broadcasting equipments and facilities of production, transmission and reception. Either the financial backing of public authorities or a consolidated consortium
holding effective monopoly can bear this risk. The introduction of HDTV demands “either a higher level of vertical integration of potential entrepreneurs or long-term state intervention.” It is also assumed that a large proportion of the potential audience will use it (Dupagne and Seel 1998: 123-124; Garnham 2000: 71).

Table 6.3. Digitisation by platform in the EU

<table>
<thead>
<tr>
<th>Country</th>
<th>Terrestrial (%)</th>
<th>Cable (%)</th>
<th>Satellite (%)</th>
<th>Digital Switchover Date (Expected)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>0</td>
<td>4</td>
<td>31</td>
<td>2010</td>
</tr>
<tr>
<td>Belgium</td>
<td>0</td>
<td>4</td>
<td>25</td>
<td>2012</td>
</tr>
<tr>
<td>Denmark</td>
<td>0</td>
<td>8</td>
<td>45</td>
<td>2008-2013</td>
</tr>
<tr>
<td>Finland</td>
<td>7</td>
<td>2</td>
<td>42</td>
<td>2006 (2007)</td>
</tr>
<tr>
<td>France</td>
<td>0</td>
<td>32</td>
<td>74</td>
<td>2010</td>
</tr>
<tr>
<td>Germany</td>
<td>19</td>
<td>8</td>
<td>22</td>
<td>2010</td>
</tr>
<tr>
<td>Greece</td>
<td>0</td>
<td>0</td>
<td>98</td>
<td>NA</td>
</tr>
<tr>
<td>Ireland</td>
<td>0</td>
<td>21</td>
<td>95</td>
<td>2010</td>
</tr>
<tr>
<td>Italy</td>
<td>0</td>
<td>0</td>
<td>88</td>
<td>2010</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>0</td>
<td>1</td>
<td>72</td>
<td>NA</td>
</tr>
<tr>
<td>Netherlands</td>
<td>6</td>
<td>2</td>
<td>100</td>
<td>NA</td>
</tr>
<tr>
<td>Portugal</td>
<td>0</td>
<td>2</td>
<td>100</td>
<td>NA</td>
</tr>
<tr>
<td>Spain</td>
<td>2</td>
<td>17</td>
<td>100</td>
<td>2012</td>
</tr>
<tr>
<td>Sweden</td>
<td>13</td>
<td>8</td>
<td>100</td>
<td>2010</td>
</tr>
<tr>
<td>UK</td>
<td>22</td>
<td>60</td>
<td>100</td>
<td>2012</td>
</tr>
</tbody>
</table>
Note: For each country and delivery platform, this table gives the percentage of television households with digital reception. The remaining fraction is served by the corresponding analogue service; NA: Information not available.


In addition, once the users have invested in one system or standard, they will be reluctant to change to another system swiftly. Garnham (2000: 71) argues that “this is why to date the introduction of high-definition television has been a failure in spite of high-level economic and political efforts and why, in spite of other high-value uses for spectrum capacity, it will only be possible to phase out analogue broadcasting over a long time-scale.”

Winston (1998: 301-302) points out another “‘law’ of suppression of radical potential”, which was working in the 1990s to postpone a digital HDTV standard. The UK government suppressed digital HDTV in favour of increased numbers of SDTV channels with its 1997 scheme for terrestrial digital broadcasting. Programme makers and broadcasters seem to favour the increase of channels by which they transmit their programmes. They do not seem to be interested in either selling new TV sets that they do not produce, or buying new production equipment that they do not produce. He also indicates that receiver and production equipment manufacturers are interested in selling such hardware. This explains why Korea, which has major electronic manufacturers like LG and Samsung, adopted HDTV.

However, European satellite TV operators, SES Astra and Eutelsat, are selling HDTV capacity to broadcasters. SES Astra is also the driving force behind the HD Forum, a consortium of companies that has developed a common set of standards in Europe. In Europe, Euro 1080 is the first broadcaster to launch HDTV channels from the Astra satellite across Europe, offering a
mix of sport, music, documentaries and lifestyle programmes throughout the day. In the UK, BskyB launched a HDTV service in May 2006. It initially offered eight HDTV channels such as Sky Sports, Sky Movies, National Geographic and Discovery. Brian Sullivan, BskyB’s director of new product development and sales, says: “Broadcasters delivering the best picture quality will have a competitive advantage against others. We see HDTV as a growth engine for average customer revenue and will attract people into our high-level packages” (Cole 2004: 10; Tryhorn 2006b).

In November 2005, Jana Bennett, BBC’s director of television announced its plan to simulcast highlights of BBC1’s primetime schedule such as drama, documentary and sport programme in HD on pay-TV platforms like BskyB and Telewest. It also plans to broadcast a trial of HDTV services via Freeview, digital terrestrial platform, in London. However, the free-to-air digital terrestrial platform will not have sufficient capacity for HD until after digital switchover in 2012. A digital divide between the HDTV ‘haves’ and ‘have-not’ is emerging (Gibson 2005; Tryhorn 2006b). Nevertheless, the BBC plan to produce all television output to HDTV standards by 2010. It will shoot and record using high definition equipment. Andy Quested, head of the BBC’s High Definition Support Group says such production is essential if the BBC is to protect its profitable foreign sales and co-production market (Cole 2004: 10-11).

6.6. Japanese digital transition
The success of analogue Hi-Vision diverted Japan’s attention from digital innovation. The MPT hesitated about digital technological developments due to strong resistance from commercial broadcasters, NHK and electronic manufacturers (Nakamura 2001: 144).

By 1993, Japan adhered to its analogue MUSE transmission system, broadcasting eight hours of Hi-Vision programming a day from the BS-3b satellite. On the other hand, the
Telecommunications Technology Council of the MPT began the ultra-definition television (UDTV) project. The objective of the UDTV project was to promote and develop high-resolution with 2000 to 4000 line systems and digital image technologies for the future (Dupagne and Seel 1998: 35). Beyond the UDTV, according to the Japanese, there are “3D, holographic and virtual reality system” (Tracey 1998: 233).

On 22 February, 1994, Akimasa Egawa, then Director General of the MPT's Broadcasting Bureau, announced that Japan would begin developing a digital HDTV system that would replace analogue MUSE. Egawa added that clinging to analogue technology might endanger Japan's industrial future and that the MPT might consider cooperative digital HDTV projects with the US. Japanese industrial leaders criticised this and he said that he did not intend to suggest that “the conversion to digital was imminent”. NHK and the Japanese consumer electronics companies had invested approximately 1.3 billion dollars in developing analogue HDTV. Nicholas Negroponte (1995:40) argues differently:

_I recall vividly at the time a televised panel of the presidents of the giant consumer electronics companies swearing they were fully behind good old analog Hi-Vision, implying that the deputy minister was off his rocker. I had to bite my digital tongue, because I knew each of them personally, had heard them say the opposite, and had seen their respective digital TV efforts. Saving face, I fear, is to have two of them._

It is unusual for a high-ranking government official in Japan to make such public statements without consulting the industry and engaging in a process of consensus-building, known as 'ne-mawashi' in Japan. Egawa left the MPT in June 1995.

In March 1995, a private MPT advisory panel, the Study Group on Broadcasting System in
the Multimedia Age, recommended "(1) that low-power communication satellite (CS) broadcasting begin in 1996; (2) that high power DBS broadcasting satellite (BS) services either continue with Hi-Vision for now and introduce digital broadcasting earlier with the launch of the next BS-4 satellite series around 1999; and (3) that digital terrestrial television be introduced between the years 2000 and 2004" (Dupagne and Seel 1998: 36). In 1996, the MPT finally abandoned analogue transmission plans of the new fourth broadcasting satellite (BS-4) and changed to digital transmission (Nakamura 2001: 145). On 1 October 1996, PerfecTV launched the first of four digital satellite TV (CS) services, offering 57 SDTV-type channels.

The MPT also announced the overall digitisation of broadcasting including terrestrial broadcasting in 1997. Nakamura (2001: 145) argued that Japan's broadcasting policy had to move radically towards digitalisation of broadcasting, because digital broadcasting became a global trend, and Japan was eminently left behind in the international competition for developing digital technologies.

The Japanese government introduced digital terrestrial broadcasting services into its major metropolitan areas - Tokyo, Osaka and Nagoya - in 2003 and digital terrestrial broadcasting will be expanded to the whole area by 2006. Analogue terrestrial broadcasting is expected to cease by 2011 (Asami 2004). "Early and well-balanced Digitization of satellite broadcasting, cable TV and terrestrial broadcasting is an important policy matter in Japan" (Ministry of Internal Affairs and Communications 2004). Since the digitisation of broadcasting demands huge amounts of initial investment in digital broadcasting equipment and facilities, subsidies for private broadcasting companies are delivered from spectrum fees that they pay to the government (Nakamura 2001: 146).

The DiBEG (Digital Broadcasting Experts) group, which is a committee of ARIB (Association of Radio Industries and Business) developed its own terrestrial transmission
system, ISDB-T (Integrated Services Digital Broadcasting-Terrestrial). The group consists of 25 members, including broadcasters, broadcast equipment manufacturers and consumer electronics manufacturers. The group adopted COFDM as the transmission technology for its system. Thus, the Japanese digital terrestrial standard is said to be similar to the DVB-T standard. There were industry discussions about combining both systems, but it did not occur (Dai 2000: 208).

6.7. Global digital broadcasting policymaking

The competition for digital TV among Europe, Japan, and the US came with a period of ‘rapid technological development’, ‘marketisation’, and ‘fierce international and interregional competition for global market share’. The linkage was further marked by the technological/economic convergence between previously separate sectors like broadcasting, telecommunications and the computer industry. We can confirm the marketisation of public policy in case of DVB in Europe. The strategy for a global digital broadcasting system was the means of gaining not only new markets for television sets but also a wide range of consumer electronics and services market like semiconductors, digital broadcasting production and transmission equipments and non-broadcast HDTV services (Kaitatzi-Whitlock 1994: 174-175).

In 1996, Task Group 11/3 in ITU-R examined two MPEG-2 based digital terrestrial television systems, proposed by North America (the ATSC system) and Europe (the DVB) system, and announced recommendations for the digital terrestrial television elements like audio and video coding. A set of recommendations and reports defined a unique digital terrestrial television system with two compatible subsets (ATSC and DVB). TG 11/3 has not drafted a single worldwide digital terrestrial television standard, but sought to minimise and harmonise the differences between the parameters of the two proposals (Dupagne and Seel 1998: 41). Therefore, Japan, Europe and the US adopted their own systems. There has been a new global
competition for digital TV standardisation concerning what the rest of the world will choose. As Hart (2004) puts it, nationalism and regionalism was combined with digitalism, “an ideological belief in the superiority of digital technology over analogue technology” (p. 227), which resulted in three different and incompatible standards.

During the policymaking process, European manufacturers like Thomson and Philips have been influential players in both the United States and Europe. They were instrumental in blocking the international adoption of Japanese Hi-Vision standard in Dubrovnik in 1986. They supported the HD-MAC system in Europe, while they are also a part of Grand Alliance consortium in the US (Dupagne and Seel 1998). South Korean MNCs like Samsung and LG have also participated. They have influenced the introduction of digital broadcasting at home and overseas. In addition, the advent of digital broadcasting has also introduced a new category of MNC competitors like US-based computer industries to global digital broadcasting battles.

The economic superpowers of Japan, the US and the EU are tied to each other and the rest of the world by telecommunication linkages established by multinational media conglomerates that operate throughout the world. Many scholars have criticised MNCs for their global influence in exporting the consumer cultures of the developed countries (especially the US) to the developing or underdeveloped countries (Herman and McChesney 1997; Schiller 1998; Sklair 2002).

International standard-setting bodies such as the ITU decline in stature whereas regional standard organisations (RSO) like ACATS (United States), DVB (Europe) and BTA/ ARIB (Japan) assume a larger standard-setting role. In the case of HDTV, European and American RSOs have acted to protect regional industries by setting up technological barriers to Japanese HDTV standard (Dupagne and Seel 1998: 295).
6.8. Conclusion

I conclude with allocating scores to each participant on the national and international level in terms of relative power in the process of digital broadcasting policymaking. Table 6.4 shows some similarities and differences among Japan, Europe and the US. Though it does not reflect the process perfectly, the table is helpful to understand the current digital broadcasting policymaking.

I divide 'national government' into home and foreign aspects of digital broadcasting policymaking. Home is marked with brackets. I score the national government, considering whether the state interventions like industrial policy, regulation and public service broadcasting have existed. In the case of the national government of Europe, the western European countries like the UK, France and Germany are evaluated. I have allocated scores in accordance with participants' power at home and abroad.

We can confirm that the state and capital are dominant in the process of digital broadcasting policymaking. Japan and the European countries adopted industrial policies to support the development of HDTV, while the US did not adopt industrial policy (Dupagne and Seel 1998: 161- 165). In addition, Japanese and European public service broadcasters have been deeply involved in the introduction of digital broadcasting.
<table>
<thead>
<tr>
<th></th>
<th>Japan</th>
<th>United States</th>
<th>Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITU</td>
<td></td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>RSO</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>EU institutions</td>
<td>-</td>
<td>-</td>
<td>7.5</td>
</tr>
<tr>
<td>National Government</td>
<td>8.5 (8.5)</td>
<td>8.5 (8)</td>
<td>8.5 (8.5)</td>
</tr>
<tr>
<td>Manufacturer</td>
<td>8.5</td>
<td>8</td>
<td>8.5</td>
</tr>
<tr>
<td>Multinational</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Terrestrial Broadcaster</td>
<td>8.5</td>
<td>8.5</td>
<td>8</td>
</tr>
<tr>
<td>Multi-channel Broadcaster</td>
<td>8</td>
<td>8.5</td>
<td>8.5</td>
</tr>
<tr>
<td>Computer Industry</td>
<td>-</td>
<td>8.5</td>
<td>-</td>
</tr>
</tbody>
</table>

Note: 10: Only one participant in the decision-making; 9: One participant is dominating, and the others are redundant; 8: Main arguments are accepted; 7: Some arguments are accepted; 6: formal participation; 5: informal participation; 4 or less: It did not participate; -: unknown
Part III

Korean Digital Broadcasting as a Case Study
Chapter 7. Broadcasting in South Korea

7.1. Introduction

This chapter deals with broadcasting in South Korea. With the case being historically analysed, the changing relationships among the state, market, civil society and broadcasting are examined. In the chapter, focusing on broadcasting policy, I also deal with related broadcasting and other media issues. The historical development of Korean broadcasting is briefly examined. The chapter also provides background knowledge to understanding digital broadcasting policy in the following chapter. Thus, recent communication development related to digital broadcasting will be investigated in the last section.

According to Katz and Wedell (1978: 35-36), the identification of promise and goals in the developing countries changes over time both between countries and within countries. In an ideal case, the 3 types of policy concern-the integrative, the developmental, and the cultural- appear in sequence.

First, a new nation is concerned about its political integration. This concern is important for its independence. Control of the media is seen as essential for the achievement of goals. Native language problem and national unity are stressed to achieve its independence.

Second, the developmental phase stresses the role of broadcasting in social, economic, educational, and technical development. This phase is connected with a new nation via the formation of a national development plan and, in an older nation, with an ideological revolution.

In the third phase, it becomes obvious that media policymaking has almost ignored the role of entertainment. Control of information has been established. Education has been intensified. But the rest of the programming, which constitutes the majority of broadcast output, has been treated as though it were neutral, as politically and developmentally irrelevant. In consequence,
traditional culture, except for language in some cases, has not found its place in the broadcast, while foreign pop stars on radio and television threaten to overtake national heroes.

In reality, the three types more often appear in different sequences in response to the pressures of external events. However, they do not displace one another.

In the developed countries, there are two general goals of broadcasting policy: to foster the commercial development of the industry and to ensure that broadcasting serves the educational and informational needs of the public (the Advisory Committee 1999). Normally, broadcasting policies as economic activities focus on market competition in capitalist societies, and cultural policies encourage people to enjoy mediated cultures in democratic societies.

Lee and Joe (2000: 131) argue that under a strong government monopoly over broadcasting, the most important function of the Korean media system was to promote national integration and development. The Korean media began to acquire the features of an industry during the 1960s when the Park, Jung-hee government that came to power through a coup d'etat began to actively mobilise media for national development (Park, Kim and Sohn 2000: 111). In 1980, all the broadcasters were forced to merge into public service broadcasting by the other military junta. Since 1987, the Korean broadcasting industry has experienced democratisation, marketisation, globalisation and convergence at the same time.

Historically, strong political powers have shaped broadcasting policy in Korea. Broadcasting structures have changed with changes of government leaders. Therefore, stages of the Korean broadcasting history can be divided in line with the governments. The Japanese colonial government and the U.S. military regime are also dealt with, because they are the roots of current broadcasting system in Korea.
7.2. Two foreign governments and the Rhee government (1910-1960)

7.2.1. The Japanese colonial government

In Korea, radio was introduced by the Japanese empire in 1927. The Japanese colonial rulers opened the Kyongsong Broadcasting Station in Seoul with the call sign JODK. The station was a non-profit corporation, though the Government-General of Korea invested in three-quarters of total asset of the station by a loan. It was introduced as a propaganda instrument to facilitate Japanese rule over Korea. It was another aspect of the ‘Cultural Rule’ absorbing Korean into its colonialist policy (Kang 2001: 69-71). It was under strong Japanese censorship and control. (Im 2001: 390-419) The station was also modeled after its Japanese counterparts in both structure and organization (Kang and Kim 1994: 126).

The Government-General of Korea directly controlled the Kyongsong Broadcasting Station directly. The personnel comprised of Japanese or pro-Japanese Korean. The board of directors was composed of eleven Japanese and five pro-Japanese Koreans. The Government-General of Korea approved the appointment of the chairman and two managing directors of the board among the Japanese directors (Im 2001: 396). Most of its fifty personnel were Japanese, except for two technicians and three news broadcasters for Korean language programmes (Kang 2001: 70).

Programmes were initially broadcasted in either Korean or Japanese with the ratio of 1:3. However, the Korean language programmes were allocated to fringe times after 9:40pm, because the majority of audience were the Japanese who lived in Korea. Broadcasting contents were under strict censorship of the government. The producers were obliged turn in three scripts of every programme to the Censor Division of Communication Department before the broadcast. Government officials from the Communication Department had their office at the station and inspected the contents at the time of airing. They halted broadcasts promptly, using a ‘stopper’,
whenever the programmes were considered as inappropriate for its colonialist policy and social ethic. The station gave a priority to provide market information, weather reports, public announcements, and entertainment programmes. There were some similarities between the programming of Seoul and Tokyo. The broadcasting system played a liaison role between imperialists in Tokyo and colonists in Seoul, spreading Japanese cultural values (Kang 2001: 69-71).

The Kyongsong Broadcasting Station suffered financial difficulties as its result of the unsatisfactory audience size. At that time, the price of a receiver and the licence fee were too expensive. In addition, only 10% of Korean people could understand Japanese. The station tried to attract Korean listeners, allotting programmes in the Korean language to a separate channel. In 1933, it started an all-Korean language service channel alongside a Japanese one. It was a successful measure. By 1942, the number of listeners amounted to 256,802 and Korean receiver holders numbered more than the Japanese. However, the channel became just a translation service of the Japanese language service. During the Pacific War, the Korean language channel was shut down from 1943 onwards (Im 2001: 402-408; Kang 2001: 71-75).

7.2.2. The U.S. military regime

After the liberation of Korea from Japan, the U.S. military regime (1945-1948) controlled radio in Korea. It changed the name to the Korean Broadcasting System (KBS) and had KBS use a call sign of HL instead of the Japanese JO. Radio was still used as a propaganda tool. Korean employees, who had worked for propagating pro-Japanese ideology and anti-nationalism under the Japanese occupation, stayed in the broadcasting station, because of their experience. American military advisors allowed them to work for the U.S. military regime (Kang 2001: 75-76).
U.S. programmes and production skills were introduced under the U.S. military government. In 1946, it restructured the KBS into specific divisions such as the ‘continuity section’, the ‘production section’, and ‘news and special events’. It separated the duties of producer, editor, and reporter for the first time. It required KBS to broadcast American popular music for one hour a day, thereby promoting American programming formats and marketing strategies. KBS even relayed the broadcast of ‘the Voice of America’ from San Francisco. KBS adopted the commercial model of broadcasting, including audience participation programmes and survey-based programming that encouraged entertainment. The programming was a mix of public and commercial production. On the other hand, US officials censored the KBS radio news programmes and anti-communist discourse (Heo, Uhm and Chang 2000: 616; Kang 2001: 78).

In August 1945, South Koreans owned about 215,000 radio sets (Park, et.al. 1994: 163-168). About 35,000 radio sets were registered in 1948 and the number increased to 643,000 by 1961 (Kang and Kim 1994: 128).

Kang (2001) argues that the broadcasting system under the U.S. military government offers the broadcasting environment of the future. Strong state intervention in the broadcasting resulted in a broadcasting culture vulnerable to the government control. As the foreign government intensified its control on the contents concerning political issues, KBS emphasised entertainment programming. The features of KBS as being under government pressure and commercial oriented programming have their origins in this period.

7.2.3. The Rhee Government

In 1948, South Korea-officially, the Republic of Korea- was founded as a republic, with Dr. Rhee, Syngman as its first president. The Rhee government was more interested in the long-
term exercise of power through dictatorship than the achievement of economic growth. The maximization of foreign aid and import substitution constituted the two main strategies of development. However, this was not implemented by a deliberate state policy for the restoration of the national economy (Yoon 1994: 200).

The dominance of political power is one of the most distinctive features of Korean society after its liberation from Japanese colonial rule in 1945. The new state inherited the repressive ruling system of the Japanese colonial government. Thus, Korean state power implied the possibility of relative superiority from the beginning (Choi 2002: 45; Park, Kim, and Sohn 2000: 111).

The government nationalised the broadcasting media. President Rhee declared his concerns about the news media's 'careless reporting' on matters critical to the government's interest. He also permitted the first privately owned radio station, the Christian Broadcasting System (CBS) to inaugurate, because he is a Christian. As a result, the Korean National Christian Council established the first private radio station, CBS, and a dual broadcasting structure emerged in 1954. In addition, the first private radio station, Pusan MBC, launched its service in 1959 (Heo, Uhm and Chang 2000: 616).

South Korea initially adopted the U.S. commercial model of TV broadcasting. TV broadcasting was not launched by the Korean government but by RCA, the American TV manufacturing company in 1956. RCA introduced TV in order to sell its television sets. As in many other developing nations, the U.S. was able to establish a dominant position because it already had a worldwide distribution system for American films before the arriving of television (Lee and Joe 2000, 133). TV broadcasting began before the full development of radio broadcasts. This was not only premature, but it also started unplanned progress. The country was still struggling to repair the damage to its economic infrastructure caused by civil war. The
technological transfer of TV broadcasting can be understood as a result of RCA's international marketing to sell more TV sets to developing countries.

KORCAD's (the Korean branch of RCA) president, Joseph Miller maintained that it would try to improve the quality of life in Korea as well as to assist in the development of culture, education, and science (Yoon 1994: 198). However, the broadcaster, firmly based on the U.S. commercial model, faced financial difficulties because the Korean economy had not yet reached the level of mass production and mass consumption that is required for broadcast advertising. Moreover, the high price of imported television sets limited the size of the consumer audience.

In May 1957, KORCAD was sold to Chang, Ki-young, president of the Hankook Ilbo\(^{18}\), and its new name was DBC-TV. The government did not pay attention to this take-over because commercial TV had, until that time, proven to be financially unattractive. Experiencing financial instability, DBC-TV retained its commercial nature and technological dependence on RCA. In 1959, Chang withdrew the investment when the station burned down. Broadcasting was consigned to AFKN-TV, the American Forces Korea Network TV, as South Korea's last resort for continuous TV broadcasting (Yoon 1994: 198-199).

AFKN-TV regularly aired DBC-TV broadcasting until 1961. Yoon (1994: 198-199) argues that DBC-TV's temporary dependence on AFKN-TV has two significant implications for the early development of television broadcasting. First, this arrangement gave a chance for the Korean audience to tune in to the American military channel. Although half an hour was given to DBC-TV, AFKN-TV was able to successfully hold the viewers' interest with American programming, which was comprised of typical Hollywood-style entertainment. AFKN-TV had a significant impact on the development of a 'shadow audience' in Korea by popularising American culture. The AFKN's monopoly of TV broadcasting facilitated the penetration of

\(^{18}\) Ilbo means daily newspaper in Korean
American cultural values into the Korean ruling class. Second, AFKN-TV took over RCA's role in diffusing TV sets to Koreans. The unofficial purchasing route, through the tax-free PX, explained the number of TV sets increasing from 3,000 in 1958 to 7,000 in 1960. Im (2001: 441) also argues that the introduction of television broadcasting by RCA and its dependence on the U.S. determined the broadcasting system, technology, programming and content in Korea afterwards.

7.3. The Park government (1961-1979)

Gen. Park, Jung-hee came to power through a coup d'état in May 1961. The military regime reinforced the power of the state through the policy of state-run rapid industrial development. The division of the Korean Peninsula between South and North Korea also provided the basic conditions for nurturing the superior position of the state. The division that had made it possible to organise society for wartime mobilisation, justified dictatorial rule by the state and enlarged the military sector. Under these situations, the state enjoyed enormous power, suppressing and controlling not only political and economic forces but also the daily lives of people and their culture (Park, Kim, and Sohn 2000: 111).

Korean economic development is known as a typical case of the developmental state. The Korean government enjoyed state autonomy and had the ability to lead economic development. It attracted capital, oppressed and mobilised labour to enable the formation and growth of chaebol - a family-run Korean conglomerate. The government, especially the Economic Planning Board - a central decision-making agency - set up various economic development plans and allocated the duties and capital to chaebol. The Korean government also restructured the financial system by nationalising banks and placing the Bank of Korea, the central bank, under the authority of the Ministry of Finance. The government used the banks as a financial
instrument to control chaebol (Castells 2000; Koo 2001; Koo and Kim 1992: 126; Shin and Chang 2001). Shin and Chang (2003: 13) point out that the state-banks-chaebol nexus became the central feature of the Korean economic system. (see Figure 7.1) Choi (2002), however, argues that political power was superior to the bureaucrat’s technical rationality. He indicates militarism and the role of the security agency. At that time, economic development was considered the most important goal of the state, by which the regime wanted to be judged by the people concerning its legitimacy (Castells 2000; Koo and Kim 1992).

Figure 7.1. Korea’s nationalistic model

![Diagram of Korea's nationalistic model]

State → Industrial policy → Banks → Promotion → Chaebols

Loan guarantees and other mutual assistance

Marginalisation

SMEs

MNCs

Notes: SMEs: Small and Medium-sized Enterprises

MNCs: Multinational Companies

The Park government instituted a state-guided capitalism that stressed export-led industrialisation. However, Yoon (1994: 201-202) argues that this model marked the launch of South Korea's dependent development. Its characteristic was rapid economic growth at the expense of deepening financial dependency on foreign countries and political repression to keep domestic labour cheap. Dependent development of capitalism in the close interaction of the state, MNCs and local capitalists brought about rapid industrialisation. However, Korea suffered a particular pattern of dependent development in the process of the industrialisation in terms of context, type, and degree.

Yoon (1994: 202) also pointed out that the strong state is essential to dependent development. In Korea, the military regime provided the state with the base of power needed to control local capitalists who had not grown into a powerful class. Moreover, the absence of Multinational Corporations at that time put the state in a more advantageous position vis-à-vis both MNCs and local capitalists. Furthermore, the government acted as a national entrepreneur by developing state enterprises.

With the government's protection against MNCs, chaebols were able to swiftly accumulate capital, enjoying a monopoly of the national economy. Supported by the state's economic policies, they became the executors of economic development. If the state had not created favourable economic conditions for them, the economic power of the chaebols would not have been achievable. Therefore, during the 1960s and 1970s, the state, as a senior partner to chaebols, encouraged the chaebols to be competitive in the international market (Eun 1996; Shin and Chang 2003; Yoon 1994: 202-203).

Early Broadcasting was seen as an important instrument to consolidate national identity, security and development, as well as to provide support for Park's dictatorship during its 18-year regime through the application of severe censorship to contents (Lee and Joe 2000: 133).
The Park government set up the broadcasting laws to manage the increasing commercial broadcasting companies. The ‘Radio Wave Act’ (1961), the ‘Committee of Broadcasting Ethics’ (1962), and ‘Broadcasting Act’ (1963) were enacted (Park et al. 1994: 186).

Since the early 1960s, Korean broadcasting quantitatively and qualitatively expanded. The proliferation of commercial broadcasting companies - Seoul MBC radio (1961), Dong-A Radio (DBC, 1963), and Tongyang Radio (TBC, 1964) - contributed to the development of a mass consumption culture in 1960s and the 1970s. FM services also began in 1965 with the Seoul FM Broadcasting Company followed by the three other FM stations in 1970-Seoul MBC-FM, Pusan MBC-FM, and Taegu Korea-FM. Of the five main radio stations -KBS, CBS, MBC, DBC and TBC-, only KBS was state-owned and the others were private or commercial stations at that time. As Korea’s national economy grew, the radio industry became a major advertising medium. Newspaper ownership of radio stations increased significantly in the 1960s (Heo, Uhm, and Chang 2000: 616; Kang and Kim 1994: 129-130).

KBS, the state-managed broadcasting service, started KBS-TV in December 1961. It operated under the Ministry of Culture and Public Information. The government ran TV broadcasting because of its potential to diffuse a new social and political order within the context of the rapid social change. At that time, the government’s goal was to strengthen the national integration that had been devastated by the political struggles in the 1950s. It announced that its role was to encourage sufficiency and self-help in the audience and also aligned itself to the modernisation and unification of South and North Korea. Nevertheless, since it had been under direct the government control, it played the role of supporting and legitimising governmental policies by excluding any controversial aspects of political and economic fields.

The government decided to finance KBS-TV, by providing more imported TV broadcasting
technologies—chiefly from RCA. Despite the government's support through public loans, the finance of KBS-TV not only relied on advertising revenue, but it also imposed a subscription fee on TV set owners. The government also encouraged the diffusion of TV sets by allowing the sale of 20,000 tax-free sets imported from the U.S. and Japan.

Besides KBS-TV, two other commercial TV stations opened in the 1960s. The first was TBC-TV owned by the Samsung Group, a chaebol. Samsung also owned the Joongang Ilbo—a national daily newspaper—and radio stations. Samsung wanted to gain social power, via utilisation of its media (Cho 2003: 145; Sisa journal 2005). The station started TV broadcasting at Seoul and Pusan in 1964. It depended on domestic technology, the assistance of existing radio broadcasting companies and other technical institutions rather than foreign technology. Unlike other TV broadcasters, TBC-TV received little government assistance.

In contrast, the Park government supported the establishment of MBC-TV (1969) through government subsidy as well as through indirect assistance. MBC was owned by the 5•16 scholarship foundation, which was closely related to the regime. The government supported it in two ways, firstly by permitting the transfer of technology from a US firm, AMPEX and a UK company, Pye TVT and also the training of MBC-TV's technicians in Japan. In 1972, MBC-TV became a national network and broadcasted to nine local affiliates. MBC also purchased a newspaper company, the Kyunghyang Shinmun (Cho 2003: 145; Kang and Kim 1994: 112). Yoon (1994: 201) argued that the emergence of two commercial TV stations was not a coincidence but a logical result of the accelerated capitalist development since the early 1960s.

Thus, neither MBC nor TBC was independent. Direct control can be easily seen under the 1963 Broadcasting Act. On a monthly basis, the broadcasters had to report summaries of their broadcasting to the state. While they shared the state's economic interest, they committed themselves to keeping the terms of the economic relationship. In addition, TV broadcasters,
including KBS severely competed with each other to attract audience share. Scheduling more entertainment programming was their common strategy. 62 percent of three broadcasters' programmes were in the entertainment genres. Most of them were daily soap operas and imported programmes. This trend contributed to audience escapism and made the audience ignore social reality. Furthermore, this trend also helped the diffusion of capitalist ideology.

Moreover, the growth of the advertising industry encouraged by the rapid diffusion of TV sets accelerated the commercialisation of a TV culture and the dissemination of consumerism across Korea (Yoon 1994: 203-204).

Table 7.1. Advertising Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Newspaper</th>
<th>Magazine</th>
<th>Radio</th>
<th>TV</th>
<th>Outdoor and others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>59.7 (46.8)</td>
<td>8.3 (0.5)</td>
<td>26.3 (20.6)</td>
<td>17.8 (14.1)</td>
<td>15.2 (12.0)</td>
<td>127.3</td>
</tr>
<tr>
<td>1972</td>
<td>68.1 (35.9)</td>
<td>14.8 (7.7)</td>
<td>29.6 (15.6)</td>
<td>46.6 (24.6)</td>
<td>31.1 (16.2)</td>
<td>190.2</td>
</tr>
<tr>
<td>1974</td>
<td>89.6 (32.0)</td>
<td>12.6 (4.5)</td>
<td>64.0 (22.9)</td>
<td>96.5 (34.5)</td>
<td>17.3 (6.1)</td>
<td>280</td>
</tr>
<tr>
<td>1978</td>
<td>395 (30.4)</td>
<td>30 (2.3)</td>
<td>180 (13.8)</td>
<td>390 (30.0)</td>
<td>305 (23.5)</td>
<td>1,300</td>
</tr>
</tbody>
</table>

Note: Unit: 100 million won (1 pound=2,000 won); Numbers in the brackets mean percent

Source: Im 2001: 452.

On the other hand, Korean broadcasters developed local genres, for example daily soap operas. The growing popularity of these programmes came with the rapid dissemination of television sets in Korea (Lee 2001: 38-39). The increase of local relay stations and the domestic production of television sets encouraged more local audiences to watch TV. The rapid increase of audience size enlarged the advertising market, which also facilitated the development of the
broadcasting industry. In 1970, the television advertising revenue was still lower than those of radio and newspaper. However, it grew faster than other media and outdid them in 1974. (see Table 7.1)

Table 7.2. The dissemination of Radio and Television in Korea (From 1962)

<table>
<thead>
<tr>
<th></th>
<th>Radio</th>
<th>TV</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number ('000)</td>
<td>Per 1,000 people</td>
</tr>
<tr>
<td>1962</td>
<td>1,303</td>
<td>50</td>
</tr>
<tr>
<td>1965</td>
<td>1,961</td>
<td>69</td>
</tr>
<tr>
<td>1970</td>
<td>4,012</td>
<td>126</td>
</tr>
<tr>
<td>1971</td>
<td>4,100</td>
<td>128</td>
</tr>
<tr>
<td>1975</td>
<td>13,509</td>
<td>383</td>
</tr>
<tr>
<td>1979</td>
<td>14,880</td>
<td>394</td>
</tr>
<tr>
<td>1980</td>
<td>36,000</td>
<td>944</td>
</tr>
<tr>
<td>1985</td>
<td>41,000</td>
<td>1,005</td>
</tr>
<tr>
<td>1990</td>
<td>43,350</td>
<td>1,011</td>
</tr>
<tr>
<td>1995</td>
<td>46,000</td>
<td>1,023</td>
</tr>
<tr>
<td>1996</td>
<td>47,000</td>
<td>1,037</td>
</tr>
<tr>
<td>1997</td>
<td>47,500</td>
<td>1,039</td>
</tr>
<tr>
<td>2000</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>


According to Table 7.2, the penetration of Radio and TV receivers has increased continuously. The dissemination rates of radio and TV also reached so-called 'UNESCO
Minimum' - 20 per 1,000 people in the dissemination rates of radio and TV receivers - in 1962 and in 1971 each. In the 1960s, many rural villages were equipped with an inexpensive system providing a central receiver-amplifier station, which relayed radio signals to speakers installed in each household. The campaign for sending TV sets to rural villages was also implemented. By the end of the 1970s, TV sets were diffused into rural areas (Cho 2003: 154; Choo: 244; Kang and Kim 1994: 130).

The KBS Act was enacted on 30 December 1972. The KBS became public service broadcasting in 1973. The government owned the KBS whose finance was the licence fee. Its personnel were no civil servants more. However, it kept playing the role of government propaganda machine afterwards (Lee 1994: 379-381; Im 2001: 453).

As regards the political aspects, the government ushered in a length period of censorship, threats, jailing of news people, news management, enforcement of government-dictated 'ethics' rules, and governmental manipulation of the press. This oppressed the growth of civil society in Korea.

A formal law to restrict the press under the Park government was the 'Anti-Communist Law'. Versions of the 1961 Anti-Communist law, in effect through 1979 and beyond, typically included a provision prescribing seven-year prison terms for persons "praising, encouraging or co-operating with anti-state organisations or their constituent members, or engaging in acts otherwise favouring anti-state organisations." The threat that the government would construe political criticism as a conspiracy or an act 'favouring anti-state organisations' under the Anti-Communist Law served as an effective prior restraint on news analysis.

The 'National Security Law' (NSL) which was enacted and amended several times since 1958 is a notorious law against the country's dissidents. Under Article 7 of the NSL in particular, it is an offence for journalists, writers, editors, publishers or dissidents to engage in activities
"benefiting North Korea by praising it, encouraging it, siding with it or through other means, or preparing or conspiring to commit such an offence." (Sung 1994: 152-154)

The 'Press Card System' was the typical apparatus to control the mass media in Korea. The 'press card system' and the consolidation of 'reporters rooms' were additional types of control on the press under the Park government, which continued until the Chun government of the mid 1980s. The Ministry of Culture and Public Information issued press cards to approved journalists. This system resulted in drastic cuts in the number of accredited journalists in Korea. It made it impossible to gather news without the possession of a press card; as a result, journalists were intimidated and could not write critical reports against the government. This meant access only to government-controlled information.

The press assigned reporters to various government ministries, where they occupied reporter's rooms. However, the Ministry of Culture and Public Information announced a reduction in the number of reporter's rooms and reporters assigned to them, to one room per ministry. At the time, there were 47 reporters' rooms and 740 reporters assigned to cover the various ministries and major government agencies. Decreasing this to 19 rooms and 465 reporters limited access to information (Sung 1994: 154-155).

The government issued the infamous Presidential Emergency Decree No.1 that banned reporting on, and criticism of, the Constitutional amendment, the legal base of the Yushin system. Decree No.9 was also issued for the purpose of controlling the press (Kim and Lee 1994: 325).

During this period, however, the Korean audience was politically active people, who were able to 'read between the lines of messages' offered by government-controlled media and to understand 'social realities' in spite of being intentionally 'misinformed'. The audience also advocated the journalists' opposition to state intervention in press organisations and carried out
a campaign against the irresponsible power of the media. This was demonstrated during the journalist’s fight for press freedom at Dong-A Ilbo in 1974-5, which resulted in a mass dismissal of journalists.

In 1974, journalists at Dong-A Ilbo adopted a ‘Declaration on Practicing Freedom of the Press’, in which they resisted government’s illegitimate intervention in media activities and objected to the unlawful apprehensions of journalists by the state. At that time, the media had already been criticised by the public and suspected to fail to perform their responsibilities. The declaration expressed journalists’ resentment and their feeling of crisis. The declaration also influenced other newspaper companies.

Declarations by students, religious organisations, writers and scholars followed and advocated the Dong-A journalists. Many readers also telephoned the journalists to keep fighting for more accountable journalistic practices and to improve the functions of newspaper. Finally, the government intervened. The government compelled advertisers to repeal their advertisement placements in the newspaper and its subsidiary media companies, the monthly ‘Shin Dong A’ and Dong-A Broadcasting System (DBS). But the state’s illegitimate intervention provoked huge numbers of personal advertisement in the newspaper. Innumerable readers placed personal advertisements in the newspaper to support the journalists.

Nevertheless, the movement for freedom of the press finished when the company finally surrendered to the financial difficulties caused by advertisers’ boycott and fired 150 reporters and producers. Nonetheless, the incident demonstrated the existence of a politically ‘active audience’, who has criticised ‘the unfair practices of the media’ during the authoritarian regimes in Korea (Park, Kim, and Sohn 2000:118-119).

Gen. Chun, Doo-hwan took power after the political turmoil of 1979 caused by the assassination of President Park. The military junta announced martial law and apprehended dissenting politicians. In addition, he brutally suppressed the Kwangju Uprising by dispatching military troops and killed some 200 people there in May 1980. In February 1981, he elected himself as President.

Coming to power without popular support, the Chun regime found its legitimacy in the ‘development dictatorship’, seeking a high rate of growth and the oppression of labour, as with the Park regime. The Chun regime initiated liberalisation in major economic sectors. Both international and domestic capital kept up pressure on the regime. International capital wanted the Korean government to open its market to both foreign imports and foreign capital investment. Moreover, the IMF and World Bank demanded that the regime implement a substantial stabilization programme by freezing wages, lowering government expenditure and decreasing money supplies. At the domestic level, domestic capital wanted to save their businesses which were suffering, while the popular sectors demanded measures to control the growth of the chaebols and to enhance distributive justice. Liberalisation reduced government intervention in the economy, promoted market mechanisms through enhanced competition, opened the domestic market to foreign goods, and encouraged direct foreign investment. The regime also privatised the ownership of city banks, though it did not renounce its control over their personnel and key decision matters. However, its approach to media was different from other economic sectors because of its lack of legitimacy. The control of media is critical, in terms of the success of the coup and stabilisation of unauthorised power after the coup (Koo and Kim 1992: 140-141; Kim 1997: 75).

The coup regime approached media on the personal level and institutional level. On an
institutional level, the regime enacted the 'Basic Press Act' including the establishment of the public broadcasting system and other state-controlled institutions like the Korean Broadcasting Commission (KBC) and the Korean Broadcasting Advertising Company (KOBACO). The KBC was initiated as an authority on broadcasting. Though it became the highest authority in broadcasting policy, in reality it merely carried out the deliberative functions (KBC 2001a). At the personal level, leading journalists were won over to their side and dissident journalists were dismissed (Kim and Lee 1994: 326; Kim 1997: 81).

The regime decided to consolidate and rearrange newspaper and broadcasting companies in 1980. Accordingly, the 'Basic Press Act' forbade private ownership of broadcasting media. (Lee and Joe 2000: 133) Under this law, all radio and TV stations, except MBC for television and CBS and other religious broadcasting for radio, were integrated into the Korean Broadcasting System (KBS). The broadcasting system was reorganised to a public broadcasting system. Both TBC-TV and MBC were put under direct control of the state. TBC-TV was merged with KBS to be KBS2, and MBC transferred 79 percent of its share to KBS, thus placing MBC under the substantial ownership of KBS. Prohibited from broadcasting news programmes, CBS was only permitted to send evangelical programmes.

The Chun regime insisted that the purpose of this reorganisation was to counteract the dissemination of low-taste commercial culture and to protect TV stations from the state's intervention, by introducing the concept of public interest in TV broadcasting. However, this measure lasted only four months until KBS reintroduced TV commercials in the name of the promotion of mass media culture. After a short period of lip service to public service broadcasting, KBS-TV's hidden agenda could be seen. In fact, much political propaganda was mixed with commercial culture in its broadcasting. The Chun government, which lacked political legitimacy, employed a more oppressive media policy than the Park government did.
The government consolidated the broadcasting system in order to monopolise information sources and outlets for the purpose of political propaganda (Kim 1997: 84-86).

KBS and MBC continued to make ideological control through the exclusion or manipulation of any viewpoint that challenged the government's political position. In the 1980s, TV sets had spread all over the country. As a result, TV stations were able to attract a number of companies that wanted to use TV commercials to promote their products. The introduction of colour TV broadcasting by the Chun regime made the political and commercial roles of television even more effective (Yoon 1994: 204-205).

The former Park government planned to have initiated a colour TV service in 1974. In the mid 1970s, electronic manufacturers who were ready to produce colour TV demanded the introduction of colour TV, and North Korea had already introduced the service in 1974. However, the introduction had been delayed in the 1970s, because President Park himself regarded colour TV as a luxury good. He was afraid that it would arouse a sense of incongruity among the people. The government mainly banned the introduction for the ideological reasons.

Korean television adopted the NTSC standard to make colour television compatible with the incumbent black-and-white TV set. In December 1980, KBS and MBC conducted an experiment with colour television, and began colour broadcasting by 1 January 1981. Colour TV was introduced successfully at an enormous diffusion rate. By 1985, almost 60 percent of Korean households owned colour TV sets. The introduction of colour TV was initially delayed and arose alongside Korea's economic prosperity (Kang and Kim 1994: 115).

Reform of the advertising industry followed a rearrangement of the broadcasting media. In January 1981, the Korean Broadcasting Advertising Corporation (KOBACO) was established to control an advertising industry through the 'Korean Broadcasting Advertising Corporation Act', enacted on 31 December 1980. The primary role of KOBACO was to supervise broadcast
advertising that was already monopolised by the state. KOBACO was given the authority to grant accreditation to advertising agencies. KOBACO instituted extremely rigid conditions that went far beyond the financial capabilities of small and medium-sized agencies. Several chaebol-associate agencies that were able to satisfy those conditions could have access to broadcasting advertising. The affirmed advertising agencies negotiated their advertising business with KOBACO. It decided the advertising fees for each time zone and collected a commission to connect TV and advertising companies. Audience ratings were not considered particularly important (Eun 1996; Lee and Joe 2000: 133; Yoon 1994).

Figure 7.2. Advertising Procedures

![Diagram of advertising procedures]


The development of the local advertising industry was obstructed by KOBACO's monopoly of the domestic advertising market. It also had a different effect. In spite of Korea's dependence on foreign capital and investment, KOBACO's protective advertising policy kept domestic agencies insulated from the direct penetration of transnational advertising agencies. Though it has not been comfortable at all times, the cooperative relationship between the state and chaebols is shown by the fact that KOBACO retained advertising revenue by domestic affirmed advertising agencies rather than by transnational agencies (Yoon 1994: 205-206).

At the personal level, many dissident journalists were dismissed by so-called 'clean-up campaign'. The campaign intended to purge intellectuals and journalists, as well as corrupt
officials and politicians. The total number of dismissed media workers was 933, including 705 journalists, from major newspaper and broadcasting companies (Kim 1994: 155). The criteria for the dismissal of journalists included (Kim 1997: 84);

(1) those considered sympathetic to socialist ideas or lacking in anti-communist zeal;

(2) those with a record of criticism of the government;

(3) those who campaigned for freedom of the press during the political turbulence of May, demanding the lifting of martial law censorship;

(4) those considered to have close personal relations with either opposition or former government politicians;

(5) those considered corrupt, either through taking pay-offs or running side businesses.

On the other hand, some leading journalists who cooperated with the new regime found their way into the new regime as high rank politicians and officials. They became heads of major media organisations, and were eager to manage their media for the purpose of the regime's propaganda. As a reward, they were promoted to higher political positions such as ministers or presidential advisors. The KOBACO produced public funds, which were supposed to be used in promoting the public good. However, a lot of funds were used as enticements for journalists. They were offered to finance journalists' travel, housing purchase, scholarships for themselves and their children. As a forced consolidation, the media enjoyed an abundant cash flow. Media companies became big corporations during this regime. In 1988, both KBS and MBC earned 421 million dollars and 196 million dollars of annual revenues each. These revenues are almost three times larger than those of 1981. The income of media workers was also much higher and placed them at the edge of the middle class (Eun 1996; Kim 1994; Kim
The so-called 'guidelines for reporting' existed from 1980 to 1987. The government issued them to control news reporting. The guidelines detailed not only what should be reported but also what should not on the day. They also decided the priority of the news, pictures, and even the size of headlines for certain stories. The press faithfully followed the guidelines. Statistics show that the daily newspapers published in Seoul observed 70-80 percent of the guidelines. Especially, broadcasting guidelines for reporting came directly from the Korea CIA and the Ministry of Culture and Public Information, while newspaper guidelines came from the Ministry. The guidelines also included the reporting of the correspondents (Park et al. 1994: 210). As the society became democratised, direct control of the media by the government through 'censorship', 'manipulation', and other methods was relaxed. Instead it was supplanted by a 'mechanism of indirect control' (Park, Kim and Sohn 2000: 113).

There was some resistance from civil society at that time. This empowered organised audience movements in the 1980s. Audience movements at the time took the form of campaigns for critical understanding of the broadcasting media. Churches and some civic groups led the movement to educate the audience in the early 1980s and contributed much to raising public awareness of the problem. This movement finally supplied the basis for an active civic campaign against the KBS (Park, Kim and Sohn 2000: 119).

While the state-controlled broadcasting grew remarkably in terms of revenue size, due to both advertising revenue and the TV licence fee (see Table 7.3), the political bias of KBS triggered resentment from the audience. People began to question the public service broadcaster. Feelings of alienation, negative feedback and complaints about KBS were embodied in a movement to boycott the TV licence fee. This movement was introduced by the minorities that were still peripheral in the development process. In 1982, for example, farmers in a southern
village got so angry at a distorted agricultural report that they even refused the subscription fee. The movement grew larger reaching neighboring villages and was finally organised by religious and opposition leaders. The overwhelmingly positive response to the boycott bewildered the KBS.

The nationalisation of the broadcasting system in the name of public service broadcasting brought about a state-controlled commercial broadcasting that aggravated the polarization of national culture. At that time, the nationalistic commercial culture reflected the interests of the state and capitalists, while the indigenous culture reflected an excluded class that was developing capitalist characteristics.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Revenue</th>
<th>Growth</th>
<th>% in Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>60,301,081</td>
<td>-</td>
<td>56.2</td>
</tr>
<tr>
<td>1982</td>
<td>77,721,093</td>
<td>28.9</td>
<td>49.2</td>
</tr>
<tr>
<td>1983</td>
<td>98,881,684</td>
<td>27.2</td>
<td>46.6</td>
</tr>
<tr>
<td>1984</td>
<td>114,876,530</td>
<td>11.6</td>
<td>42.2</td>
</tr>
<tr>
<td>1985</td>
<td>107,967,428</td>
<td>-6.1</td>
<td>40.5</td>
</tr>
<tr>
<td>1986</td>
<td>96,632,282</td>
<td>-10.5</td>
<td>37.5</td>
</tr>
<tr>
<td>1987</td>
<td>91,882,923</td>
<td>-4.9</td>
<td>34.2</td>
</tr>
<tr>
<td>1988</td>
<td>79,003,373</td>
<td>-14.0</td>
<td>23.4</td>
</tr>
<tr>
<td>1989</td>
<td>103,995,780</td>
<td>31.6</td>
<td>26.8</td>
</tr>
<tr>
<td>1990</td>
<td>122,964,716</td>
<td>18.2</td>
<td>28.0</td>
</tr>
</tbody>
</table>

Note: Unit: Thousand Won

Source: Kim 2000: 106.
KBS took advantage of big sporting events such as the 1986 Asian Games and the 1988 Seoul Olympic Games. The games were connected to the success of various governmental policies in order to propagandise the regime and to promote the idea that national integration was urgent. On the other hand, Korea was under pressure to open its advertising market from transnational advertising agencies, MNCs, and the liberalised financial industries. They wanted to use the 1988 Seoul Olympics to reinforce their commercial activities in the Korean market (Yoon 1994: 206-207).

Yoon (1994: 207) argues that, at the end of the Chun regime, both KBS and KOBACO felt pressure both from the anti-KBS campaign internally and from the transnational advertising agencies interested in the Korean advertising market externally.

7.5. Civilian government (1988- present)

In this section, democratisation, marketisation and globalisation of Korean broadcasting industry are dealt with. In addition, recent changes in the telecommunications industry are examined, concerning the convergence between broadcasting and telecommunications.

7.5.1. Democratisation

In the face of the massive anti-government demonstration of June 1987, Roh Tae-woo, then chairman of the ruling party, promised political reforms concerning media. "The government can not control the media, nor should it attempt to do so." This announcement became a watershed in the history of the development of the Korean media. Various restrictions have been abolished in favour of press freedom. The Basic Press Act was also repealed. It was replaced by the Broadcasting Act and the Act on the Registration of Periodicals.
The democratisation of Korean society has influenced the broadcasting industry. Broadcast journalists, with greater autonomy, resisted submission to media management and preferred unionisation in order to counter both the government and management’s arbitrary exercise of power. In January 1989, the Korean Federation of Press Unions (KFPU) held its inaugural meeting with 41 institutional members and about 13,000 individual members participating from across the country.

In the General Principles of KFPU, the federation articulated its goals as follows: to secure the freedom of the press and the practice of a democratic press; to construct the solidarity of press unions as a whole; to improve the political, social and economic conditions of media labour; to act for the solidarity with other democratic labour union movements and other civilian movements; to reject the governmental and managerial intervention on the editorial and programming processes of the journalists; to remove the authoritarian and anti-democratic factors in the internal structures of media (Lyu 1994: 6).

As the union increasingly claimed a greater degree of workers’ control over broadcast production, the movement toward ‘newsroom democracy’ was born in 1989. According to Lyu (1994), the press union movement since 1987 has secured many achievements concerning the internal democratisation of media and the journalistic autonomy. There are two main aspects in the internal democratisation of media structure. First, journalists take part in editorial decision-making. The other is the participation in the general management affairs of press organisations.

However, the union’s challenge to owners and management with regard to the issue of ‘editorial right’ was opposed by government and owners. In the broadcasting industry, the union’s effort to partake in the management of production process was not fruitful, because of state intervention. The Roh, Tae-woo government made it clear that the union’s demand to
participate in the management of state-owned broadcasting organisation was illegal. (Yoon 1994: 207-208) At that time, the government tied the KBS and MBC under its control. There were severe broadcasting unions' protests against the government, though a KBS strike was crushed by the riot police. (Im 2001: 472-479).

The union has continued to struggle for the internal democratisation of media. Since 1995, 'Mediaonul' has been published to monitor the media environments interaction with people. This weekly newspaper was originally the special newspaper of KFPU. In January 1997, press unions participated in a general strike that protested against the revision of labour law.

Media organisations laid off about 4,150 employees between the IMF bailout in December 1997 and April 1998, because of economic difficulties in the media industry. The KFPU and civic organisations protested against the layoffs.

As an industrial union, the National Union of Mediaworkers (NUM) was also instituted in 2000. It is included in the KFPU. The number of the NUM and KFPU members amounts to 15,445 and 18,312 each as of January 2004. The unionisation rate in terrestrial broadcasting companies is high and reached 61.6% by January 2004, while most of the cable and satellite programme providers and station operators do not have a union. Such companies are usually small and newly established. Thus, the employees are vulnerable to managerial power. For example, in 2004, 80% of the employees in KMTV, a cable programme provider, were laid off during the merger and acquisition process with CJ media (Sun 2004). In addition, the problem of casual workers is a major issue. They are unprotected and powerless.

<Civic organisations>

In the 1990s, class-based radical social movements were replaced by new social movements, which stress issues such as the environment, economic justice, women and regions.
In the 1990s, the number of civic organizations also increased from 1,750 to 4,023 (See table 7.4). Facing the marketisation of broadcasting industry, audience movements changed their direction. In the 1980s, audience movements were oriented towards political independence of broadcasting, but those of the 1990s were directed at the independence of broadcasting from excessive commercialism. Mostly, civic organisations have changed their ideology because of the end of the Cold War. In addition, broadcasters have been in fierce competition, since commercial broadcasters and cable television began operation. At an early stage, audience organisations were aligned for media education and monitoring activities as an effect of the KBS-TV licence fee boycott movement. They were mainly organised by religious and feminist groups. Since 1992, the programmes and newspaper articles during the election period have been monitored in terms of the political fairness. Anti-payola ('chonjie') campaign and the 'turn off television today' campaign in 1993 were some of main events of the 1990s. The first aimed at the reform of the corrupt journalistic practices, and the other encouraged citizens to protest against public service broadcasters' excessive commercialism in TV programming (Kim 2001).

Table 7.4. Number of Civic Organisations established in Korea

<table>
<thead>
<tr>
<th>Date</th>
<th>Number started</th>
<th>Percent of total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 1960s</td>
<td>229</td>
<td>5.7</td>
<td>229</td>
</tr>
<tr>
<td>1960s</td>
<td>290</td>
<td>7.2</td>
<td>519</td>
</tr>
<tr>
<td>1970s</td>
<td>362</td>
<td>9.0</td>
<td>881</td>
</tr>
<tr>
<td>1980s</td>
<td>869</td>
<td>21.6</td>
<td>1,750</td>
</tr>
<tr>
<td>1990s</td>
<td>2,273</td>
<td>56.5</td>
<td>4,023</td>
</tr>
</tbody>
</table>

Source: Kim and Hamilton 2006: 553
After Kim, Dae Jung, who was a long time liberal dissident, was elected as President, and a media reform movement was initiated. According to an audience survey done by KPF (Korea Press Foundation) in 1998, 93.4% agreed to the necessity of media reform (Kim and Hamilton 2006: 555). There is a broad agreement on two basic goals of media reform. The first is to improve the transparency of media management and guarantee free and fair competition. The other is to make the media a democratic forum in which all citizens can take part free and equally. This media reform movement has been supported by the KFPU and progressive civic organisations. Especially, the People's Coalition for Media Reform (PCMR) was organised in August 1998 by 33 separate civic organisations. It is the largest media democratisation movement organisation ever. The PCMR announced that the Broadcasting Act and the Act on the Registration of Periodicals should be democratically enacted and revised as people's media (Yang 2002; Lee 2001: 25). It also pledged to fight for the reform of the press through changes in legal and media structures, media education, and a push for alternative media. In particular, the coalition aimed to establish editorial independence by keeping it against the management and to fight against monopoly ownership of chaebols and media barons (The Korea Herald, 28 Oct 1998).

Political changes also influenced alternative media. During the 1970s and 1980s when many major media became propaganda tools of the government, alternative media in various forms were produced and circulated by students, labourers and religious organisations. These media were produced without the official licences, as were underground booklets, discs, and videotapes. They were often distributed among progressive social groups. The producers of these unlawful discs and videotapes have now grown as independent producers in order to lead 'alternative media movements' (Park, Kim and Sohn 2000: 119-120). As time goes by, Korean alternative media which had been centered on the low class 'Minjung' changed to various topics
like women’s issues, environment and sub-culture. The development in technology such as digital cameras and editing systems has also permitted these groups to make a higher-quality medium at a lower cost. ‘The Media Centre’ and the public access channels such as the ‘Citizen Channel’ were also officially allowed and in operation in 2002 (Ahn 2001; Mediaonul, 23, May, 2002).

<Newspaper Industry>

In 2000, the Broadcasting Act was enacted, reflecting the demands of the media reform movement (see Chapter 8). However, newspaper reform has been more difficult. Recent affairs in the newspaper industry show the relationship of the state and media in Korea. Kang (2005) describes the current Korean media situations as a ‘Media War’. There are conflicts between major newspaper companies, public service broadcasters and the government. Major newspaper companies and public service broadcasters have monitored and blamed each other. Yoon (2001) describes the current media situations as ‘press-party parallelism’.

The Korean newspaper market has been dominated by 3 conservative newspaper companies - Chosun, Joongang and Dong-A. The companies played a role of propaganda institutions of the Korean state under the authoritarian regime. Since democratisation, the power of newspaper companies has increased. They wield their political power over Korean society. They defend dominant ideologies such as ‘pro-Americanism’, ‘the divided nation’ and ‘capitalism’ (Lee 2001). They supported the conservative Grand National Party (GNP) candidate, and attacked the former and current Presidents during presidential elections. In the 1997 election, the chairman of the Joongang daily even delivered Samsung’s money to a candidate in secret (Kim 2005; Yang 2005b).

Then President Kim, Dae Jung undertook a media tax audit in 2001. At that time, it led to a
debate about the government’s motivations. The President made a statement on media reform, which intended to encourage transparency and accountability in the news media. The progressive Hankyoreh Shinmun, minor newspapers such as Kyunghyang Shinmun, then government-owned Daehan Maeil and the public service broadcasters supported the audit along with the civic organisations such as the PCMR and the Citizens’ Coalition for Democratic Media (CCDM). They insisted that the media’s special privileges like exemption from tax audits had resulted in corrupt management and irresponsibility. In addition, company owners are said to personally appoint key editors, suppress stories critical of their interests and keep strong ties with certain political parties. In contrast, the major newspapers and GNP argued that the tax audit was politically motivated to control media and repress criticism. They also argued for self-regulation (Yang 2002).

Economically, most Korean newspaper companies have suffered financial hardships. Some of the reasons are the expansion of on-line newspapers, declining newspaper readership among young people, and free newspapers. The newspaper companies themselves have unfairly competed, providing free papers and expensive free gifts to new subscribers. As a response, major newspaper companies want to enter the terrestrial broadcasting industry. They have asked for amendments to the broadcasting law to enter the market.

The newspaper law and press arbitration law were revised in 2005 in different ways. Both ‘the Act Governing the Guarantee of Freedom and Functions of Newspapers, etc.’ and ‘the Law Governing Press Arbitration and Damage Relief’ became effective on 30 July 2005. The former is a revision of the Act on the Registration of Periodicals. The latter merged the features of the Act on the Registration of Periodicals and the Broadcast Act into a single law dealing with press arbitration and damage relief.

According to a government announcement, the purpose of newspaper law is to help the
financially strapped newspapers and simultaneously empower the rights of newspaper readers. The act requires on-line newspapers to register with the government. Moreover, it set up a Newspaper Development Council and a Newspaper Distribution Agency. It encourages newspaper companies to establish readers’ rights committee and an extended editorial committee. The laws also seek to prevent newspaper companies from owning broadcasting like general programming and news channels (Article 15.2).

According to article 17 of the newspaper law, if a general-purpose daily or a specialised daily occupies more than 30 percent of the total market, it will be designated as a dominant market player. If three dailies occupy more than 60 percent of the total market, they will be designated as dominant market players. If the dominant player engages in unfair business practices, the Fair Trade Commission may issue a desist order and impose penalties.

The Arbitration Law permits readers of traditional and on-line newspapers, who feel they have been victimised by newspaper articles, to file compensation petitions against relevant newspapers through the Arbitration Commission.

Chosun and Dong-A newspaper companies filed petition against the Newspaper Law and Press Arbitration Law with the Constitutional Court. Their particular concerns are; social responsibility, ban on newspaper ownership of broadcast media, anti-trust regulations, newspaper development funds, newspaper subsidies and the role of the Press Arbitration Committee. They argue that the government attempts to manipulate the market and censor the press in the name of the public interest. As they put it, the two acts violate constitutionally protected rights such as freedom of expression and economic freedom. The opposition party, the GNP also submitted a revision to the Newspaper Law. Then GNP chairwoman Park, Geun-hye told a party meeting it would prepare a revision to the law, “designed to eliminate all provisions that are incompatible with international standards and the free market economy.” (The Chosun
The Constitutional Court struck down article 17 and a related article that discriminated against major newspapers based on their market share (The Chosun Ilbo, 30 June 2006; The Dong-A Ilbo, 30 June 2006).

However, the government argued that it has the responsibility to ensure the market order in which the press will be able to perform its proper functions, and its duty to protect citizens from possible abuse of power by the press and offer citizens means to be compensated when they are unfairly treated. Minor newspaper companies welcomed the newspaper law, because of the joint newspaper delivery system and government financial support. The minor newspaper companies were unable to penetrate the distribution networks of major newspapers because of their organisational and financial capacities. They asked the government to provide 165.1 billion won (approx. 83 million pounds) to set up nationwide joint distribution centres (The Korea Times, 13 June 2005). The NUM and some civic organisations also welcomed the laws as a stepping-stone for real media reform. For instance, the NUM had a five-day bicycle rally across the country to campaign against the GNP's move to remove the controversial points in its revision bill. According to a statement from the PCMR, "we urge the relevant authorities to make judgments in light of normalising the distorted newspaper market structure and serving the public interest, not for newspaper conglomerates." (The Korea Times, 19 July 2005) The current government has wielded its power over the newspaper industry in coalition with minor newspapers, public service broadcasters, civic organisations and the press union. The main aims of the government and media activists are the reform of the current oligopolistic newspaper market structure and securing media diversity. However, major newspaper companies highlight the government's attempt to transgress press freedom. In reality, they want to enjoy their business freedom and to expand their power into the broadcasting market.
7.5.2. Marketisation

After Roh, Tae-woo’s government (1988-93), several private broadcasting stations were permitted on a national or regional basis. In addition to terrestrial broadcasting, private cable stations and satellite broadcasting began operations.

A major change in TV broadcasting occurred during 1990 when new broadcasting laws were passed at the National Assembly. Three laws allowed the Korean government to control the ownership and programming of the country’s broadcasting industry: the 1987 Broadcast Act, which covered the overall broadcasting industry; the 1987 Korea Broadcasting System Act, which covered the state-owned broadcasting systems; and the 1980 Korean Broadcasting Advertising Corporation Act, which makes KOBACO the exclusive sales agent of broadcast advertising under the supervision of the Ministry of Culture and Tourism (MCT). Under these laws, the Ministry of Information (MI) has the authority to draft and execute basic policies governing Korean broadcasting in general. The Ministry of Information and Communication (MIC) deals with administrative duties related to broadcast technologies and licensing. The KBC determines operational and programming aspects (Heo, Uhm and Chang 2000: 622). Moreover, a new cable law was enacted to accommodate the cable system in December 1991 (Han 1994).

The marketisation of the broadcasting industry occurred with the amendment of the Broadcasting Act in April 1990. The Seoul Broadcasting System (SBS-TV), owned by 39 private companies, received a license in December 1990. The National Assembly also enacted a cable television law in December 1991 that enabled the establishment of cable TV for the first time in Korea in 1995. In the same year, four private regional TV stations-KBC-TV, TBC-TV, TJB-TV, and PSB-TV started broadcasting. In 1997, the government allowed the establishment of four more commercial regional TV stations-UBC-TV, ITV-TV, JTV-TV, and CJB-TV, and in
2001, JIBS-TV and GTB.

The introduction of the new competitive broadcasting system resulted from a political calculation. Facing the broadcasting unions’ resistance, the Roh, Tae-woo government determined to permit commercial broadcasters to compete with KBS and MBC (Kim 2001: 100).

The new laws allowed for commercial radio systems. New commercial radio channels were launched. In the face of the challenge of television, radio lost a large number of listeners and advertisers throughout the 1970s and 1980s. Television compelled radio stations to place themselves through specialised programming including classical music, popular song and minority-oriented programmes. Specifically, commercial radio stations strived to survive by introducing new programme formats and ‘niche programming’ in the 1970’s. In 1990, the revised Broadcasting Act facilitated more specialisation of radio stations. In the early 1990s, five new radio stations started broadcasting: the Buddhist Broadcasting System (BBS), the Pyonghwa Broadcasting Corporation (PBC), the Traffic Broadcasting System (TBS), the Educational Broadcasting System (EBS), and the Seoul Broadcasting System (SBS) (Heo, Uhm and Chang 2000: 616).

Under the Kim, Young Sam government (1993-1998), the MI tendered cable TV programme providers in August 1993, and finished selecting cable system operators and network providers in January 1994. The introduction of cable television was economically motivated. It was expected to bring economic growth and the potential for greater employment (Han 1994: 137).

At that time, among the 20 selected programme providers, most of the potentially lucrative fields were allotted to the chaebols. Samsung took movies and culture; Daewoo took movies; Hyundai took entertainment; and LG took LG Homeshopping. At that time, chaebols also invested in the film industry. They expanded their businesses into the audiovisual industry.
However, Samsung, Daewoo and Hyundai withdrew from the cable and film businesses during the Asian financial crisis. Instead, CJ and Dongyang confectionery became leading entertainment companies.

Newspaper companies have extended their business into new electronic media. Three major newspapers, Chosun, Joongang, and Dong-A, set up new media sections in their companies in 1994, providing a basis for full-scale competition in the area. To accommodate new communication technologies and overcome the limits of print media, they began business such as electronic bulletins and electronic newspapers. They also entered cable TV and satellite broadcasting markets. The Joongang Ilbo has Joongang Broadcasting that owns Q Channel, the Consumer Channel, the History Channel and Star Network. Maeil Business Newspaper has MBN (Maeil Business TV News), a news channel.

The privatisation of broadcasting promoted publicly the rationale that it would increase diversity of content and viewers' choice, and provide adequate channel capacity for burgeoning advertising demand. The question of ownership form was not discussed in case of cable television and regional broadcasting except for SBS. Debates concerning cable television were mainly focused on the proper time of launch for the service. Policymakers undoubtedly accepted private ownership in CATV and regional television (Kim 2000: 92).

The MI published a five-year development plan for the broadcasting industry in 1995, which emphasised the importance of competitiveness in the broadcasting media (Ministry of Information 1995: 66). As Park, Kim and Sohn (2000: 116-117) put it, government officials who had viewed broadcasting merely as an instrument of keeping power began to realise that broadcasting is an industry.
7.5.3. Globalisation

Globalisation is a two-way process in Korea. On the one hand, the Korean broadcasting industry has become vulnerable to global capital and global media conglomerates. On the other hand, Korean programmes and films are exported to foreign countries, especially neighbouring Asian countries.

<After the Asian crisis>

In November 1997, the South Korea economy came under IMF control. As Korean economic difficulties unfolded, IMF officials insisted on opening Korea's capital market to foreign investors. This policy led to the deregulation of all media sectors, a condition that even the WTO had not been able to impose on the Korean media industry. Heavily indebted chaebols could no longer protect their newspapers and cable TV companies. Broadcasting companies, which had been beneficiaries of a highly protected market, had to face up to global competition. Global media conglomerates were allowed to enter the Korean market. Before Joining the OECD, the government had banned the entry of foreign media or foreign investment into the Korean media market. However, since the IMF crisis, the government has tried to attract foreign investment in all sectors, including the media. In an effort to encourage more overseas investments, the government revised the Foreign Investment Promotion Law.

The Broadcasting Act of 2000 finally adjusted the Korean regulatory scheme to this demand from the market (The Act is analysed in detail in Chapter 8). The Act represented the privatisation of the government's media control. The Act, which extends the allowance of foreign capital, exhibits a cautious approach. In cable and satellite broadcasting, foreign investment is allowed for up to 33% of a broadcasting company's shares, but it not permitted in terrestrial broadcasting (Kim and Hong, 2001; The Broadcasting Act of 2000).
<table>
<thead>
<tr>
<th></th>
<th>Current Situations</th>
<th>Foreign Demands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadcasting</td>
<td>- Foreign programme quota (total)</td>
<td>- Foreign programme quota needs</td>
</tr>
<tr>
<td></td>
<td>(terrestrial broadcasting: 20%; cable and satellite: 50%)</td>
<td>abolishing</td>
</tr>
<tr>
<td></td>
<td>- Foreign broadcasting re-transmission: 10%</td>
<td>- The re-transmission limit needs</td>
</tr>
<tr>
<td></td>
<td>- Limits on the shares of CATV: 49%; satellite broadcasting: 33%</td>
<td>abolishing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Limits require expansion (U.S. and Taiwan)</td>
</tr>
<tr>
<td>Newspaper</td>
<td>- Limits on the shares in daily newspapers: 30%</td>
<td>- Fully open (U.S. and E.U.)</td>
</tr>
<tr>
<td></td>
<td>- Limits on the shares of other periodicals: 50%</td>
<td>- Fully open</td>
</tr>
<tr>
<td>News agency</td>
<td>- Foreign agencies can distribute news through Korean news agencies.</td>
<td>- Direct distribution of news (E.U. and Taiwan)</td>
</tr>
<tr>
<td>Advertising</td>
<td>- Possibly treated as nationals</td>
<td>- Fully open in the broadcasting advertising market (U.S. and E.U.)</td>
</tr>
<tr>
<td></td>
<td>- KOBACO’s role of broadcasting advertising agency</td>
<td></td>
</tr>
</tbody>
</table>

Sources: Kim 2002: 93-94.

In 1994, the Korean Press Research Institute (KPI) and Korean Broadcasting Institute (KBI) estimated that the expected pressure to open the broadcasting market in Korea could be categorised into three aspects. First, it is necessary to eliminate barriers so that foreign
investors can participate in existing domestic programme production markets. Second, global media channels, such as CNN and MTV should be able to enter the market without embarking on joint ventures with Korean companies. Third, it is necessary to remove any quota on government communication policies and how the domestic media market responds to pressure from global markets, especially in relation to programmes and ownership. Table 7.5 reveals the global media conglomerates' entries into the Korean mediascape.

The government influence over media has weakened since the late 1980s, while the power of the local capitalist has strengthened. However, the IMF bailout programme seems to have reversed the trend to some extent. A sudden drop in advertising has left many cable and regional commercial television channels in financial difficulties. Newspapers that used to be owned by chaebols have also experienced financial hardship since the chaebols gave up their ownership. Many of these media companies are obviously seeking government support, including the arrangement of loans in order to survive (Park, Kim, and Sohn 2000: 117; Kim and Hong 2001: 89-90). However, it could be a temporary situation. As the Korean economy recovered from economic crisis, chaebols reversed the agreements on chaebol reform. In reality, chaebol's market concentration ratio in Korean economy has rapidly increased since the Asian crisis (Yoo 2005: 48-49).

The invasion of Japanese commercial culture has been discernible since the early 1970s when Japan started to extend its business to Korea on a full-scale basis. Besides the direct attraction of Japanese TV in the southern part of Korea, especially the Pusan area, Korean producers who work on a new programme have sometimes copied Japanese programmes in various ways (Lee 2003; Yoon 1994: 204).

The Korean government has officially decided to lift a 53-year-old prohibition against the import of Japanese comic books, magazines, movies, and even the broadcasting of Japanese
programmes. The Korean government has gradually opened up to Japanese pop culture. Products of Japanese pop culture had been banned officially because of the deep animosity of Koreans towards their former colonial rulers (Heo, Uhm and Chang 2000: 630; The Korea Times, 22 Oct, 1998).

Since 1991, the advertising industry has been totally open to foreign capital. Before 1987, there was no foreign advertising agency in Korea. However, in 1988, KOBACO abolished its recognition criteria concerning the domestic capital base of advertising companies, in response to the growing global pressure to open the advertising market, especially from the U.S. government. In 1991, the share of foreign advertising agencies was merely 1.8% in terms of total billings. After the IMF bailout programme, the share has rapidly increased from 7.6% in 1998 to 38.0% in 2003 (Eun 1996; MCT 2005: 271).
Table 7.6. Global Media Conglomerates in Korea

<table>
<thead>
<tr>
<th>AOL Time Warner (US) → Warner Brothers Korea (Movie, Video), Warner Music (Record)</th>
</tr>
</thead>
<tbody>
<tr>
<td>OCN (HBO owns 33% of its share), Tooniverse (TBS Korea Inc. owns 17.5% of its share)</td>
</tr>
<tr>
<td>CNN International (contracted with CSTV Korea), Time, Fortune</td>
</tr>
<tr>
<td>Disney (US) → Walt Disney Company Korea (Movie, Video), Buena Vista (Movie, Video), MBC-ESPN (ESPN owns 33% of its share)</td>
</tr>
<tr>
<td>NewsCorp (US) → 20th Century Fox Korea (Movie, Video, DVD), Fox Music (Record), Fox Video (Video)</td>
</tr>
<tr>
<td>→ Star TV → Channel [V] Korea ← Doremi Media</td>
</tr>
<tr>
<td>Sony (Japan) → Sony Music Korea (Music) Columbia Tristar Movie (Movie, Video, DVD), Sony Playstation, HBO Asia (Shareholder)</td>
</tr>
<tr>
<td>Vivendi Universal (France) → Universal Pictures Korea (Movie, Video, DVD)</td>
</tr>
<tr>
<td>→ Polygram (80%) → Polygram Korea ← Sungeum (Korea 20%)</td>
</tr>
<tr>
<td>Bertelsman (Germany) → Bertelsman Korea, Korea BMG (Record)</td>
</tr>
<tr>
<td>Viacom (US) → Paramount (Movie, Video)</td>
</tr>
<tr>
<td>→ MTV Asia (2.44%) → Music network (MTV, m.net) ← Sony music (Japan 6.02%)</td>
</tr>
</tbody>
</table>

Note: The arrow stands for investment relations.

Source: Kim 2002: 84.

<Korean Wave>

Korean media including Korean soap opera, pop song and films are prominent in Asian countries such as Japan, China and Taiwan. ‘Korean Wave’, so-called ‘Hanryu’, is mainly due to
the media marketisation and globalisation in Asia. The improved quality of Korean programmes and films, the increase of Japanese programme rates, the decrease of Hong Kong movies and the launch of satellite and cable in Asian countries are considered the contributions to Korean Wave (Seri 2005). In addition, the Korean government's deliberate promotion policy and enhanced management skills in the cultural industries contributed to the current Korean Wave. On the other hand, it could be argued that the Korean Wave is a form of cultural imperialism. Korean capitalistic lifestyle in the programmes and films has attracted audiences in the less developed Asian countries. In this context, Korea plays a role of semi-periphery in the global cultural market.

In the early stage of Korean Wave, the China Central Television Station (CCTV) aired a Korean TV drama serial, 'What is love all about?' in 1997. The CCTV broadcast it again in 1998 during prime time, recording the second-highest rating ever in Chinese television history. In 1999, 'Stars in my heart', another Korean drama attracted a massive audience in China and Taiwan. Since then, Korean TV dramas mediated on TV channels in Asian countries including Hong Kong, Taiwan, Singapore, Vietnam, and Japan (Shim 2006: 28). In 2003, foreign sales of Korean terrestrial programmes reached approximately 36.9 million dollars (MCT 2005). Especially, the success of Korean drama and films in Japan is unique, because Korean popular culture has been influenced by that of Japan. NHK broadcast a Korean drama, 'Winter sonata' in 2004, which attracted a massive audience. After the success of the drama, many Japanese paid attention to Korea and Korean culture.

Channel V, a music television channel broadcasts music videos of Korean pop via cable or satellite in most Asian countries. Teenage dance music group H.O.T. (Hi-five of Teenagers) were the top of the pop charts in China and Taiwan in 1998. Following H.O.T.'s successful concert in Beijing, many Korean pop stars like NRG, Baby V.O.X. and Shinhwa held concerts in

Table 7.7. Film Trade Results in Korea: 1995-2004

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount of Exports</th>
<th>Rate of Increase</th>
<th>Number of Exported Films</th>
<th>Amount of Imports</th>
<th>Number of Imported Films</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>208,679</td>
<td></td>
<td>15</td>
<td>67,862,529</td>
<td>378</td>
</tr>
<tr>
<td>1996</td>
<td>404,000</td>
<td>48%</td>
<td>30</td>
<td>88,660,997</td>
<td>483</td>
</tr>
<tr>
<td>1997</td>
<td>492,000</td>
<td>22%</td>
<td>36</td>
<td>69,270,274</td>
<td>431</td>
</tr>
<tr>
<td>1998</td>
<td>3,073,750</td>
<td>525%</td>
<td>33</td>
<td>35,109,580</td>
<td>296</td>
</tr>
<tr>
<td>1999</td>
<td>5,969,219</td>
<td>94%</td>
<td>75</td>
<td>26,664,640</td>
<td>348</td>
</tr>
<tr>
<td>2000</td>
<td>7,053,745</td>
<td>18%</td>
<td>38</td>
<td>46,559,783</td>
<td>427</td>
</tr>
<tr>
<td>2001</td>
<td>11,249,573</td>
<td>59%</td>
<td>102</td>
<td>48,470,000</td>
<td>355</td>
</tr>
<tr>
<td>2002</td>
<td>14,952,089</td>
<td>33%</td>
<td>133</td>
<td>50,267,092</td>
<td>266</td>
</tr>
<tr>
<td>2003</td>
<td>30,979,000</td>
<td>107%</td>
<td>162</td>
<td>58,865,358</td>
<td>271</td>
</tr>
<tr>
<td>2004</td>
<td>58,284,600</td>
<td>88%</td>
<td>193</td>
<td>66,183,005</td>
<td>285</td>
</tr>
</tbody>
</table>

Note: Unit: US $  
[Accessed 10 Nov 2005].
The Korean film industry is another success story. A Korean blockbuster film ‘Shiri’ was shown in Japan, Hong Kong, Taiwan and Singapore, attracting huge audiences. Since then, theatres and TV in the Asian countries have shown Korean movies (Shim 2006: 29). In addition, Korean films have received awards from prestigious film festivals including the Cannes, Berlin and Venice film festivals. The market share of Korean films has been roughly 50% in Korea since 2000. Table 7.7 shows that the total export amount has rapidly increased since 1995. In 2004, 193 Korean films were exported to 62 countries. The total amount exported was 58,284,600 dollars, in spite of the trade deficit. 77.8% of the amount was exported to Asian countries in 2004. Japan especially bought 69.3% of the amount in 2004 and 44.8% in 2003.

Some scholars and activists argue that the screen quota is one of the reasons for the success of the Korean film industry. However, the U.S. government has demanded to reduce or repeal screen quotas since 1980s. While the Ministry of Culture and Tourism argued for the screen quota, the Ministry of Finance and Economy wanted to accept the U.S. offer. The U.S. government recently demanded that screening days be reduced from 146 to 73 as a condition of the Free Trade Agreement (FTA) between Korea and the U.S. (The Hankyoreh, 4 Nov 2005). Finally, Korean government accepted the U.S. demand and initiated its talks on the FTA.

<Globalisation of telecommunications industry>

Korea has marketised its telecommunications market since the late 1980s. The liberalisation of the Korean telecommunications industry became a consensus among experts and policymakers. They agreed that rapid structural technological redevelopment could not be undertaken without assistance from private entrepreneurial initiatives. They thought privatisations and competition should occur simultaneously (Yoon 1999: 291).

A policy objective of Korean telecommunications in the 1980s was the construction of the
Public Switched Telecommunication Network. At that time, the top policy priority was to satisfy the basic needs of the general public for telephone services. The Korea Telecommunications Authority, the forefather of the current Korea Telecom (KT) exclusively took charge of providing telephone services under the auspices of the Korean government (Lee and Lee 2000: 25).

In February 1989, the United States, in accordance with the Omnibus Trade Act, designated Korea as a priority foreign country (Yoon 1999: 291). It aimed to ask Korea to open up its telecommunications services market, especially value-added and mobile services. The liberalisation of value-added service market was one of the major negotiation items on the agenda of the Uruguay Round (UR). The Korean government, after a series of bilateral negotiations with the US, determined to perform structural reform of the existing market in July 1990. It encouraged the introduction of duopoly competition in international telephone and regional paging service segments (Lee and Lee 2000: 25-27). The government permitted a private carrier, DACOM, to compete with the public corporation, KT in the international long-distance market in 1991 and then introduced competition in cellular, domestic long-distance and PCS markets step by step (Yoon 1999: 21; Koh 2001: 243).

In December 1993 when the UR was concluded, government control of liberalisation could not be maintained because of the foreign pressure. As basic telecommunications was decided to be one of the service sectors left unresolved by the UR, the participants agreed to extend the period of negotiations on basic telecommunications until 30 April 1996. The Korean government considered this a message that the existing telecommunications services would be radically liberalised. As the government responded to it, competition became a priority for the Korean telecommunications services market from July 1994. The officials in the Ministry of Information and Communication became proponents for marketisation and globalisation (Lee
and Lee 2000). They were willing to marketise the Korean telecommunications industry (Hong 1997). In July 1995, the government announced a blueprint to promote competitiveness in telecommunications services. The goal was to set up a fair and effective competition market, which could be regarded as a policy change from managed and progressive competition to free and full-scale competition.

The WTO negotiations on basic telecommunications reached its conclusion on 15 February 1997, which entered into force on 5 February 1998. It consisted of a wide range of binding commitments on market access and a package of pro-competitive regulatory principles.

Korea made its final commitment on market access for all segments in telecommunications services on February 14, 1997. Foreign ownership was limited to 33% in facility-based services by the end of 2000, to be raised to 49% from January 2001. For individual shareholdings, it was restrained to 10% for wired line services and 33 % for wireless respectively. Foreign ownership in KT was limited to 20% by the end of 2000 to be raised to 33% from 1 January 2001, with individual shareholdings limited to 3%. In telephone services on voice resale, foreign ownership was allowed up to 49% on 1 January 1999 to be raised to 100% from 1 January 2001. In addition, Korea adopted the Reference Paper to support market access as regulatory principles in its additional schedule commitments (Lee and Lee 2000: 30).

In August 1997, the Telecommunications Business Act was amended. Besides the abatement of foreign ownership restrictions and the removal of ‘request for proposal (RFP) system’ for licensing, one of the most important changes was in the classification of service providers. Following the commitments made during the WTO agreement on basic telecommunications, the government introduced a category of resale-based services so-called

19 Under the RFP system, a company could only make a request, if the government made public notification prior to licensing. Korean government retained the RFP system as an important policy tool to set a priori limitation on the number of market entrants in any of the service categories (Lee and Lee 2000: 26–27).
'special services' in licensing. Service providers became classified as facility-based, special and value-added service providers. They were different in terms of market entry conditions, which were licensing for facility-based registration for the special and notification for the value-added. The foreign ownership of facility-based service providers is relatively restricted, because they are still considered a basic national infrastructure.

In the meantime, Korea carried out further liberalisation in 1998 and 1999 to facilitate the inflow of foreign capital to cope with the Asian financial crisis. Many schedules were accelerated. According to the revision of the Telecommunications Business Act on 17 September 1998, the Korean Government removed other ownership restrictions. The restriction on the foreign ownership of KT was expanded from 20% to 33% as from 17 September 1998. The 33% restriction on the individual shareholding in a facility-based service supplier, except KT, was removed as from September 17, 1998. The foreign ownership of a supplier of voice resale services was permitted up to 49% as from 17 September 1998. The restriction on individual shareholdings in KT was expanded from 3% to 15% as from 1 January 1999. With another revision of the Act on 24 May 1999, the restriction on the foreign ownership of a facility-based service supplier, except KT, was expanded from 33% to 49% as from 1 July 1999 (Lee and Lee 2000: 33). Finally, the restriction on foreign ownership of KT was also expanded to 49%. During the recent talk about the Free Trade Agreement, the US demanded even more relaxation (see Table 7.8)

Table 7.9 and Table 7.10 show recent foreign shareholding in telecommunications and electronic industries. Major telecommunications companies like KT, SK Telecom and Hanaro Telecom have reached the limits of foreign ownership. Their major shareholders are foreign financial capital. Negative effects like avoidance of long-term investments, and massive dismissals during the merger and acquisition have emerged recently.
Table 7.8. Current Status in Ownership Regulations

<table>
<thead>
<tr>
<th>Category</th>
<th>Facility-based Service Providers</th>
<th>Special Service Providers</th>
<th>Value-added Service Providers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Ownership</td>
<td>Aggregate</td>
<td>Aggregate</td>
<td>Up to 100%</td>
</tr>
<tr>
<td></td>
<td>• Wired line: 49 percent as from July 1999</td>
<td>• 49 percent as from September 1998</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Wireless: 49 percent as from July 1999</td>
<td>• 100 percent as from 2001</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• KT: 33 percent as from September 1998</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>– 49 percent as from April 2001</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Prohibition of foreign largest shareholding)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Regulations on Ownership</td>
<td>Individual</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>• KT: 15 percent as from January 1999</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 7.9. Major shareholders of 4 major telecommunications companies

<table>
<thead>
<tr>
<th>Shareholding Rank</th>
<th>KT</th>
<th>SKT</th>
<th>LG Telecom</th>
<th>Hanaro Telecom</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Brans Investment Partner (US, 8.06)</td>
<td>Citybank ADR (US, 27.36)</td>
<td>LG (Korea, 37.30)</td>
<td>AIG-New Bridge-TVG Consortium (US, 39.9)</td>
</tr>
<tr>
<td>2</td>
<td>Templeton Global Advisor Limited (US, 7.79)</td>
<td>SK (Korea, 21.47)</td>
<td>BT (UK, 14.56)</td>
<td>Korea Investment Trust (Korea, 6.2)</td>
</tr>
<tr>
<td>3</td>
<td>Capital Research Management Company (US, 7.12)</td>
<td>SK Telecom (Korea, 10.53)</td>
<td></td>
<td>LGT (Korea, 5.3)</td>
</tr>
<tr>
<td>4</td>
<td>National Pension Management Corporation (Korea, 3.74)</td>
<td>Posco (Korea, 4.98)</td>
<td></td>
<td>SKT (Korea, 4.8)</td>
</tr>
</tbody>
</table>

Note: Shareholding Percentage (%)

Table 7.10. Foreign shareholding in telecommunications and electronic industries

<table>
<thead>
<tr>
<th>Company</th>
<th>Foreign Shareholding (%)</th>
<th>Dividends for the foreign (billion won)</th>
<th>Dividends percentage for the foreign* (%)</th>
<th>Note</th>
</tr>
</thead>
<tbody>
<tr>
<td>Samsung Electronics</td>
<td>58.7</td>
<td>982.4</td>
<td>62.8</td>
<td>Citibank (US, 11.84%, the largest shareholder)</td>
</tr>
<tr>
<td>KT</td>
<td>48.73</td>
<td>4178</td>
<td>66.1</td>
<td>The largest shareholder of the Skylife</td>
</tr>
<tr>
<td>SK Telecom</td>
<td>48.9</td>
<td>4102</td>
<td>54.1</td>
<td>The foreign shareholding of SK, the holding company is 57.19%</td>
</tr>
<tr>
<td>NC Soft</td>
<td>44.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hanaro Telecom</td>
<td>49</td>
<td></td>
<td></td>
<td>The US consortium of AIG-New Bridge-TVG is the largest shareholder,</td>
</tr>
</tbody>
</table>
which invests 100 million dollars and holds 36.6% of shares.

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Thrunet</td>
<td>8.3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NHN Corp.</td>
<td>44.52</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Daum</td>
<td>26.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LG Electronics</td>
<td>33.6</td>
<td>1007</td>
<td>42.9</td>
</tr>
</tbody>
</table>

Notes: * Dividends for the foreign out of total dividends


7.5.4. Convergence

Ongoing convergence is mainly due to digital technologies. The convergence in process is in terms of ‘form’, ‘communication systems’ and ‘ownership’ (Murdock 2000). Golding (2000) and Murdock (2000) argue that convergence should be considered an economic phenomenon that takes place due to changing business strategies and structure. The convergence between broadcasting and telecommunications has occurred due to business needs. Though cable television operators also enter the telecommunications market in Korea, telecommunications companies have eagerly taken part in the broadcasting industry via digital convergence. Telecommunications companies are keen to launch broadcasting and convergent services, because they are threatened by many factors like telecommunications market saturation, integration between fixed line and wireless and increasing competition. They are concerned about securing future revenue sources and that is why they are diversifying into multimedia service business that is expected to be profitable (Kim 2005).
Broadcasting companies are concerned about their entry into the market, because the telecommunications industry is much larger in size and they have requisite marketing skills, technological capability and finance (Kim 2005: 164). The turnover of the telecommunications industry except broadcasting is approximately five times larger than that of broadcasting industry in Korea in 2004 (Yang 2005a: 25). In addition, the broadcasting industry has been privatised through their entries, because they were already privatised.

The penetration rate of broadband Internet and mobile telephone is fairly high. The number of subscribers amounted to approximately 11.2 million and 33.6 million each in 2003 (MIC 2005: 504-506). As the existing market has been saturated, the telecommunication companies have sought for a new market. For example, KT and SK Telecom are already involved in the broadcasting industry by investing in the digital broadcasting. They also seek to acquire content providers not only to make profits, but also to compete with other distributors and content providers. In addition, NHN Corp. and Daum Communications, the operators of the largest Korean Internet portals like ‘Naver’ and ‘Daum’, have expanded into content businesses such as film, music and publishing (Kwon 2006: 4).

The following indicates that major telecommunications companies partake or plan to participate in the broadcasting industry via digital convergence.

<KT>

KT is the largest network operator and its subsidiary KTF is the second largest mobile operator in Korea. It is the major shareholder of Skylife, a satellite platform operator. KT plans to launch IP-TV, a network based broadcasting service which will encompass the six million existing ADSL subscribers. Alongside multicasting, real time broadcasting and a VOD service will be utilised via ADSL. KT recently acquired the largest filmmaker in Korea, Sidus FNH. It is also
considering a home network service which can be set-up by linking all information devices in a household (Kim 2005: 159; Kwon 2006: 4; MIC 2005).

<SK Telecom>
SK Telecom is the largest mobile operator in Korea with around 19 million subscribers. Its market share is about 51%. It provides a 3G technology-based multimedia service ‘June’. This service offers films, music, animation games and TV programmes, and more than 2 million customers use this service (Kim 2005: 159-160).

In addition, SK Telecom began a satellite Digital Mobile Broadcasting (DMB) service. The service is categorised as a broadcasting service under the revised Broadcasting Act of 2004. SK Telecom also invested IHQ and Seoul Record to secure the contents. IHQ is an entertainment group, which owns film and TV programme production and distribution subsidiaries. Seoul Record is the largest holder of music recordings in Korea (Korean Film Council 2005: 5-6).

<Hanaro Telecom>
Hanaro Telecom is the second largest local telephone company and the second largest broadband Internet service provider. It aims at a multimedia service provider that synergises broadcasting and telecommunications services. It plans to use its broadband network and subscriber base to provide VOIP and an IP based broadcasting service named ‘HanaTV’, which will enable subscribers to download various contents such as film, music, drama and ‘Karaoke’ and use them on a TV set. In 2004, it launched a broadcasting bundled service with cable television and satellite operators (Kim 2005: 160; The Korea Times, 7 July 2006).
Dacom is the second largest international telecommunication operator established in 1991. It is a subsidiary of LG, which also owns the third largest mobile operator in Korea, LG telecom. Dacom owns Powercomm, which operates a cable TV network and broadband Internet network. It plans to offer HFC based broadcasting and telecommunication service. Its digital cable service is another concern. Powercomm will provide the HFC network and Dacom will offer the service. It aims at a convergence of service provider through its TPS (Triple Play Service) that is composed of VoIP, Digital TV and broadband Internet service. TPS is expected to reduce costs and retain subscribers (Kim 2005: 160-161; Kwon 2006: 6).

7.6. Conclusion

Historically, the state and capital have been the main factors that determine broadcasting structure in Korea. The history of Korean broadcasting has been one of compromise with political and economic power. Korean broadcasting and political power have maintained a close relationship, which is often criticised for collusion. The power of the local capitalists and the MNCs over the broadcasting industry has increased since the late 1980s. In so doing, the role of the state has changed from one of authoritarian market formation to non-authoritarian market formation, market adjustment and coordinating different interests. At the same time, civil society has matured, and civic organisations and press unions have been organised. They play alternative roles in the broadcasting sector. They have taken active parts in democratising the institutions and journalistic practices of Korean broadcasting.

Broadcasting policies in Korea have gradually changed. After the establishment of the Republic of Korea, broadcasting policies have aimed at the political integration and protection of the anti-communist government. During the Park government and the Chun government, the
Korean government used broadcasting as a propaganda tool of economic development and oppressed people in Korea. Since the democratic movement in June 1987, Korean broadcasting has faced democratisation, marketisation, globalisation and convergence simultaneously. Now the promises of Korean broadcasting are democratising Korean society, creating national culture, encouraging broadcasting industry and the audience welfare (Committee for the Reform of Broadcasting Regulation Framework 1999).
<table>
<thead>
<tr>
<th>Government</th>
<th>Forms</th>
<th>Role of Broadcasting</th>
<th>Media</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colonial Government</td>
<td>Non-profit corporation</td>
<td>Propaganda</td>
<td>Radio</td>
</tr>
<tr>
<td></td>
<td>controlled by government</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1927-1945)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Chapter 8. Digital broadcasting in South Korea

8.1. Introduction

South Korea is eager to participate in the boom of digitisation of broadcasting. It has introduced digital terrestrial broadcasting, digital satellite, digital cable, digital mobile broadcasting (DMB) and other convergence services. In this chapter, digital broadcasting refers to digitisation of broadcasting and newly developed digital broadcasting such as DMB and IP-TV (Internet Protocol Television).

I argue that the introduction of digital broadcasting in South Korea has reflected the changing power relationships among state, market and civil society in South Korea. The electronics industries, privatised telecommunication companies and the Ministry of Information and Communication (MIC) have played pivotal roles in the introduction of digital broadcasting. The public broadcasters, press union and some civic organisations have played alternative roles in the process. In so doing, the Korean broadcasting industry has changed via ‘marketisation’.

In the chapter, I begin with regulatory change and market structure in the onset of digital broadcasting. The introduction of digital broadcasting is investigated, focusing on the relationship between the state, market and civil society. In particular, state interventions such as industrial policies are discussed. I also discuss the diffusion of digital TV and other communication facilities.

8.2. Regulatory change

After a more than five-year deliberation by the National Assembly, the new Broadcasting Act passed in December 1999 and went into force on 13 March 2000. In spite of Kim Dae Jung’s presidential election promise to pass the delayed new Broadcasting Act, the proposed new Act was suspended again in the 1998 National Assembly because of the lack of consensus in many
areas, including the composition of the Korean Broadcasting Commission (KBC) membership, the role of the KBS Board and the participation of newspaper companies and Chaebols –Korean family conglomerates - in satellite broadcasting. The Committee for the Reform of Broadcasting Framework was established to complete the final draft accommodating a broad cross section of professional opinion on broadcasting and its regulatory issues (Kwak 2001: 235). Members came from various sectors in Korean society, including broadcasting experts, government officials, politicians and representatives of the press union and civic organisations, though the representatives of National Union of Mediaworkers (NUM) finally withdrew from the committee. According to Jung (2006: 57-59), the union leaders did because of the agendas such as the successive privatisation of MBC - one of major public broadcasters in Korea – and the method of the appointment of the presidents and board members of public service broadcasters. During the fieldwork, an interviewee said another. The committee consisted of two tiers – a senior committee and an executive committee. A NUM representative who participated in the committee revealed that the decisions of the executive committee were repealed by the senior committee and foreign capital was allowed to enter the newly launched satellite broadcasting (Personal Interview, 24 May 2004). The committee was accused of the domination by the ruling party (Kim 2003; Jung 2006).

Table 8.1 shows major changes in the role of regulator and ownership. The Broadcasting Act of 2000 ('the Act') supplanted the four previous laws concerning broadcasting – the Broadcasting Act, the Cable Act, the Relay Cable Act and the Korean Broadcasting System Act. The broadcasters, which had different regulatory frameworks, are regulated in the single regulatory framework of the Act. The Act focuses on independence of broadcasting beyond political dispute, regulatory frameworks for the broadcasting industry, relaxation of ownership and the enhancement of audience sovereignty (KBC 2004d; Jung 2000).
Under the Act, the government transferred broadcasting-related administrative powers to the KBC, which takes charge of overall broadcasting policies governing all broadcasters including terrestrial broadcasters, cable and satellite operators, programme providers and other broadcasting services.

Table 8.1. A summary of major changes made in the Broadcasting Act of 2000

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Licensing</td>
<td>MIC</td>
<td>MOI</td>
<td>MOI</td>
</tr>
<tr>
<td>Power</td>
<td>issues/renews/provokes</td>
<td>issues/renews/provokes</td>
<td>issues/renews</td>
</tr>
<tr>
<td></td>
<td>licence with licence</td>
<td>licence with licence</td>
<td>licence for</td>
</tr>
<tr>
<td></td>
<td>recommendation of the</td>
<td>recommendation of the</td>
<td>station</td>
</tr>
<tr>
<td></td>
<td>KBC</td>
<td>MOC.</td>
<td>operators and</td>
</tr>
<tr>
<td>Regulator</td>
<td>KBC</td>
<td>KBC</td>
<td>KCBC</td>
</tr>
<tr>
<td>Members</td>
<td>Recommended by the</td>
<td>Recommended by the</td>
<td>Recommended and</td>
</tr>
<tr>
<td></td>
<td>government (3),</td>
<td>government (3), Supreme</td>
<td></td>
</tr>
<tr>
<td></td>
<td>chairperson of the</td>
<td>Justice (3), and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>National Assembly (3),</td>
<td>chairperson of the</td>
<td></td>
</tr>
<tr>
<td></td>
<td>and the standing</td>
<td>National Assembly (3),</td>
<td></td>
</tr>
<tr>
<td></td>
<td>committee on culture</td>
<td>and the standing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>and tourism in the</td>
<td>committee on culture</td>
<td></td>
</tr>
<tr>
<td></td>
<td>National Assembly (3)</td>
<td>and tourism in the</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Appointed by the</td>
<td>National Assembly (3),</td>
<td></td>
</tr>
<tr>
<td></td>
<td>President.</td>
<td>Appointed by the</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>President.</td>
<td></td>
</tr>
<tr>
<td>Main role</td>
<td>Broadcasting policy/plan;</td>
<td>Review of broadcasting</td>
<td>Review of</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Committee</td>
</tr>
</tbody>
</table>

244
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership</td>
<td>Newspaper companies or other companies cannot own more than 1/3 of cable or satellite TV operators. Terrestrial broadcaster cannot own more than 1/3 of satellite TV operators. Satellite operator cannot own more than 1/3 of cable TV operators.</td>
<td>Big business conglomerates and newspaper companies cannot participate in broadcasting, and vice versa.</td>
<td>Programme provider cannot own more than one channel. Multiple/cross ownership in programme provision and station operation is prohibited.</td>
</tr>
<tr>
<td>Civil rights</td>
<td>KBS is obliged to broadcast programmes produced by the general public. Broadcasters are obliged to produce programmes which</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

245
involve the general public. Broadcasters must have internal audience committee. Broadcasters are obliged to reflect advice of the Audience Committee in the programming.


Notes: * The standing committee on culture and tourism has to nominate at least one member from the civic organisations.

** KCBC: Korean Cable Broadcasting Committee

The Act represented the relaxation of the government's media control. In cable and satellite broadcasting, foreign investment was allowed to within 33% of a broadcasting company's shares, but not permitted in terrestrial broadcasting business. Since the Asian financial crisis, there has been a policy approach to expand foreign investment in almost all industry sectors. In addition, Korea should modify broadcasting ownership regulations as an OECD member. Multiple or cross ownership is allowed between Programme Providers (PP's) and Station Operators (SO's). Moreover, the revised Broadcasting Act of 2004 relaxes the ownership restrictions concerning domestic conglomerates and foreign investment. Under the revised Act of 2004, 49% of foreign investment or contribution of property is permitted of the total stocks or equity shares of the relevant cable business (see Table 8.2). This was carried out to attract strategic investors and exclude financial speculators. However, the result has shown a growth of
financial speculation (Ha 2004). The Korean broadcasting industry has suffered financialisation.

The Act also set up a new regulatory framework for foreign channel retransmission. According the Act, the number of channels allocated for foreign channels shall not exceed the rate of 10 percent (20 percent for Special Economic Zones) (KBC 2004d). Korean language subtitling of foreign channels is allowed, but Korean language dubbing is not. There is an annual requirement for domestically produced programmes (see Table 8.3). Relating to foreign film quota, one country cannot exceed 70%. This was modified for programming for U.S. films (Wu 2004; KBC 2004d; Shim 2003).

Table 8.2. The limits of foreign ownership in the broadcasting industry

<table>
<thead>
<tr>
<th>Foreign ownership</th>
<th>Broadcasting industry sector</th>
<th>Articles concerned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banned</td>
<td>-Terrestrial broadcasting business</td>
<td>Broadcasting Act Article 14.1</td>
</tr>
<tr>
<td></td>
<td>-PP’s engaged in general programming or specialised programming of news reports</td>
<td></td>
</tr>
<tr>
<td>Restricted within 33%</td>
<td>-Satellite broadcasting business</td>
<td>Article 14.2</td>
</tr>
<tr>
<td>Restricted within 49%</td>
<td>-SO’s</td>
<td>Article 14.3</td>
</tr>
<tr>
<td></td>
<td>-PP’s excluding general programming or specialised programming of news reports</td>
<td></td>
</tr>
<tr>
<td></td>
<td>-NO (network operator)</td>
<td></td>
</tr>
</tbody>
</table>

Source: Ha 2004: 165.
Table 8.3. Annual requirement for domestically produced programmes

<table>
<thead>
<tr>
<th>Type of content</th>
<th>Terrestrial broadcasters</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall time</td>
<td>80% (EBS: 70%)</td>
<td>50%</td>
</tr>
<tr>
<td>Movies</td>
<td>25%</td>
<td>30% (Religion: 4%)</td>
</tr>
<tr>
<td>Animation</td>
<td>45% (EBS: 8%)</td>
<td>40% (Religion: 4%)</td>
</tr>
<tr>
<td>Popular music</td>
<td>60%</td>
<td>60%</td>
</tr>
</tbody>
</table>

Source: KBC 2004d

Note: EBS: Educational Broadcasting System; Religion: Religion Channels

The Broadcasting Act of 2000 accepts the demands of civil society by facilitating audience’ participation in the operation and programming of television broadcasting. Each broadcaster should have its own internal audience committee whose members include representatives of audience organisations. The committee should advise on programming, programme contents and internal code of practice (Broadcasting Act of 2000, Article 88). In addition, the Act requires broadcasters to include programmes, which permit the general public to participate and have its voice heard. Terrestrial broadcasters are required to allot at least sixty minutes a week to the programmes, which directly address the audience’ views and concerns on television operation and programming (Article 89.1). The Act requires KBS, a main public service broadcaster to include ‘viewer participation programmes’ produced by the general public in its programming schedule (Article 69.6). The additional enforcement ordinance of the Act specifies the duration of such programmes to be at least 100 minutes a month (Section 51.1).

Though the audience sovereignty was enhanced by the Broadcasting Act of 2000, the articles concerned were criticised for their ambiguities and vagueness in terms of the responsibilities of the related parties. During the revision of the Act in 2004, the audience...
organisations required the ambiguous articles to be amended (CCEJ et al 2003). However, their requests were not accepted.

Table 8.4. Related government departments and regulatory bodies

<table>
<thead>
<tr>
<th>Regulatory Bodies</th>
<th>Regulation Policy</th>
<th>Promotion Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadcasting</td>
<td>KBC</td>
<td>MCT</td>
</tr>
<tr>
<td></td>
<td>Broadcasting policy; Content regulation; Economic regulation</td>
<td>Promotion and support to audiovisual industry</td>
</tr>
<tr>
<td>MIC</td>
<td>TV spectrum allocations; Radio licences</td>
<td>KBC Consensus with the secretary of MCT (Broadcasting Act, Article 27)</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>MIC</td>
<td>MIC</td>
</tr>
<tr>
<td></td>
<td>Telecommunications Policy</td>
<td>Promotion and support to telecommunications industry</td>
</tr>
<tr>
<td>KISCOM</td>
<td>Content regulation</td>
<td></td>
</tr>
<tr>
<td>KCC</td>
<td>Economic regulation</td>
<td></td>
</tr>
</tbody>
</table>

Source: Kim 2003: 213

Note: KISCOM: Korea Internet Safety Commission

KCC: Korea Communications Commission
In response to the 'convergence' between broadcasting and telecommunications, the KBC, the MIC and the Ministry of Culture and Tourism (MCT) took the initiative to set up a new policy-making and regulatory body, which is responsible for broadcasting, telecommunications and convergence services. The main reasons for the establishment of a new agency are the necessity of orchestration of the conflicts between government departments and the necessity of a consistent and comprehensive public policy in the communication sector (Han 1994: 173). The overlap between distinct regulatory bodies, or no applicable regulation is expected to be eliminated altogether. The KBC has been consulted with the National Assembly and other government entities including the MIC on the rearrangement of a legal system for broadcasting and telecommunications (KBC 2003a; MIC 2003c). The establishment of a single regulator has been delayed, though it was one of President's promises during the election campaign. Departmentalism is blamed for the delay of the establishment. Each participant concerned has argued for its own interest.

Before a single regulator emerges, however, it should be considered which direction to choose for the new policy regime. Kim (2005) points out the problems of legalism and myopic economism. Current debates mainly focus on the formal completion of the establishment of a single regulator, which lacks proper analysis of its contents. While a single regulator is recommended as an industrial facilitator from the economic perspective, the socio-cultural dimensions and the public interest of broadcasting are underestimated.

8.3. Market Structure

In 2003, turnover of the industry amounted to 6,797 million US dollars. Out of this, terrestrial TV accounts for 49.7%, cable 48.2% and satellite 2.1%. When cable TV began in 1995, the market share of terrestrial broadcasters amounted to 87%. The market shows its annual growth
rate of 21% in turnover from 1998 to 2003 (KBI 2005).

There are four networks including KBS, MBC, SBS and EBS. KBS, MBC and EBS are public service broadcasters. SBS is a commercial broadcaster. There are other local commercial broadcasters, which mainly broadcast SBS programmes. The turnover of public broadcasters including KBS, MBC and EBS accounts for 70% of that of terrestrial broadcasters in 2003. The Korean broadcasting market has been dominated by terrestrial networks including KBS, MBC and SBS. The total turnover of the three networks accounts for 84.9% of that of total terrestrial broadcasting industry. However, their market share of total broadcasting industry has decreased from 82.3% in 1995 to 35.5% in 2003. (Kwon et al. 2001: 269; MCT 2005: 235). Major networks have expanded their business to cable TV, satellite, the Internet and DMB. KBS, MBC and SBS run 9 channels on cable and satellite. In 2004, the channels earned 82% of total cable PPs' profit. Because of their predominant power of contents, the terrestrial broadcasters still have huge influence in Korean broadcasting market.

Their major sources of revenues are licence fee and TV advertising. TV advertising is the most important source of income, accounting for 75.7% of total revenues. As shown in Table 8.5, terrestrial broadcasting advertising turnover has decreased, while those of cable TV and the Internet have increased.

In 2004, KBS, the main public service broadcaster of Korea, suffered a deficit of approx. 60 billion won (30 million pounds). Both KBS and EBS have received licence fees. The Licence fee has been fixed at the price of 2,500 won (1 pound 25 pence) per month since 1981. Korean households pay the licence fee every month as long as they possess TV sets. Monthly payment is made along with the utility bill. KBS depends on advertising more than licence fee. In 2004, KBS earned 41% of its turnover (513 billion won=256.5 million pounds) from the licence fee and 50% (628 billion won= 314 million pounds) from advertising.
### Table 8.5. Advertising turnover change (2002-2004)

<table>
<thead>
<tr>
<th>Category</th>
<th>Advertising turnover (billion won)</th>
<th>Growth rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2002</td>
<td>2003</td>
</tr>
<tr>
<td>TV</td>
<td>2,439.4</td>
<td>2,367.1</td>
</tr>
<tr>
<td>Radio</td>
<td>278</td>
<td>275.1</td>
</tr>
<tr>
<td>Newspaper</td>
<td>2,020</td>
<td>1,890</td>
</tr>
<tr>
<td>Magazine</td>
<td>546.5</td>
<td>500.6</td>
</tr>
<tr>
<td>Ad production*</td>
<td>268.8</td>
<td>275.6</td>
</tr>
<tr>
<td>Outdoor, SP and others</td>
<td>872</td>
<td>926.4</td>
</tr>
<tr>
<td>Cable TV</td>
<td>234.5</td>
<td>297.5</td>
</tr>
<tr>
<td>On-line</td>
<td>185</td>
<td>270</td>
</tr>
<tr>
<td>Satellite broadcasting</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>68,442</td>
<td>68,023</td>
</tr>
</tbody>
</table>


Notes: * Advertising Production for 4 major media

In 2004, the audience share of terrestrial broadcasters accounted for 64.1% of total viewing, in comparison with 69% in 2003 (Eun et al. 2005: 121). The hours for viewing terrestrial TV per day decreased from 2 hours 16 minutes in 2003 to 2 hour 4 minutes in 2004, while those for cable TV increased from 39 minutes in 2003 to 45 minutes in 2004. Their audience rating and share have also decreased (see Table 8.6). The total share of KBS and EBS decreased from 35 %
in 2002 to 32.8% in 2004.

Table 8.6. Viewing Trends of Terrestrial TV Channels

<table>
<thead>
<tr>
<th></th>
<th>KBS1</th>
<th></th>
<th>KBS2</th>
<th></th>
<th>MBC</th>
<th></th>
<th>SBS</th>
<th></th>
<th>EBS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rating</td>
<td>Share</td>
<td></td>
<td>Rating</td>
<td>Share</td>
<td></td>
<td>Rating</td>
<td>Share</td>
<td></td>
<td>Rating</td>
</tr>
<tr>
<td>2002</td>
<td>7.6</td>
<td>17</td>
<td>6.7</td>
<td>15</td>
<td>8.0</td>
<td>18</td>
<td>7.8</td>
<td>18</td>
<td>1.4</td>
</tr>
<tr>
<td>2003</td>
<td>7.4</td>
<td>17</td>
<td>6.4</td>
<td>15</td>
<td>7.7</td>
<td>18</td>
<td>7</td>
<td>16</td>
<td>1.1</td>
</tr>
<tr>
<td>2004</td>
<td>7.0</td>
<td>16.2</td>
<td>6.2</td>
<td>14.4</td>
<td>7.0</td>
<td>16.3</td>
<td>6.4</td>
<td>15.0</td>
<td>0.9</td>
</tr>
</tbody>
</table>


The operators of new media have grown rapidly. Cable TV operates on a three-player-system: System Operators (SO), Programme Providers (PP) and Network Operators (NO). There are 119 SO's and 285 PP's including PP for satellite (KBI 2005). There is a satellite platform named Skylife. TU media began its satellite DMB service with 7 video channels and 20 audio channels on 1 May 2005. Terrestrial DMB providers launched their services in December 2005 (Kim 2005).

The total number of cable subscribers is about 11.7 million homes. 70% of total households are subscribed to cable (KBI 2005). Nonetheless, increased subscribing rate does not guarantee high profit since most of the SO's offer basic tier packages to subscribers (ARPU: 5-7 US dollars). SO's are making more profits via Internet and telephone services.

In the cable TV market, some big players (MSO/MSP/MPP) are looming because of Merger and Acquisitions (M&A) between SO's and PP's became legal and encouraged under the Broadcasting Act of 2000. On-media, CJ Media and Tai-kwang corp own both PP's and SO's. This kind of vertical integration may restrict diversity of programmes and channels.
Nevertheless, the white paper on cultural industries (MCT 2005: 239) predicts that MSOs will increase due to the relaxation of ownership of SO in the revised Broadcasting Act of 2004. Currently MSO's have approx. 70% of the subscribers (Sohn 2005).

The foreign ownership of PP and SO is also allowed. Ha (2004) argues that strategic investments were undertaken by foreign media companies in the PP's and financial speculation by financial companies in the SO's and in LG homeshopping, the largest homeshopping channel in Korea. Strategic investors want to enter Korean broadcasting market, the financial investors seek mainly short-term profit. In the current situation, however, there is no distinct identification between strategic investment and financial speculation since capitals of manufacturing industries have become the source of financialisation.

The two major cable NOs are Korea Telecom (KT) and Powercomm network. Both KT and Powercomm were privatised in 2002 and 2003 respectively. KT is the biggest telecommunications operator in Korea. Currently, foreign financial investors are major shareholders in this company. It is also a major shareholder of Skylife, the satellite operator. Powercomm network was a subsidiary of the Korean Electric Power Corporation (KEPCO) and the privatisation of Powercomm was also significant, because it has a powerful domestic land-line communications network. DACOM, a domestic Internet business company and a subsidiary of LG, became the major shareholder of Powercomm in 2003 (KBC 2004d).

As shown in Table 8.7, Korean broadcasters recently have reported a trade surplus. The 'Korean wave' in Asian countries has played a significant role in exporting Korean programmes. The enhanced quality of Korean programmes, especially Korean soap operas, the increase of Japanese programming rate and the introduction of satellite and cable in Asian countries seem to be the causes of the current Korean wave. Moreover, the Korean government has actively facilitated cultural industries. Yoon (2004) listed promotion of hardware including infrastructure,
assistance of production and export, and support for educating professional staffs as promotion policies for the Korean broadcasting industry.

Table 8.7. TV Programme Import and Export by Medium

<table>
<thead>
<tr>
<th></th>
<th>Terrestrial</th>
<th></th>
<th>Others*</th>
<th></th>
<th>Sum</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US $</td>
<td>%</td>
<td>US $</td>
<td>%</td>
<td>US $</td>
<td>%</td>
</tr>
<tr>
<td>Export</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>5,384</td>
<td>-1.6%</td>
<td>612</td>
<td>827.2%</td>
<td>5,996</td>
<td>8.3%</td>
</tr>
<tr>
<td>1997</td>
<td>6,967</td>
<td>29.4%</td>
<td>1,351</td>
<td>120.7%</td>
<td>8,318</td>
<td>38.7%</td>
</tr>
<tr>
<td>1998</td>
<td>7,756</td>
<td>11.3%</td>
<td>2,261</td>
<td>67.4%</td>
<td>10,017</td>
<td>20.4%</td>
</tr>
<tr>
<td>1999</td>
<td>10,836</td>
<td>39.7%</td>
<td>1,900</td>
<td>-16.0%</td>
<td>12,736</td>
<td>27.1%</td>
</tr>
<tr>
<td>2000</td>
<td>11,664</td>
<td>7.6%</td>
<td>1,447</td>
<td>-23.8%</td>
<td>13,111</td>
<td>2.9%</td>
</tr>
<tr>
<td>2001</td>
<td>17,147</td>
<td>47.0%</td>
<td>1,773</td>
<td>22.5%</td>
<td>18,920</td>
<td>44.3%</td>
</tr>
<tr>
<td>2002</td>
<td>26,187</td>
<td>52.7%</td>
<td>2,626</td>
<td>48.1%</td>
<td>28,813</td>
<td>52.3%</td>
</tr>
<tr>
<td>2003</td>
<td>36,889</td>
<td>40.9%</td>
<td>5,246</td>
<td>99.8%</td>
<td>42,135</td>
<td>46.2%</td>
</tr>
<tr>
<td>Import</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>34,267</td>
<td>31.5%</td>
<td>29,637</td>
<td>76.6%</td>
<td>63,904</td>
<td>49.3%</td>
</tr>
<tr>
<td>1997</td>
<td>38,893</td>
<td>13.5%</td>
<td>18,385</td>
<td>-37.9%</td>
<td>57,278</td>
<td>-10.4%</td>
</tr>
<tr>
<td>1998</td>
<td>15,386</td>
<td>-60.4%</td>
<td>11,650</td>
<td>-36.6%</td>
<td>27,036</td>
<td>-52.8%</td>
</tr>
<tr>
<td>1999</td>
<td>20,094</td>
<td>30.6%</td>
<td>8,639</td>
<td>-25.8%</td>
<td>28,733</td>
<td>6.2%</td>
</tr>
<tr>
<td>2000</td>
<td>26,743</td>
<td>33%</td>
<td>2,350</td>
<td>-72.8%</td>
<td>29,093</td>
<td>1.3%</td>
</tr>
<tr>
<td>2001</td>
<td>18,032</td>
<td>-32.5%</td>
<td>2,410</td>
<td>2.6%</td>
<td>20,442</td>
<td>-29.7%</td>
</tr>
<tr>
<td>2002</td>
<td>18,768</td>
<td>4.1%</td>
<td>6,343</td>
<td>163.2%</td>
<td>25,111</td>
<td>22.8%</td>
</tr>
<tr>
<td>2003</td>
<td>18,344</td>
<td>-2.3%</td>
<td>9,718</td>
<td>53.2%</td>
<td>28,062</td>
<td>11.8%</td>
</tr>
</tbody>
</table>

Source: Shim 2003; KBI 2005; MCT 2005

Note: Unit: 1,000 dollars

* Others include cable PP, independent producer and so forth.
However, Korea has introduced new digital broadcasting such as digital satellite broadcasting and DMB. The recent influx of new channels is serving to increase the proportion of imports because many depend heavily on inexpensive, popular imported programmes. Cable and Satellite PPs have bought huge amount of foreign programmes. Korea still imports a vast amount of US programmes and suffers a huge trade deficit. In 2003, terrestrial broadcasters and PPs imported US programmes that amounted to 21,920 thousand dollars and 16,330 thousand dollars each, while they exported 100 thousand dollars and 11 thousand dollars each (Yoon et al. 2004). According to a KBC statistics in 2004, the Korean broadcasting industry imported 60,290 thousand dollars, while it exported 40,047 thousand dollars. It suffered a deficit of 19,820 thousand dollars (Kim 2005).\(^{20}\)

8.4. The introduction of digital broadcasting

South Korea has initiated the digitisation of broadcasting since the early 2000’s. Korea launched digital terrestrial broadcasting in 2001, digital satellite in 2002, digital cable in 2005, satellite digital multimedia broadcasting and terrestrial digital multimedia broadcasting each in 2005. Concerning the digital transition, the Korean government has already set up various ad hoc policy committees and task force teams since 1997. It also has adopted industrial policies and corporatist approaches in the broadcasting sector. The government has played a role of entrepreneurial government.

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\(^{20}\) The difference of the statistics of KBC and MCT is due to the fact that the MCT merely examines KBS, MBC, SBS, EBS and the PP’s that are the members of Korean Cable TV Association. However, the KBC investigates a whole Korean broadcasting industry including local broadcasters and all the PP’s in the broadcasting industry (Kim 2005). I used the MCT statistics in table 8.7 because the KBC began its investigation in 2000.
8.4.1. Digital terrestrial broadcasting

Since 1987, some institutes of electronic manufacturers have already started studying basic technologies of HDTV. In March 1989, the Committee for HDTV co-development was initiated at the Electronic Industries Association of Korea of the 17 companies concerned, 2 were broadcasters, 4 institutes and 4 were academic institutions. At that time, the Korean government ran G7 projects including the development of high definition television. The government supported 40 billion won for the development of HDTV technologies (EIAK 1999: 298-300; 507-509). In 1993, the Korean government also initiated the next-generation broadcasting forum where HDTV was discussed (KBC 2006).

In February 1997, the MIC set up a basic directive potentially. In Nov 1997, the Committee for Digital Terrestrial Broadcasting Promotion decided on accepting the American digital transmission technology standard (ATSC, the Advanced TV System Committee). The Committee for Digital Terrestrial Broadcasting Promotion also devised a digital television plan and proposed it in September 1998. The Committee for the Reform of Broadcasting Framework contributed to the enactment of the Broadcasting Act, and suggested that main digital terrestrial broadcasting launch in 2001.

In July 1999, the Korean Government announced the ‘General Plan for the early digitisation of terrestrial TV broadcasting’ (General Plan). This plan included ‘necessities for the early launch of digital TV broadcasting’, ‘an action plan for the early launch of digital TV broadcasting’, and ‘complementary measures for the early launch of digital TV broadcasting.’ According to the plan, in line with global trends, it is expected that building the infrastructure will amount to approximately 100 billion pounds, the export of digital television 154 billion dollars, and 90,000 jobs by the year 2010. It also proposed as follows (MOFE et al. 1999);
The terrestrial broadcasters start experimental digital broadcasting in 2000;
The three terrestrial broadcasters launch main digital broadcasting in 2001;
The terrestrial broadcasters should provide the simulcast service in analogue and digital for at least 5 years from 2001. Analogue switch off will be decided, considering the situation of digital broadcasting diffusion.

The official rationales for digital transition can be summarised as follows: first, an advantage for exporting digital televisions and set-top boxes; second, encouraging an information society at home; third, enhanced services like high-definition, CD-quality sound and interactive services. As the General Plan put it, “...delaying the launch of digital TV means delaying ‘informationalization’ and negligence of strengthening national competitiveness.” (MOFE et al. 1999) The Korean government officially supports the earlier launch of digital TV from the economic perspective.

In July 2000, the KBC launched the Digital Broadcasting Promotion Committee. The digital transmission technology standard has been disputed in the committee. The Commission announced its first comprehensive policy plan for digital terrestrial broadcasting in December 2000. In Sep 2000, the three major terrestrial broadcasters, such as KBS, MBC, and SBS started experimental digital broadcasting. In 2001, the three terrestrial broadcasters launched main digital broadcasting. In 2003, terrestrial broadcasters broadcasted 3,243 hours of HDTV programmes (MCT 2005: 247).

The debate over standards began in 2000 when the Korean Broadcasting Engineers Technicians Association (KOBETA) issued a statement demanding the government reconsider its digital broadcasting plans. The association promoted the European DVB-T (Digital Video Broadcast-Terrestrial) as a superior solution to the ATSC, referring to advantages in mobile
reception and coverage. MBC submitted an application for a field test to the Commission on 26th April 2001. The Commission reconsidered and held public hearings on the necessity of field tests in 2001 and subsidised the field test. After the field test, MBC announced the result of the test, which says that the European standard is more appropriate to the mountainous areas of the nation in December 2001. Nevertheless, the MIC, which is responsible for technology standards in government, did not accept the result. There were controversies on the process of field test and its result among MBC, relevant civic organisations and the MIC. The government argued that it did not have enough data to change the 1997 decision for the ATSC as the nation’s digital transmission standard.

In 2003, NUM and civic organisations protested against the current ATSC technology standard, and proclaimed that the standard should be changed to the European DVB standard. During the fieldwork, some interviewees witnessed that this controversy reflected the broadcasting unions’ concern in the digital age. They were concerned about the terrestrial broadcasters’ position in the new digital market (Personal Interview).

MIC and KBC started reviewing the current digital transmission technology standard in October 2003. Digital transition was suspended from December 2003. KBC announced the delay of the deadline for metropolitan city areas on 19 January 2004. The four part committee, composed by chairman of KBC, minister of MIC, president of KBS and president of NUM was formed. Finally, the representatives of MIC, KBC, KBS and NUM came to a compromise adopting the current ATSC in July 2004. It includes acceptance of the ATSC as a digital terrestrial standard and of terrestrial digital mobile broadcasting (DMB) as a substitute for mobile reception (Roh et al. 2004). During the fieldwork, some interviewees said that electronic manufacturers such as LG and Samsung would gain great revenues through the digitisation of terrestrial broadcasting (Personal Interview). The electronic manufacturers were against the
change of digital terrestrial standard during the transmission type controversy (Choi 2004).

After the compromise, the ministries concerned have competitively promoted digital televisions. MIC has encouraged consumers to buy digital televisions, while they are considered as a future IT industry growth engine. The ministry announced that it created a national savings account, called 'IT 839 installment savings.' It will lend money for the purchase of a digital television with the account used as security. To raise understanding of digital TV and offer product information, it published one million copies of promotional pamphlets during the 2004 Athens Olympic Games. The government also wants to include digital televisions in the WTO's Information Technology Agreement to enable companies to sell their digital televisions overseas free from tariffs. The agreement removes tariffs for 203 information-related devices such as semiconductors and cell phones among 63 member states including Korea (Seo 2004).

KBC has already relieved the terrestrial broadcaster's duties by lowering the payment rates for the Broadcasting Development Fund. The Commission also issued the 'measures for promoting the national diffusion of digital broadcasting'. According to the measures, it expanded the broadcasting hours of HDTV programmes from 13 to at least 20 hours per week during the Athens Olympics. It has supported the production of broadcasting contents in various ways. It planned to build audience centres, which provide the viewers with the opportunities to enjoy digital broadcasting, media access and education. It planned to set up a cooperation system between consumer electronic manufacturers and broadcasters, and deregulate the sponsorship standard (KBC 2004a).

The Ministry of Culture and Tourism (MCT) announced that it would support the production of HD programmes. It has built the 'digital magic space', which provides independent producers with HD production facilities. It has also helped to export television programmes in various ways. In 2003, the government initiated the '5 year promotion plan for
the broadcasting industry’, which included building broadcasting infrastructure, promoting programme production, educating broadcasting staff, upgrading the distribution system of programmes and promoting exports of programmes (MCT 2005: 248).


The overall approach to the introduction of digital terrestrial television can be considered an industrial policy and a sponsoring type of control. To resolve the dispute over the standard, the government adopted a corporatist approach, which included the press union. This reflected the democratisation of Korean society.

8.4.2 Digital Satellite

In the case of satellite broadcasting, preliminary plans initiated by the Ministry of Information (MI), which demanded use of the analogue transmission, were scrapped in 1992 in favour of ones using digital transmission. This was insisted upon by MIC. However, when DBS broadcasting launched in 1997, it failed to attract a large audience. Kim (1996: 267) argues that the past failure to attract an audience for DBS broadcasting could be ascribed to the inability to broadcast popular programmes without the need to buy an expensive digital receiver. Moreover, because KBS either rebroadcasts terrestrial programmes or broadcast simultaneously, and EBS broadcasts educational programmes for the student audience, DBS programme ratings were weak.

The government set up the four main purposes of Korean DBS policy as follows (Park and McDowell 2004: 121-122):
• to improve the cultural welfare of viewers;
• to accelerate the development of the knowledge society
• to strengthen the content industry’s competitive position; and
• to raise the homogeneity of the One Korea (South Korea and North Korea) community.

These objectives were the top priorities in guiding the design of specific elements of satellite industry. Balanced development among all media is added to policy objectives later. In reality, it means to allow shared programme production and exchange arrangements, or a cooperative programme exchange model among enterprises in terrestrial broadcasting, satellite broadcasting and other platforms (Park and McDowell 2004: 124). A must-carry policy is considered an important instrument for the objective. Though Star TV attracted a small audience, Kim (2000: 96) argues that it added more pressure on the Korean government to hasten its own DBS development.

After the enactment of the Broadcasting Act, KBC decided upon which consortium to licence through competition in December 2000. Only one company provides direct broadcast satellite services in Korea. Skylife (the Korean Digital Satellite Broadcasting, KSDB) launched commercial regular services on 1st March 2002. Its major shareholders included KT (Korea Telecom), KBS, other terrestrial broadcasters and EchoStar (KBC 2000b: 355). They were mainly from the public sector, though KT was privatised in 2002. This consortium’s plan defeated that the other consortium from the Chaebols and a global media conglomerate composed of LG, Dongyang, SK Telecom and Rupert Murdoch’s NewsCorp (KBC 2000b: 375). The KBC chose the KDSB consortium because of the stability of its funding sources, its access to a lot of programmes for broadcasting and its production capabilities. KBS is in charge of the software section in the Skylife. Korea Telecom is the largest telecommunication company in
Korea. KT owns and manages the satellite technology that is used for DBS service delivery. MBC and SBS also participate in the consortium (Park and McDowell 2004: 120-121).

Some scholars argue that political considerations might have been another important factor in this decision. During the fieldwork, an academic said that the KT and KBS alliance seemed to be the guarantee of public interest. They seem to fight against conglomerates and global media (Personal Interview, 21 May 2004). In addition, Murdoch has been closely implicated in broadcast management. Murdoch met then president-elect, Kim, Dae Jung one day before the presidential inauguration. It aroused indignation among the press union and the civic organisations. They openly objected to Murdoch’s investment in DBS (Lee 2000).

Currently, 33% of foreign capital investment is allowed in the Korean satellite broadcasting channels. It was changed through the passage of the Broadcasting Act in 2000. Rupert Murdoch supported the other satellite platform in competition in order to obtain the satellite operator licence. Though he failed at both, he tried to participate in the satellite business in Korea again in 2003 (Kim 2003).

The controversy on the re-transmission of terrestrial broadcasting signals via Skylife is an exemplary case that shows the politics of broadcasting regulation in Korea (Yoon and Hong 2004). The re-transmission policy for satellite broadcasting was limited to carrying the two public service broadcasting channels, i.e. EBS and KBS-1. The revised Broadcasting Act set must-carry obligations on the satellite and cable operators. Thus, two public service broadcasting channels should be simultaneously re-transmitted via satellite and cable. It did not allow carriage of KBS-2, MBC and SBS. Local terrestrial broadcasters and cable system operators (SO’s) were fiercely against the policy. Local terrestrial broadcasters have re-transmitted most of MBC Seoul and SBS programmes. If MBC Seoul and SBS bypass them using Skylife, they are afraid that they will lose advertising revenues. Cable SO operators have
been worried about the new competitor. I think that the broadcasting contents produced by terrestrial broadcasters are so popular and the restriction of re-transmission is a barrier of entry to the broadcasting market. New platform operators are willing to re-transmit contents to attract subscribers. In this context, banning the re-transmission of some terrestrial services on Skylife means undermining its capabilities. Local broadcasters and cable SO's lobbied against the re-transmission. The revision of the Broadcasting Act was enacted in April 2002. The goal is to solve the conflicts between local broadcasters and Skylife, and pursue balanced development among relevant broadcasters and operators. Under Article 78 of the revised Act, the signals of terrestrial broadcasters except must-carry channels cannot be re-transmitted by satellite and cable carriers without prior authorisation from the Commission. KBC had not regulated the re-transmission issue well. Even the chairman and the secretary-general of KBC resigned for this issue. Yoon and Hong (2004) point out that the failure of mutual adjustment role of regulator gave rise to antagonism between Skylife and local broadcasters. Recently, the local broadcasters and Skylife came to a compromise on the condition that the DBS operators offer local channels using the Conditional Access System. The Korean government has adopted the arbitration type of control in this policy.

8.4.3. Digital Cable

Korea is heavily connected by cable. The total number of cable subscribers is about 11.7 million homes. 70% of total households are subscribed to cable (KBI 2005). Thus, it is essential to digitise cable for digitisation of Korean broadcasting. Cable operators have been working on digitisation and system upgrades to develop future revenue sources like interactivity and other services (KBC 2004d).

The goals of the digitisation of cable TV service are “to provide interactive service of high-
quality and to bolster the competitiveness of the cable TV industry” (MIC 2003b: 100). The government offered technology support for cable TV operators. The technology criteria on cable TV equipment were revised to reflect changes that have shaped technological circumstances and international standards, while the government held digital cable TV workshops and exhibitions. In November 2003, Qrix broadcasting launched an experimental digital cable TV service.

However, some experts argue that digitisation of cable is too slow because most of the station operators are fragmented. The Korean national assembly revised the broadcast law to raise ownership caps in 2004. Chaebols can own 100% of shares of SO's. 49% of foreign investment is allowed in PP's and SO's. The relaxation of ownership is partly due to digitisation of broadcasting. Small SO's are short of digital transition funds. KBC has lent transition funds to the cable operators. It proposed a digital media centre (DMC) as a solution. The DMC was created to provide the audience with digital cable TV service. DMC is expected to achieve economies of scale (KBC 2004a; Kim 2003; Oh 2003).

8.4.4. Satellite DMB

SK telecom, the biggest mobile operator in Korea, undertook the initiative to launch Satellite Digital Multimedia Broadcasting (DMB). Its mobile telephone market has reached saturation point and suffered the pressure of rate reduction. The launch of DMB can be considered the diversification strategy of SK Telecom. It became the second largest shareholder in Japanese MBCo. The spectrum frequency was already allotted to satellite Digital Audio Broadcasting (DAB). The private telecommunications company participates in the broadcasting industry through digital broadcasting. Satellite DMB is a typical example of a convergence service, and Pay-TV.

The MIC supported its development from 2002. DMB is included in its IT 839 strategy,
and regarded as one of the growth engines of the Korean economy (MIC 2003d: 10). The government planned to establish its policy measures on its licensing and service options. It has studied the foreign status of DMB business, the business forecast in Korea, its impact of the DMB on the Korean economics and the schedule for its launch and its licensing method. It also worked for the revision of the related act. The National Assembly revised the Broadcasting Act related to the legal framework for DMB on 2 March 2004\textsuperscript{21}. The digital broadcasting equipment manufacturers and SKT lobbied for the passage of the bill at the final interim term of the National Assembly.

Tu Media was selected as an operator of satellite DMB in 2004. It was the only applicant in the test for the business licence. Its major shareholders included SK telecom (28.5%), Japanese MBCo (9.5%), Samsung electronics (6.6%), LG electronics (4.7%), MBC (4.7%), and SBS (4.7%). Chaebols and foreign capital are major investors in this business.

Re-transmission of terrestrial broadcasting became a keenly debated issue again, because satellite DMB covers a nationwide area and is a competitor of terrestrial DMB. The re-transmission of terrestrial broadcasters was allowed officially by KBC. However, there is no must-carry channel. Terrestrial broadcasters including public service broadcasting decided not to offer their programmes to satellite DMB until a high enough diffusion of terrestrial DMB had been achieved because the broadcasting unions made a compromise with terrestrial broadcasters. Some critics argue that terrestrial broadcasters and their trade unions did not want to lose their position in the market where they had been protected under public service broadcasting systems (Shin, Lee and Kim 2006: 7).

\textsuperscript{21} The revised Broadcasting Act newly classifies broadcasting by broadcast contents such as television broadcasting, radio broadcasting, data broadcasting and digital multimedia broadcasting. The Broadcasting Act of 2000 classified it by the means of transmission like terrestrial broadcasting, cable and satellite broadcasting.
Satellite DMB began main broadcasts in May 2005. Despite the concerns of failure, it obtained broadcasting rights to US Major League Baseball, and the number of subscribers is almost 1 million as of December 2006 (Im 2005: 15; Kim 2006; Rhew 2006).

8.4.5. Terrestrial DMB

It is a DAB-based mobile multimedia TV. Through various receivers like portable TV, PDA (Personal Digital Assistant) and mobile handsets, a multimedia service including VCD (Video Compact Disc) quality video, CD quality audio and value-added data service is provided (Lee 2005: 3). During the fieldwork, the interviewee who participated in DMB creation said that video service was added during the study of low diffusion rates of foreign DAB (Personal Interview, 9 March 2004). The government made a decision on the standard for terrestrial DMB considering the digitisation of incumbent FM radio broadcasting and the introduction of new frequencies for the terrestrial DMB service (MIC 2003b: 102).

While the dispute about digital terrestrial transmission was solved, the KBC, MIC, KBS and NUM arrived at a compromise about no changes to the digital terrestrial transmission type and the free service of terrestrial DMB (Roh et al. 2004). Though it promised to be free, telecommunications companies who participated in the service wanted to receive a subscription fee, with the introduction of a Network Identification System (NIS) in the shaded area where no signal is available. This idea has not been accepted by the MIC. Without a subscription fee, however, telecommunication companies threaten not to offer a DMB service to the underground area, because they should invest huge money on reception appliances like gap fillers. Though terrestrial DMB is based on advertising, they want a more secure finance source.

The main policy directions of the KBC (2004c: 18) are as follows;
• Though business initiatives and autonomy are secured, the universal service of terrestrial broadcasting should be maintained.

• Though terrestrial DTV programmes are used, new content suitable for media features should be developed and efficient use of the spectrum should be considered.

• A successful introduction of DMB and diversity should be secured through incumbent terrestrial broadcasters’ competitiveness.

• Encouragement of the domestic industry and reinforcement of international competitiveness should be realised through DMB contents and technology development.

Six operators of terrestrial DMB were chosen by the KBC. Three operators were from current terrestrial TV broadcasters -KBS1, MBC, and SBS-, three from non-current terrestrial TV broadcasters. According to KBC, it was divided to alleviate the oligopoly of terrestrial broadcasters and encourage a balanced development of media (KBC 2004c: 21). Thus, despite having a higher score than three non-current terrestrial TV broadcasters, the public service broadcaster EBS was not chosen. This could be considered a case of privatisation through new digital media. Moreover, for economic reasons, KBC divided the business area into only two areas- metropolitan and non-metropolitan areas, and even allowed Seoul-based broadcasters to have the non-metropolitan terrestrial DMB business licence. Local broadcasters and NUM and civic organisations were strongly against this measure. KBC was criticised for its ignoring of localism (Chun 2006). Finally, KBC changed the plan, allowing local broadcasters to participate in the 6 regional DMB businesses. According to the new policy, KBS covers the nation-wide area, and 6 local MBC stations and 6 commercial broadcasters are engaged in the regional DMB businesses (Sun 2006c; KBC 2006b).

As Do (2005) puts it, the introduction process of terrestrial DMB is complex interactions
among the KBC, MIC, NUM, telecommunications companies and broadcasters. While satellite DMB is a pay service provided by chaebols and foreign capital, terrestrial DMB is emphasised as free media. However, examinations of factors like domestic broadcasting market size, a method to secure financial support for DMB, consumers’ expectations for DMB and ability to make programmes have not been carefully fulfilled. Though terrestrial DMB has been fast diffused and the number of the audience reached approximately 2.3 million as of December 2006, the broadcasters suffer the enormous financial deficit due to low advertising revenue (Kim 2006).

8.4.6. IP-TV

IP-TV (Internet Protocol Television) is a new convergence service, which provides real time multi-channel programmes and various interactive services such as VOD, through broadband network to television sets. It is currently promoted by telecommunications companies like Korea Telecom and Hanaro Telecom.

Kim (2005) argues that there are opportunities and threats for its adoption in Korea. The high penetration of the broadband Internet, 10-year experience of pay television services, nationwide service area and relatively cheap investment for IP-TV infrastructure would be opportunities for the telecommunication companies. On the other hand, regulatory conflicts, the structure of dumping competition in pay television market and the exclusive offer of some incumbent channels would be threats to the new service.

KBC and MIC have discussed the regulatory issues related to IP-TV. MIC considers it a value-added telecommunications services, while the KBC consider it a broadcasting service. It is regarded as a strong competitor to cable TV. If IP-TV is classified as a value-added telecommunications service, its regulatory burdens will be lighter that those of cable TV. In this
case, asymmetric regulation will be a problem. IP-TV operators will attain advantages from the regulation.

Currently, MIC and telecommunications companies demand the introduction of IP-TV service as soon as possible, while KBC, cable business and terrestrial broadcasters are trying to postpone its introduction. The coalition of the regulator and related industry are formed. The former stresses the economic aspect of IP-TV, but the latter the socio-cultural dimensions and a fair competition issue. For example, terrestrial broadcasters argue that before the introduction of IP-TV, audience' life style, real benefit and cost burden should be properly considered (Jung and Jung 2005: 310-311).

8.5. Audience' adoption of digital broadcasting

Analogue media are being replaced by digital media in Korea. Customers have bought digital television and DVD instead of analogue television and VCR's. In comparison with those in 2003, the increase of the diffusion rates of digital TV in 2004 was relatively higher than that of the others, while those of VCR and analogue television slightly decreased. (see Table 8.8)

However, the adoption rate of digital television is still very low. Despite several government promotions, the diffusion rate does not meet expectations. The subscriber size of the digital satellite broadcaster - Skylife - was 1.85 million by 2005 (Sun 2006b). About 2.21 million digital televisions were sold by November 2005 (KBC 2006a). The debates around digital broadcasting have been based on the viewpoints of suppliers and policymakers. Joo (2004: 201) argues that they have not considered consumers' positions but promoted technological excellence and industrial far-reaching effects.
Table 8.8. Household ownership of selected facilities in the 7 Metropolitan cities

<table>
<thead>
<tr>
<th>Category</th>
<th>Diffusion rate (Unit: %)</th>
<th>2002 (n=800)</th>
<th>2003 (n=589)</th>
<th>2004 (n=1200)</th>
<th>Change (03-04)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analogue television</td>
<td></td>
<td>99.2</td>
<td>98.5</td>
<td>96.8</td>
<td>-1.7%</td>
</tr>
<tr>
<td>Digital TV</td>
<td></td>
<td>4.4</td>
<td>5.9</td>
<td>14.0</td>
<td>137.3%</td>
</tr>
<tr>
<td>VCR</td>
<td></td>
<td>87.1</td>
<td>91.0</td>
<td>85.4</td>
<td>-6.2%</td>
</tr>
<tr>
<td>DVD</td>
<td></td>
<td>10.5</td>
<td>14.3</td>
<td>25.4</td>
<td>77.6%</td>
</tr>
<tr>
<td>Computer</td>
<td></td>
<td>81.9</td>
<td>87.8</td>
<td>88.7</td>
<td>1.0%</td>
</tr>
<tr>
<td>Digital camera</td>
<td></td>
<td>17.4</td>
<td>23.3</td>
<td>41.5</td>
<td>78.1%</td>
</tr>
<tr>
<td>Digital camcorder</td>
<td></td>
<td>9.5</td>
<td>8.1</td>
<td>17.6</td>
<td>117.3%</td>
</tr>
<tr>
<td>Portable TV</td>
<td></td>
<td>4.7</td>
<td>2.9</td>
<td>5.3</td>
<td>82.8%</td>
</tr>
</tbody>
</table>


Notes: 7 metropolitan cities: Seoul, Pusan, Incheon, Daegu, Daejon, Kwangju, Ulsan

A survey by Seoul YMCA (2002a) indicates that concerning HDTV prices, they answer ‘very expensive’ (57.2%) and ‘expensive’ (35.2%). In this survey, 39.2% of the respondents answer ‘do not have a plan to buy a digital television’ and 38.3% of them ‘do not think about the buying a digital television’. In 2002, only 3.5% of the respondents had already bought a digital television and 19% of them planned to buy it. A recent Electronic Industries Association of Korea survey (MOCIE 2005) shows that 15% of the respondents had already bought a digital television and 57.5% of them planned to buy it. It could be argued that various government promotions and the reduction of digital TV prices are effective. Nevertheless, the problem is that the government still aims at the analogue switch-off by 2010 and there is still no specific
policy about the digital divide related to digital television. From 2005, the KBC initiated research about the demand side of digital transition, and planned to enact the special Act of the Digitisation of Broadcasting, which includes the mandatory integration of a digital broadcasting tuner, the date of analogue switch-off and the acceleration of the diffusion of a digital television (KBC 2006a).

As shown in a KBC report (Lee et al. 2005: 163), the main reasons why the respondents do not buy a digital television are 'the price of a digital television is too high' (48.3%) and 'satisfied with the current analogue television' (46.3%). (see Table 8.9) The Electronic Industries Association of Korea survey (EIAK 2005) also shows that 55.6% of the households that have no intention to buy a digital television answer 'satisfied with the current analogue TV' and 34.1% of them say 'a digital TV is too expensive'.

Table 8.9. Reason for Not Buying a Digital Television

<table>
<thead>
<tr>
<th>Reason for Not Buying a Digital Television</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The price of a digital television is too high</td>
<td>48.3</td>
</tr>
<tr>
<td>Satisfied with the current analogue television</td>
<td>46.3</td>
</tr>
<tr>
<td>I do not know about a digital television</td>
<td>3</td>
</tr>
<tr>
<td>Too difficult to use</td>
<td>1.5</td>
</tr>
<tr>
<td>After the move, I will buy a digital television</td>
<td>0.5</td>
</tr>
<tr>
<td>Not necessary</td>
<td>0.3</td>
</tr>
<tr>
<td>Shaded area</td>
<td>0.1</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: KBC 2005: 163

Note: N=775 (The respondents who do not have a digital television)
According to a TV viewing behaviour study (Lee 2004), analogue TV sets are still the most penetrated media in Korea. One household owns on average 1.43 analogue TV sets, in comparison with 0.13 digital TV sets and 0.05 portable TV sets for a vehicle in 2004. Table 8.10 shows the difference in terms of the household ownership of selected communication facilities by income. The household ownership of digital television, VCR, DVD, MP3 player, computer, digital camera, digital camcorder, PDA and portable television for a vehicle is significantly different by income. The households with higher income own more communication facilities.

Table 8.10. Household ownership of Selected Communication facilities by income

<table>
<thead>
<tr>
<th>Category</th>
<th>Overall</th>
<th>Less than 2 million (won)*</th>
<th>2-3 million</th>
<th>3 million or more</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analogue Television</td>
<td>1.43</td>
<td>1.39</td>
<td>1.39</td>
<td>1.49</td>
</tr>
<tr>
<td>Digital TV</td>
<td>0.13</td>
<td>0.08</td>
<td>0.10</td>
<td>0.19</td>
</tr>
<tr>
<td>VCR</td>
<td>0.86</td>
<td>0.78</td>
<td>0.87</td>
<td>0.90</td>
</tr>
<tr>
<td>DVD</td>
<td>0.22</td>
<td>0.11</td>
<td>0.19</td>
<td>0.31</td>
</tr>
<tr>
<td>MP3 player</td>
<td>0.29</td>
<td>0.14</td>
<td>0.24</td>
<td>0.41</td>
</tr>
<tr>
<td>Computer</td>
<td>0.95</td>
<td>0.77</td>
<td>0.93</td>
<td>1.05</td>
</tr>
<tr>
<td>Digital Camera</td>
<td>0.34</td>
<td>0.15</td>
<td>0.29</td>
<td>0.48</td>
</tr>
<tr>
<td>Digital Camcorder</td>
<td>0.14</td>
<td>0.04</td>
<td>0.13</td>
<td>0.20</td>
</tr>
<tr>
<td>PDA</td>
<td>0.02</td>
<td>0.01</td>
<td>0.02</td>
<td>0.03</td>
</tr>
<tr>
<td>Portable TV</td>
<td>0.05</td>
<td>0.02</td>
<td>0.06</td>
<td>0.06</td>
</tr>
</tbody>
</table>
A study on the demand analysis of the digital transition of terrestrial broadcasting (Lee et al. 2005) confirms that respondents with higher income have more digital televisions. The percentage of respondents who earn less than 1000 pounds a month (5.3%) is about one fourths of that of the respondents who get more than 1750 pounds a month (22.8%). In terms of occupation, the percentage of blue-collar respondents who have a digital television (6.3%) is almost one thirds of white-collar respondents (17.5%). In Korea, blue-collar labourers are badly paid. This means substantial inequalities of access and use by income. Golding (2005) argues that income is the main cause of digital divide. Moreover, current economic depression in Korea has hampered the rapid diffusion of a digital television.

8.6. Conclusion

Korea broadcasting industry has changed in the onset of digital broadcasting. Though civil society are involved in broadcasting policy-making, the main trends of Korean broadcasting is marketisation, financialisation and globalisation. Using the digitisation of broadcasting and converged services, private telecommunications companies and foreign capital have entered the broadcasting market. In the digitisation process, electronics manufacturers like Samsung and LG, privatised telecommunications companies such as KT and SKT, and the MIC have played pivotal roles. The public service broadcasters, NUM and some civic organisations have played alternative roles in the process.

I conclude with the marketisation interest groups in South Korea. In Korea, the pro-market alliance has worked through lobbying and public relations with policy-makers and key opinion-
makers in the media. Table 8.11 summarises marketisation interest groups in Korea.

Table 8.11. Marketisation interest groups in South Korea

<table>
<thead>
<tr>
<th>The pro-market actors</th>
<th>Their interests</th>
</tr>
</thead>
<tbody>
<tr>
<td>The electronics industry</td>
<td>To exploit markets for digital TV sets, pay-TV decoders, satellite reception equipment, DMB reception appliances, etc.</td>
</tr>
<tr>
<td>The cable and satellite</td>
<td>Freedom to provide commercial services</td>
</tr>
<tr>
<td>lobbies</td>
<td></td>
</tr>
<tr>
<td>Telecommunications</td>
<td>To develop and diffuse new media technologies such as digital satellite, satellite DMB and IP-TV; to maintain dominant market position in telecoms provision; to enter broadcasting market</td>
</tr>
<tr>
<td>companies</td>
<td></td>
</tr>
<tr>
<td>Major newspapers</td>
<td>To diversify media operations; to attack the public service broadcasting; to keep the political power.</td>
</tr>
<tr>
<td>companies</td>
<td></td>
</tr>
<tr>
<td>Advertisers</td>
<td>To gain outlets and strengthen market position; to privatise public service broadcasting</td>
</tr>
<tr>
<td>Government</td>
<td>To promote the economy; to attract media investors; to coordinate different interests</td>
</tr>
<tr>
<td>Foreign capital</td>
<td>To earn more profits; to privatise public corporations</td>
</tr>
<tr>
<td>Global Media</td>
<td>To expand their market; to invest in Korean media industry directly; to sell their cultural commodities</td>
</tr>
<tr>
<td>Conglomerates</td>
<td></td>
</tr>
<tr>
<td>International Organisations</td>
<td>To diffuse neo-liberal policy solutions; to make a free trade agreement</td>
</tr>
<tr>
<td>and powerful states</td>
<td></td>
</tr>
<tr>
<td>Parties of the Right</td>
<td>To pursue neoliberal agenda; to promote business interests; to privatise public service broadcasting</td>
</tr>
<tr>
<td>Public service supporters</td>
<td>Their interests</td>
</tr>
<tr>
<td>----------------------------------</td>
<td>---------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Civic organisations</td>
<td>Protection of audience rights; Democratisation of Media Environments</td>
</tr>
<tr>
<td>Public service broadcasters</td>
<td>Self-defence; continuance of public resources, etc.</td>
</tr>
<tr>
<td>Press Union</td>
<td>Protection of employment and conditions of employment; Democratisation of Media</td>
</tr>
<tr>
<td>Parties of the left</td>
<td>Promotion of public service ethos and communitarian values; promotion of labour interests</td>
</tr>
</tbody>
</table>
Chapter 9. Participants in the Policymaking Process

9.1. Procedure of the Field Study

During the fieldwork, semi-structured interviews explored the rationales of participants and policymakers who represent each sector of Korean broadcasting structure, paying particular attention to their priorities, concepts of public interest, and evaluations (refer to Appendix II). The purpose of the interviews was to acquire background knowledge about the current context of the digital broadcasting policy and policymaking process. The 25 interviewees included broadcasting scholars, directors in broadcasting corporations, government officials, the members of the press union, and the members of audience organisations. They were conducted from January 2004 to May 2004. My questionnaire was also modified following the semi-structured interviews. I used the results to explain the survey results and policy contexts in Chapter 7, 8 and 9.

Some interviewees did not permit me to record their interviews with a digital recorder, so the contents of the conversation were transcribed, as they wished to remain anonymous. Confidentiality is important in this kind of research. In practice, it was difficult for me to interview government officials and some renowned people. Some of them did not permit me to interview them. However, I knew some interviewees personally. In turn, some of them also introduced other interviewees to me, and even helped me distribute the questionnaires. They played roles of key informants in the fieldwork.

A questionnaire survey was also conducted from March 2004 to May 2004. A pilot study had been conducted to modify the questionnaire. Cluster sampling and typical-case

---

22 "A sampling method that involves randomly selecting a range of 'clusters' (e.g. geographic areas or institutions) and then sampling all units in these clusters or selecting units randomly from these clusters (the latter option is sometimes referred to
The attitudes and opinions of respondents reflect those of each group because 15 from audience organisations were secretaries of each organisation and 200 from broadcasting unions were the union representatives who stood for each job speciality in their companies. 34 were from regulating authorities and worked for the departments directly related to digital broadcasting policies. 29 respondents were from the Bureau of Media Policy and the Bureau of Broadcasting Policy in the Korean Broadcasting Commission (KBC) and 5 were from the Department of Broadcasting & Satellite in the Ministry of Information and Communication (MIC). There were 49 staff and 14 staff respectively in the bureaus of KBC and the department of MIC. KBC and MIC mainly take charge of digital broadcasting policies in Korea.

The unions of KBS, MBC, SBS, EBS, CBS, PSB, ITV, MBN, Arirang TV, KNC and Skylife in 3 cities (Seoul, Pusan and Incheon) participated in the survey. I initially distributed 445 questionnaires through a key informant of the National Union of Mediaworkers (NUM). The broadcasting companies that participated are the principal terrestrial, cable and satellite broadcasters in Korea. KBS, MBC and EBS are public service broadcasters. I tried to distribute them to the headquarters of NUM and YTN, a news channel on the cable and satellite broadcasting. However, it was not allowed.

I telephoned to the 87 audience organisations and the 17 disability organisations listed on as ‘staged’ cluster sampling). Cluster sampling is widely used where the research population is widely dispersed and it would be impractical to generate a comprehensive sampling frame and gain access to all units randomly selected from it.” (Deacon et al. 1999: 388–389)

23 “A non-random sampling method that focuses on specific sampling units that can claim to be ‘typical cases’ of a wider population. That is, they represent the ‘essence’ or ‘composite ideal’ of the topic being investigated. This method is often used in conjunction with more extensive and representative sampling data, which is used to ascertain the criteria for establishing typicality in a given research context.” (Deacon et al. 1999: 401)

24 In December 2004, KBC repealed the licence of ITV due to its management problem.
the KBC register. Most of the audience organisations focused mainly on monitoring the programmes. Concerning the disability organisations, only one organisation expressed an interest in the digital broadcasting policies, and was working for it. When I rang up, one secretary in a disability organisation said that the disabled are so poor that they cannot afford to claim any interest in digital broadcasting. 14 out of the 23 audience organisations that promised to answer sent me the complete questionnaires. In the case of the YMCA in Seoul, two secretaries were questioned because one had participated in the digital terrestrial broadcasting committee as a delegate of civic audiences and the other was a current team leader of the relevant department. I investigated the secretaries of the civic organisation because most of these organisations are run by a small number of intellectuals and activists. Kwak (2003: 231) indicates that the ‘top-down’ nature of these organisations has often been related to “the relative absence of the general public within civil society”.

Table 9.1. Sample size and Response

<table>
<thead>
<tr>
<th></th>
<th>MIC</th>
<th>KBC</th>
<th>Civic Organisations</th>
<th>Broadcasting Unions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sample size</td>
<td>14</td>
<td>49</td>
<td>24</td>
<td>445</td>
</tr>
<tr>
<td>Response</td>
<td>5</td>
<td>29</td>
<td>15</td>
<td>200</td>
</tr>
</tbody>
</table>

During the survey, I investigated the attitudes, opinions and assessments of civic organisations and broadcasting unions as well as the government officials, because under Kim, D. J.’s and current regime, some representatives of the institutions have participated in the broadcasting policymaking process. This phenomenon is mainly due to the democratisation of Korean society. The NUM and some civic organisations have protested against some digital
broadcasting policies. They can be considered civil society in the broadcasting sector.

Multiple choice and Likert scale questions were asked (see Table 9.2). The surveys were analysed using cross-tabulation, chi-square, correlation, ANOVA, and factor analysis. Factor analysis was used for exploratory purposes. The semi-structured interviews also explored the rationales of participants.

The inter-rater reliability of the survey was 0.995 according to the Holsti's formula (Wimmer and Dominick 1994). Two coders -author and another researcher- coded 12 questionnaires each. The alpha reliability of the 50 item scale (Likert scale part) was 0.7916, indicating that the scale had good reliability. The split half reliability of the 50 item scale was 0.66, indicating that the scale had only moderate reliability (Howitt and Cramer 2003).

9.2. Problems and Difficulties of the Field Study

In spite of some useful results from the fieldwork, there were some problems and difficulties of the field study. First, during the semi-structured interviews, some interviewees, especially government officials, did not provide substantial information. Some of them also demanded anonymity. One interviewee even withdrew from the interviewee, because he was not satisfied with my questions. Fortunately, we resumed the interview after several rounds of communication.

Second, the higher officials in MIC did not respond to the survey. They were reluctant to express their opinions. Thus, this inadequacy was supplemented by official documents and newspaper articles. In some cases, my survey results were not sufficient. Thus, I compared them with secondary data to compensate for my research. I cross-examined my research and other relevant surveys.

Third, though I had performed a pilot study of the survey research, some respondents still
pointed out some ambiguities in the questions No. 13 and No. 14. Therefore, I cautiously interpreted them. In addition, certain questions, for example income per month were purposely avoided by the respondents. Several respondents chose a few answers instead of one answer in the question, B-5. In this case, I put them in the category of ‘unclear’.

Fourth, the size of respondents from audience organisations is only 15. There might be possible limitations in the statistical analysis.

Finally, the response rate of the MIC and some broadcasters such as KBS Seoul, MBC Seoul, SBS was not as high as expected. They are Seoul-based major broadcasters. This gave a limitation to my research.
Table 9.2. Table of questions in the questionnaire (Refer to Appendix III)

<table>
<thead>
<tr>
<th>Category</th>
<th>Sub-category</th>
<th>Question Number</th>
<th>Instrument</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evaluation of digital policies</td>
<td>Democratic process</td>
<td>4,5,6,7,50,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Selection of a digital</td>
<td>9,10,36,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Transmission type</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Universal service</td>
<td>8,35,42,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Access</td>
<td>37,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Re-regulation</td>
<td>38,39,40,41,43,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Balanced development</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fundraising for the digital</td>
<td>45,46,47,48,49</td>
<td></td>
</tr>
<tr>
<td>transition</td>
<td>The prospect for digital</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>broadcasting</td>
<td></td>
<td>Likert Scale</td>
</tr>
<tr>
<td></td>
<td>PSB</td>
<td>11,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Freedom</td>
<td>12,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Diversity</td>
<td>17,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Re-regulation</td>
<td>13,14,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Democracy</td>
<td>2,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Access</td>
<td>15,16,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Broadband Internet</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>The public interest</td>
<td>PSB</td>
<td>18,26,30,</td>
<td></td>
</tr>
<tr>
<td>of Korean broadcasting structure</td>
<td>Democracy</td>
<td>24,25,27,28,29,34,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Freedom</td>
<td>19,20,21,22,23,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Diversity</td>
<td>44</td>
<td></td>
</tr>
<tr>
<td>The rationales of Regulators</td>
<td></td>
<td>31,32,33,</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>282</td>
<td></td>
</tr>
<tr>
<td>Broadcasting regulation</td>
<td>Re-regulation</td>
<td>1,6,6-1</td>
<td></td>
</tr>
<tr>
<td>-------------------------</td>
<td>--------------</td>
<td>---------</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Privatisation</td>
<td>2,3,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ownership</td>
<td>4,</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Values</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Multiple Choices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Demographic</td>
<td>Korean Broadcasting Commission</td>
<td>1-6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>MIC</td>
<td>1-6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Civic and audience groups</td>
<td>1-9</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Press Union</td>
<td>1-9</td>
<td></td>
</tr>
</tbody>
</table>
9.3. Results of Analysis

9.3.1. General Profile of Respondents

The total number of questionnaires was 249 (34 from regulating authorities, 15 from civic and audience organisations, and 200 from broadcasting unions). While the total number of males was 221, of females 26, the number of female union representatives was especially quite scarce. It was just 11 out of 200 (5.5%) (see Table 9.3). Most of the representatives were male. In 2004, however, the percentage of female is 25.5% in the entire broadcasting industry, and 14.7% in the terrestrial broadcasting industry. In the industry of programme providers (PPs), the percentage of female amounts to 38.5%, and that of casual workers 39.7%. 58.9% of total casual workers in the PP industry are female (Yoon et. al. 2004: 44). The problem with the Korean broadcasting industry is that most of these casual workers are not unionised. They are low-wage earners and vulnerable to layoff. In addition, the majority of the workers in the cable and PP industry are not unionised.

<table>
<thead>
<tr>
<th></th>
<th>KBC and MIC</th>
<th>Audience Organisation</th>
<th>Broadcasting Union</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>%</td>
<td>Count</td>
<td>%</td>
</tr>
<tr>
<td>NA</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>male</td>
<td>25</td>
<td>73.5%</td>
<td>9</td>
<td>60%</td>
</tr>
<tr>
<td>female</td>
<td>9</td>
<td>26.5%</td>
<td>6</td>
<td>40%</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100%</td>
<td>15</td>
<td>100%</td>
</tr>
</tbody>
</table>

Yoon (2005) argues that there is a gender inequality in the terrestrial broadcasting companies. The percentage of female in the ranks above the position of deputy manager in SBS was merely 1.4%, although the broadcaster has higher portion of female workers (14.7%) than KBS and MBC. The percentage in KBS (5.5%) is relatively higher (Yoon 2005: 251). As Kim
(2006: 123) puts it, the proportion of high-ranking female journalists is also very small, irrespective of the increase of the female journalists. The number of females in the ranks above the position of associate editor in KBS was only 7 out of 80, though the broadcaster is known to have higher proportion of female journalists than others.

According to Table 9.4, most of the respondents were in their thirties and forties. Table 9.5 shows that the majority had worked for from 5 to 15 years. Most of them were well educated. 220 people had at least bachelor degrees. The broadcasting industry and regulatory authorities are highly competitive to enter (see Table 9.6).

Table 9.4. Distribution of Respondents by Age

<table>
<thead>
<tr>
<th></th>
<th>KBC and MIC</th>
<th>Audience Organisation</th>
<th>Broadcasting Union</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>%</td>
<td>Count</td>
<td>%</td>
</tr>
<tr>
<td>NA</td>
<td>2</td>
<td>5.9%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>20's</td>
<td>2</td>
<td>5.9%</td>
<td>1</td>
<td>6.7%</td>
</tr>
<tr>
<td>30's</td>
<td>24</td>
<td>70.6%</td>
<td>10</td>
<td>66.7%</td>
</tr>
<tr>
<td>40's</td>
<td>6</td>
<td>17.6%</td>
<td>3</td>
<td>20%</td>
</tr>
<tr>
<td>50's</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>6.7%</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100%</td>
<td>15</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 9.5. Work Duration

<table>
<thead>
<tr>
<th></th>
<th>KBC and MIC</th>
<th>audience organisation</th>
<th>Broadcasting Union</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>%</td>
<td>Count</td>
<td>%</td>
</tr>
<tr>
<td>No answer</td>
<td>4</td>
<td>11.8%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2 or less</td>
<td>4</td>
<td>11.8%</td>
<td>4</td>
<td>26.7%</td>
</tr>
<tr>
<td>3-4</td>
<td>4</td>
<td>11.8%</td>
<td>2</td>
<td>13.3%</td>
</tr>
<tr>
<td>5-9</td>
<td>10</td>
<td>29.4%</td>
<td>6</td>
<td>40%</td>
</tr>
<tr>
<td>10-15</td>
<td>11</td>
<td>32.4%</td>
<td>3</td>
<td>20%</td>
</tr>
<tr>
<td>16 or more</td>
<td>1</td>
<td>2.9%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100%</td>
<td>15</td>
<td>100%</td>
</tr>
</tbody>
</table>
The staffs in regulating authorities and members in broadcasting unions were well paid. Most of their salaries were at least 2,000,000 won (1 pound is approximately 2,000 won) and some of them even reached more than 6,000,000 won. They are the upper rank of the middle class in Korea. However, the majority of the secretaries of the civic organisations were badly paid. More than half earned below 1.5 million won per month. Thus, some of them were doing other part-time jobs (see Table 9.7).

### Table 9.6. Education

<table>
<thead>
<tr>
<th></th>
<th>KBC and MIC</th>
<th>audience organisation</th>
<th>Broadcasting Union</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>%</td>
<td>Count</td>
<td>%</td>
</tr>
<tr>
<td>No answer</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>High school graduate</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>from college Bachelor</td>
<td>1</td>
<td>2.9%</td>
<td>2</td>
<td>13.3%</td>
</tr>
<tr>
<td>degree</td>
<td>22</td>
<td>64.7%</td>
<td>10</td>
<td>66.7%</td>
</tr>
<tr>
<td>Master degree</td>
<td>10</td>
<td>29.4%</td>
<td>3</td>
<td>20%</td>
</tr>
<tr>
<td>Ph.D. degree</td>
<td>1</td>
<td>2.9%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100%</td>
<td>15</td>
<td>100%</td>
</tr>
</tbody>
</table>
Table 9.7. Income per Month

<table>
<thead>
<tr>
<th></th>
<th>KBC and MIC</th>
<th>audience organisation</th>
<th>Broadcasting Union</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>%</td>
<td>Count</td>
<td>%</td>
</tr>
<tr>
<td>No answer</td>
<td>4</td>
<td>11.8%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>600,000-1,499,999</td>
<td>1</td>
<td>2.9%</td>
<td>8</td>
<td>53.3%</td>
</tr>
<tr>
<td>1,500,000-1,999,999</td>
<td>4</td>
<td>11.8%</td>
<td>4</td>
<td>26.7%</td>
</tr>
<tr>
<td>2,000,000-3,999,999</td>
<td>16</td>
<td>47.1%</td>
<td>3</td>
<td>20%</td>
</tr>
<tr>
<td>4,000,000-5,999,999</td>
<td>9</td>
<td>26.5%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>More than 6,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100%</td>
<td>15</td>
<td>100%</td>
</tr>
</tbody>
</table>

9.3.2. Characteristics of Each Group

According to Table 9.8 and Table 9.9, relatively higher staff in KBC responded to the survey, while the higher officials in the Department of Broadcasting & Satellite in MIC did not answer the questionnaire. On the contrary, 5 managers and 15 senior inspectors in KBC responded to the survey.

Table 9.8. Job position (KBC)

<table>
<thead>
<tr>
<th></th>
<th>Count</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>No answer</td>
<td>2</td>
<td>6.7%</td>
</tr>
<tr>
<td>General staff</td>
<td>6</td>
<td>20.7%</td>
</tr>
<tr>
<td>Inspector</td>
<td>1</td>
<td>3.4%</td>
</tr>
<tr>
<td>Senior inspector</td>
<td>15</td>
<td>51.7%</td>
</tr>
<tr>
<td>Manager</td>
<td>5</td>
<td>17.2%</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
As shown in table 9.10 and table 9.11, the secretaries of the civic organisations thought that they were neutral or progressive in their political leaning. No conservative was found among the secretaries. The majority of representatives in the broadcasting unions expressed themselves as neutral or progressive in their political leaning. The results reflected the political situation of Korea. Both of them have played the role of agents of the democratisation in Korean society. They have begun participating in the formal policymaking process, though some interviewees witnessed that their opinions were often defied during the process. Under the Kim, Dae Jung and current government, civic activists have been involved in various government committees and former civil society leaders have become the members of the KBC board. In addition, former union leaders have been appointed as higher management positions including the president of a public service broadcasting corporation (Personal Interview).

Table 9.10. Political leaning (audience)

<table>
<thead>
<tr>
<th></th>
<th>Count</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neutral</td>
<td>7</td>
<td>46.7%</td>
</tr>
<tr>
<td>Progressive</td>
<td>8</td>
<td>53.3%</td>
</tr>
<tr>
<td>Total</td>
<td>15</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Table 9.11. Political leaning (Union)

<table>
<thead>
<tr>
<th></th>
<th>Count</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>No answer</td>
<td>4</td>
<td>2.0%</td>
</tr>
<tr>
<td>Conservative</td>
<td>16</td>
<td>8.0%</td>
</tr>
<tr>
<td>Neutral</td>
<td>98</td>
<td>49.0%</td>
</tr>
<tr>
<td>Progressive</td>
<td>82</td>
<td>41.0%</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
The representatives of the broadcasting unions were organised, as a reflection of the conditions of the entire broadcasting industry in Korea. In my survey, the majority of their job positions were general staffs in their companies, while some of them had higher positions such as vice-manager and department manager (See table 9.12 and table 9.13).

**Table 9.12. Job specialty (Union)**

<table>
<thead>
<tr>
<th>Specialty</th>
<th>Count</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>No answer</td>
<td>4</td>
<td>2.0%</td>
</tr>
<tr>
<td>Reporter</td>
<td>23</td>
<td>11.5%</td>
</tr>
<tr>
<td>Producer</td>
<td>33</td>
<td>16.5%</td>
</tr>
<tr>
<td>Administrator</td>
<td>29</td>
<td>14.5%</td>
</tr>
<tr>
<td>Announcer</td>
<td>5</td>
<td>2.5%</td>
</tr>
<tr>
<td>Engineer</td>
<td>77</td>
<td>38.5%</td>
</tr>
<tr>
<td>Camera crew</td>
<td>13</td>
<td>6.5%</td>
</tr>
<tr>
<td>Other</td>
<td>16</td>
<td>8.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>200</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

**Table 9.13. Job position (Union)**

<table>
<thead>
<tr>
<th>Position</th>
<th>Count</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>No answer</td>
<td>6</td>
<td>3.0%</td>
</tr>
<tr>
<td>General staff</td>
<td>140</td>
<td>70.0%</td>
</tr>
<tr>
<td>Vice-manager</td>
<td>35</td>
<td>17.5%</td>
</tr>
<tr>
<td>Department manager</td>
<td>8</td>
<td>4.0%</td>
</tr>
<tr>
<td>Other</td>
<td>11</td>
<td>5.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>200</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
9.3.3. Attitudes and Opinions of Respondents

In this section, the attitudes and opinions of KBC and MIC, civic and audience organisations and broadcasting unions will be dealt with in turn. In the case of the Likert scale questions, tables will consist of number, percentage, mean and standard deviation. In the case of multiple choices, the tables will consist of number and percentage.

The Arguments of stakeholders

The regulators thought that current digital broadcasting policies reflected diverse opinions. They especially felt that the arguments of incumbent broadcasting corporations were adopted in the digital broadcasting policies more than those of the others.

The secretaries in the civic and audience organisations thought that current digital broadcasting policies did not reflect the arguments of audience organisations. Instead, they felt that the arguments of electronic and telecommunications companies were adopted more than those of the others. One media activist said, “The revised Broadcasting Act 2004 did not include the proposal of the audience organisations concerning the protection of audience rights, .... (KBC said) Because it was urgent to include the articles related to the DMB business this time, KBC focused on the inclusion of them.” (Personal Interview, 16 April 2004). KBC and MIC have played a role of the industrial facilitator as well as the regulator.

The representatives of the broadcasting unions thought that current digital broadcasting policies did not reflect the arguments of audience organisations and incumbent broadcasting corporations. Instead, they felt that the arguments of electronic and telecommunication companies were adopted more than those of the others.

During the fieldwork, some interviewees from the civic organisations and the broadcasting unions witnessed that digital transition is mainly for the interests of electronics manufacturers.
Concerning the introduction of satellite broadcasting and satellite DMB, telecommunications companies and electronics manufacturers lobbied for the passage of the enactment and revision of the Broadcasting Act (Personal Interview). There was a positive relationship between the variables named 'electronic corporations' and 'telecom companies' ($r=0.656$, $N=249$, $p<0.001$).

One interviewee from a broadcasting company said, “the introduction of HDTV gave no increase of revenue to broadcasters despite their investment” (Personal Interview, 16 March 2004). Terrestrial broadcasters complained about the current digital transition policies and expressed a desire to withdraw from the fifth cycle of the Digital Broadcasting Promotion Committee, a special committee of KBC (Sun 2006a). Some interviewees pointed out the failure of the government and KBC’s arbitration (Personal Interview). The results of ANOVA analysis also revealed the gaps of understanding the current digital broadcasting policymaking process. The regulators dissented from others in opinion on the process (see ANOVA Results1).

Table 9.14. The Opinions about the Arguments of Stakeholders

4. Audience organisations: Current digital broadcasting policies reflect the arguments of audience organisations.

5. Broadcasting corporations: Current digital broadcasting policies reflect the arguments of incumbent broadcasting corporations.


7. Telecom companies: Current digital broadcasting policies reflect the arguments of telecommunications companies.
### KBC and MIC

<table>
<thead>
<tr>
<th></th>
<th>Audience organizations</th>
<th>Broadcasting corporations</th>
<th>Electronic corporations</th>
<th>Telecom companies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Count</strong></td>
<td><strong>%</strong></td>
<td><strong>Count</strong></td>
<td><strong>%</strong></td>
<td><strong>Count</strong></td>
</tr>
<tr>
<td>D</td>
<td>3</td>
<td>8.8%</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>U</td>
<td>15</td>
<td>44.1%</td>
<td>10</td>
<td>29.4%</td>
</tr>
<tr>
<td>A</td>
<td>14</td>
<td>41.2%</td>
<td>22</td>
<td>64.7%</td>
</tr>
<tr>
<td>SA</td>
<td>2</td>
<td>5.9%</td>
<td>2</td>
<td>5.9%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>34</strong></td>
<td><strong>100.0%</strong></td>
</tr>
<tr>
<td><strong>M:</strong> 3.44</td>
<td><strong>Sd:</strong> 0.746</td>
<td></td>
<td></td>
<td><strong>M:</strong> 3.76</td>
</tr>
</tbody>
</table>

### Civic and audience organisation

<table>
<thead>
<tr>
<th></th>
<th>Audience organizations</th>
<th>Broadcasting corporations</th>
<th>Electronic corporations</th>
<th>Telecom companies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Count</strong></td>
<td><strong>%</strong></td>
<td><strong>Count</strong></td>
<td><strong>%</strong></td>
<td><strong>Count</strong></td>
</tr>
<tr>
<td>SD</td>
<td>6</td>
<td>40.0%</td>
<td>4</td>
<td>26.7%</td>
</tr>
<tr>
<td>D</td>
<td>9</td>
<td>60.0%</td>
<td>2</td>
<td>13.3%</td>
</tr>
<tr>
<td>U</td>
<td>-</td>
<td>6.7%</td>
<td>1</td>
<td>6.7%</td>
</tr>
<tr>
<td>A</td>
<td>-</td>
<td>46.7%</td>
<td>11</td>
<td>73.3%</td>
</tr>
<tr>
<td>SA</td>
<td>-</td>
<td>6.7%</td>
<td>2</td>
<td>13.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>15</strong></td>
<td><strong>100.0%</strong></td>
</tr>
<tr>
<td><strong>M:</strong> 1.60</td>
<td><strong>Sd:</strong> 0.507</td>
<td></td>
<td></td>
<td><strong>M:</strong> 2.93</td>
</tr>
</tbody>
</table>

### Broadcasting Union

<table>
<thead>
<tr>
<th></th>
<th>Audience organizations</th>
<th>Broadcasting corporations</th>
<th>Electronic corporations</th>
<th>Telecom companies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Count</strong></td>
<td><strong>%</strong></td>
<td><strong>Count</strong></td>
<td><strong>%</strong></td>
<td><strong>Count</strong></td>
</tr>
<tr>
<td>NA</td>
<td>1</td>
<td>0.5%</td>
<td>1</td>
<td>0.5%</td>
</tr>
<tr>
<td>SD</td>
<td>52</td>
<td>26.0%</td>
<td>32</td>
<td>16.0%</td>
</tr>
<tr>
<td>D</td>
<td>101</td>
<td>50.5%</td>
<td>80</td>
<td>40.0%</td>
</tr>
<tr>
<td>U</td>
<td>31</td>
<td>15.5%</td>
<td>24</td>
<td>12.0%</td>
</tr>
<tr>
<td>A</td>
<td>13</td>
<td>6.5%</td>
<td>51</td>
<td>25.5%</td>
</tr>
<tr>
<td>SA</td>
<td>2</td>
<td>1.0%</td>
<td>12</td>
<td>6.0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>200</strong></td>
<td><strong>100.0%</strong></td>
<td><strong>200</strong></td>
<td><strong>100.0%</strong></td>
</tr>
<tr>
<td><strong>M:</strong> 2.05</td>
<td><strong>Sd:</strong> 0.887</td>
<td></td>
<td></td>
<td><strong>M:</strong> 3.98</td>
</tr>
</tbody>
</table>

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ANOVA Results

There were significant differences among the means of three groups in the question titled 'audience organisations' (F15,233=7.50, p<0.001) Scheffe's range test found that the mean of KBC and MIC differed from that of civic and audience organisations (p<0.001), and that of broadcasting unions (p<0.001), but no other significant differences were found.

There were significant differences between each other in the question titled 'electronic corporations' (F15,233= 2.62, p=0.001). Scheffe's range test found that the mean of KBC and MIC were different from that of broadcasting unions (p=0.008), but no other significant differences were found.

There were significant differences between each other in the question titled 'telecom companies' (F15,233=4.28, p<0.001). Scheffe's range test found that the mean of KBC and MIC were different from that of broadcasting unions (p=0.005), but no other significant differences were found.

Development of Digital Broadcasting

The balanced development of each broadcasting, one of the aims of current broadcasting policies in Korea was fairly agreeable among the respondents. 86% of the representatives agreed or strongly agreed on the balanced development of each digital broadcasting. Most of the regulators also thought that the introduction of high definition television (HDTV) and mobile reception was appropriate. Most of the secretaries did not think that the export of digital receiving appliances (e.g. televisions and set-top boxes) should be a priority when digital
transmission standards are considered. However, some interviewees argued that the Korean government decided on the ATSC standard, aiming at assisting electronics manufacturers in exporting digital TV to the U.S. market (Personal Interview). Both the secretaries and representatives agreed more to the mobile reception statement than to the home theatre statement. The result reflected the dispute about transmission type. During the dispute, the press union and some civic organisations supported DVB-T, which can provide mobile reception of television services.

Table 9.15. The Opinions about Development of Digital Broadcasting

1. Balance development: The balanced development of each digital broadcasting will improve viewers’ interest.

9. Home theatre: HDTV (high-definition television), by which the dream of home theatre comes true, is one of main concerns of the Korean audience.

10. Mobile reception: The Korean audience is demanding mobile television.

36. Priority for transmission type: The export of digital receiving appliances (e.g. televisions and set-top boxes) should be a priority, when digital transmission standards are considered.

<table>
<thead>
<tr>
<th></th>
<th>balance development</th>
<th>home theatre</th>
<th>mobile reception</th>
<th>priority for transmission type</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>%</td>
<td>Count</td>
<td>%</td>
</tr>
<tr>
<td>SD</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>D</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>2.9%</td>
</tr>
<tr>
<td>U</td>
<td>1</td>
<td>2.9%</td>
<td>6</td>
<td>17.6%</td>
</tr>
<tr>
<td>A</td>
<td>21</td>
<td>61.8%</td>
<td>21</td>
<td>61.8%</td>
</tr>
<tr>
<td>SA</td>
<td>12</td>
<td>35.3%</td>
<td>6</td>
<td>17.6%</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100.0%</td>
<td>34</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

M: 4.32 Sd: 0.535 M: 3.94 Sd: 0.694 M: 3.68 Sd: 0.806 M: 2.74 Sd: 1.109
### Civic and audience organisation

<table>
<thead>
<tr>
<th></th>
<th>balance development</th>
<th>home theatre</th>
<th>mobile reception</th>
<th>priority for transmission type</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Count</strong></td>
<td><strong>%</strong></td>
<td><strong>Count</strong></td>
<td><strong>%</strong></td>
<td><strong>Count</strong></td>
</tr>
<tr>
<td>SD</td>
<td>-</td>
<td>2</td>
<td>13.3%</td>
<td>2</td>
</tr>
<tr>
<td>D</td>
<td>1</td>
<td>5</td>
<td>33.3%</td>
<td>4</td>
</tr>
<tr>
<td>U</td>
<td>3</td>
<td>3</td>
<td>20.0%</td>
<td>3</td>
</tr>
<tr>
<td>A</td>
<td>8</td>
<td>3</td>
<td>20.0%</td>
<td>6</td>
</tr>
<tr>
<td>SA</td>
<td>3</td>
<td>2</td>
<td>13.3%</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15</td>
<td>15</td>
<td>100.0%</td>
<td>15</td>
</tr>
</tbody>
</table>

**M:** 3.87  **Sd:** 0.834  **M:** 2.87  **Sd:** 1.302  **M:** 3.40  **Sd:** 1.056  **M:** 2.47  **Sd:** 0.990

### Broadcasting Union

<table>
<thead>
<tr>
<th></th>
<th>balance development</th>
<th>home theatre</th>
<th>mobile reception</th>
<th>priority for transmission type</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Count</strong></td>
<td><strong>%</strong></td>
<td><strong>Count</strong></td>
<td><strong>%</strong></td>
<td><strong>Count</strong></td>
</tr>
<tr>
<td>NA</td>
<td>1</td>
<td>1</td>
<td>0.5%</td>
<td>1</td>
</tr>
<tr>
<td>SD</td>
<td>1</td>
<td>8</td>
<td>4.0%</td>
<td>8</td>
</tr>
<tr>
<td>D</td>
<td>15</td>
<td>41</td>
<td>20.5%</td>
<td>17</td>
</tr>
<tr>
<td>U</td>
<td>11</td>
<td>46</td>
<td>23.0%</td>
<td>26</td>
</tr>
<tr>
<td>A</td>
<td>121</td>
<td>76</td>
<td>38.0%</td>
<td>99</td>
</tr>
<tr>
<td>SA</td>
<td>51</td>
<td>28</td>
<td>14.0%</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>200</td>
<td>200</td>
<td>100.0%</td>
<td>200</td>
</tr>
</tbody>
</table>

**M:** 4.01  **Sd:** 0.859  **M:** 3.36  **Sd:** 1.107  **M:** 3.83  **Sd:** 1.028  **M:** 2.70  **Sd:** 1.195

(Note: NA: No Answer, SD: Strongly Disagree, D: Disagree, U: Cannot Decide, A: Agree, SA: Strongly Agree, M: Mean, Sd: Standard Deviation)

A survey from Seoul YMCA (2002a) indicates that the public in Korea do not know digital broadcasting policies well. 66.4% of the respondents answer ‘do not know’ to the question related to policies, and 65.5% of them do not know the differences between high definition television and standard definition television. 84.7% of them do not know the difference between ATSC and DVB-T, and 82.8% of them do not know about the adoption of ATSC in 1997. In
terms of HDTV prices, they answer ‘very expensive’ (57.2%) and ‘expensive’ (35.2%). As shown in a report of KBS and the Korean Society for Journalism and Communication Studies (Kim et al. 2002), the audience want a high-definition image and sound function most (Mean 8.72). Mobile reception is second chosen (Mean 6.68). (see Table 9.16)

According to my survey, the regulators answered in a similar pattern. The mean of home theatre was 3.94 and that of mobile reception 3.68. However, the answers of the secretaries in the audience organisations and representatives in the broadcasting unions were different. They agreed more to the mobile reception than to the home theatre statement (The means of home theatre and mobile reception were 2.87 and 3.40, and 3.36 and 3.83 respectively). This result seems to reflect the fact that some audience organisations and the National Union of Mediaworkers argued for DVB-T which has a mobile reception function. Kim et al. (2002: 183-184) maintain that the desire for a high definition image and sound is not intrinsic but tamed. The mainly advertised function of a digital television in the Korean press has been high definition television.

### Table 9.16. Functions of Digital Broadcasting Services

<table>
<thead>
<tr>
<th>Function</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile reception</td>
<td>6.68</td>
</tr>
<tr>
<td>Interactive</td>
<td>6.12</td>
</tr>
<tr>
<td>High definition image and sound</td>
<td>8.72</td>
</tr>
<tr>
<td>Multi-channel</td>
<td>5.87</td>
</tr>
</tbody>
</table>


Note: Number of Respondents: 1,017; Full score: 10
Public Participation in Digital Broadcasting

Most of the respondents were optimistic about digital technologies. The majority thought that the interactivity function of digital television would encourage public participation in political affairs.

The secretaries completely agreed to the introduction of a public access channel on each DMB. Furthermore, there were significant differences among three groups in the question titled 'public access channel' (F15,233=3.32, p<0.001). Scheffe's range test found that the mean of KBC and MIC differed from that of civic and audience organisations (p<0.001), and that of broadcasting unions (p=0.007). The mean of civic and audience organisations were also different from that of broadcasting unions (p<0.001). The introduction of public access channel on each DMB has not happened yet.

Most of the regulators did not want public ownership of digital platforms, while the majority of the secretaries and representatives supported it. There were significant differences between each other in the question named 'public ownership of platforms' (F15,233=2.58, p=0.001). Scheffe's range test found that the mean of KBC and MIC differed from that of broadcasting unions (p<0.001), but no other significant differences were found. The public ownership of digital platforms seems like an important measure to prevent the private monopoly of a gateway.

Most of the secretaries and the representatives agreed to viewers' participation in the determination of digital broadcasting transmission types. Viewers' participation in the determination of digital broadcasting transmission standards seemed to be acceptable to the staffs in KBC and MIC. However, there were significant differences among three groups in the question titled 'viewers' participation of trans type' (F15,233= 1.903, p=0.024). Scheffe's range test found that the mean of KBC and MIC differed from that of civic and audience organisations.
(p=0.006), and that of broadcasting unions (p=0.012), but no other significant differences were found. In reality, the experts from the government and industry decided the standards.

Table 9.17. The Opinions about Public Participation in Digital Broadcasting

2. Interactivity & participation: The interactivity function of digital television will encourage public participation in political affairs.

37. Public access channel: Public access channels should be introduced on each DMB (digital multimedia broadcasting).

42. Public ownership of platforms: The gateway of digital broadcasting (e.g. digital satellite broadcasting, Skylife) should belong to the public.

50. Viewers' participation in trans type: The audience should participate in the determination of digital broadcasting transmission standards.

<table>
<thead>
<tr>
<th>KBC and MIC</th>
<th>interactivity &amp; participation</th>
<th>public access channel</th>
<th>public ownership of platforms</th>
<th>viewers' participation of trans type</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>%</td>
<td>Count</td>
<td>%</td>
</tr>
<tr>
<td>NA</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>2.9%</td>
</tr>
<tr>
<td>SD</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>5.9%</td>
</tr>
<tr>
<td>D</td>
<td>2</td>
<td>5.9%</td>
<td>9</td>
<td>26.5%</td>
</tr>
<tr>
<td>U</td>
<td>3</td>
<td>8.8%</td>
<td>10</td>
<td>29.4%</td>
</tr>
<tr>
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### Broadcasting Union

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(Note: NA: No Answer, SD: Strongly Disagree, D: Disagree, U: Cannot Decide, A: Agree, SA: Strongly Agree, M: Mean, Sd: Standard Deviation)
Access to Digital Broadcasting

Most of the regulators thought that it was a priority of the current digital broadcasting policies for Korean people to watch digital television, while the majority of the secretaries and the representatives did not. There were significant differences among three groups in the question named ‘universal service’ (F15,233=6.34, p<0.001). Scheffe’s range test found that the mean of KBC and MIC differed from that of civic and audience organisations (p<0.001), and that of broadcasting unions (p<0.001), but no other significant differences were found. They do not believe that universal service is a priority of current digital broadcasting policy.

Nonetheless, the majority of regulators were concerned about the digital divide under the digital environment. 66.7% of the secretaries were concerned about the digital divide under the digital environment. During the fieldwork, some interviewees working in the regulating authorities witnessed that there was still no policy initiative concerning the digital divide in the field of broadcasting (Personal Interview). Because of digital broadcasting, however, the majority of the regulators agreed that the disabled could access broadcasting more than before. The regulators showed their optimistic attitudes toward the digital technologies and overall digital broadcasting policies.

KBC began checking the digital switchover in 2005 (KBC 2006). HDTV is still too expensive to buy. According to a KBC report, diffusion rate (14%) is lower than expected. There are the wide gaps in accordance with the variables of income, region and age. Income is the main variable that explains the current digital divide (Lee et al. 2005: 151).

The majority of the respondents agreed to the must-carry of all the KBS channels on each digital broadcasting. Nevertheless, KBS 2, one of the main public service broadcasting channels in Korea, was not provided on the Skylife, the satellite platform in Korea during the fieldwork. In addition, KBS channels have not been provided on the newly-launched satellite DMB. Local
terrestrial broadcasters and cable station operators were against the must-carry of Seoul-based terrestrial broadcasting channels including KBS2 and MBC.

Table 9.18. The Opinions about Access to Digital Broadcasting

8. Universal service: It is a priority of the current digital broadcasting policies for Korean people to watch digital television.

15. Digital divide: Information gaps among social classes will increase due to digital broadcasting.

16. Access of the disabled: The disabled can access to broadcasting more than before due to digital broadcasting.

35. Must-carry of KBS: KBS must be carried by each digital broadcasting without charge.

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<th>access of the disabled</th>
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### Broadcasting Union

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(Note: NA: No Answer, SD: Strongly Disagree, D: Disagree, U: Cannot Decide, A: Agree, SA: Strongly Agree, M: Mean, Sd: Standard Deviation)

### Programmes and Digital Broadcasting

The majority of the respondents thought that independent production companies should supply terrestrial broadcasting corporations with more programmes. They assented to the government policy direction of increasing the independent production. Currently, terrestrial broadcasters should transmit independently produced programmes at the range of 4-33% of the total amount of operation time every month (KBC 2004d). However, an interviewee working in a public broadcasting company complained about the quality of the programmes made by independent...
producers. He also pointed out that broadcasters met the quantitative quota mechanically (Personal Interview, 29 April 2004).

66.7% of the secretaries thought that digital broadcasting would increase the dependency on foreign broadcasting programmes. In reality, digital multichannel broadcasters have imported many foreign programmes. While terrestrial broadcasters have enjoyed the trade surplus of programme trade due to the 'Korean wave', the entire broadcasting industry suffers a trade deficit (Personal Interview).

Only 20% of the secretaries agreed that local production would be encouraged due to digital broadcasting. 53.5% of the representatives had negative attitudes toward the increase of local production that was caused by digital broadcasting. An academic said that local commercial broadcasters were especially worried about the nationwide distribution of SBS, the Seoul-based commercial broadcasting, using digital satellite platforms, because they broadcasted most of the SBS programmes (Personal Interview, 21 May 2004). Current local production quota is 15% (Cho 2003: 107).

Table 9.19. The Opinions about Programmes and Digital Broadcasting

12. Foreign dependency: Digital broadcasting will increase the dependency on foreign broadcasting programmes.

17. Local production: Local production will be encouraged due to digital broadcasting.

44. Indie quota: Independent production companies should supply terrestrial broadcasting corporations with more programmes.
### KBC and MIC

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(Note: NA: No Answer, SD: Strongly Disagree, D: Disagree, U: Cannot Decide, A: Agree, SA: ...
The Reflex of Viewers' Interest

The majority of the regulators had a negative attitude toward the statement that the National Union of Mediaworkers strives to improve viewers' interest. 80% of the respondents in MIC were against the statement. During the period of fieldwork, NUM protested against MIC concerning the digital terrestrial transmission standard. Some interviewees viewed NUM as one of the interest groups (Personal Interview). The regulators were also slightly negative about civic organisations. 80% of the respondents in MIC were negative about civic organisations. Except the MIC's reflex of the viewers' interest, the opinions of the regulators statistically differed from those of the others (see ANOVA Results2).

The secretaries had negative opinions about the regulators and the policymaking processes. Some interviewees from the audience organisations witnessed that their opinions were often rejected during the policymaking processes (Personal Interview). In contrast, they had affirmative attitudes toward themselves. While only 13.3% of them disagreed, 40% agreed or strongly agreed that the National Union of Mediaworkers strived to improve viewers' interest.

The representatives had negative attitudes toward the current policymakers and policymaking processes. However, they had affirmative attitudes toward the National Union of Mediaworkers. During the fieldwork, some interviewees claimed that MIC supported the interest of the telecommunications industry and the electronic manufacturers. They also argued that there was a confrontation between public service and capital in the policymaking process. Press union and public service broadcasters supported public service values, while electronic companies, telecom operators, and the MIC advocated market values (Personal Interview).

Generally speaking, the stakeholders of Korean broadcasting policy were distrustful each
other. Such a condition made it difficult to build a consensus among them.

Table 9.20. The Opinions about the Reflex of Viewers’ Interest


27. MIC & viewers: The Ministry of Information and Communication reflects the interest of viewers.


25. Civic organisation: The audience organisations reflect the interest of viewers.

34. Press Union & viewers: The National Union of Mediaworkers strives to improve viewers’ interest.

**KBC and MIC**

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<th>MIC &amp; viewers</th>
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<td>-</td>
<td>1 0.5%</td>
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<tr>
<td>SD</td>
<td>38 19.0%</td>
<td>79 39.5%</td>
<td>64 32.0%</td>
<td>48 24.0%</td>
<td>9 4.5%</td>
<td>6 3.0%</td>
</tr>
<tr>
<td>D</td>
<td>93 46.5%</td>
<td>87 43.5%</td>
<td>100 50.0%</td>
<td>99 49.5%</td>
<td>40 20.0%</td>
<td>30 15.0%</td>
</tr>
<tr>
<td>U</td>
<td>42 21.0%</td>
<td>28 14.0%</td>
<td>23 11.5%</td>
<td>22 11.0%</td>
<td>32 16.0%</td>
<td>30 15.0%</td>
</tr>
<tr>
<td>A</td>
<td>24 12.0%</td>
<td>4 2.0%</td>
<td>12 6.0%</td>
<td>28 14.0%</td>
<td>116 58.0%</td>
<td>106 53.0%</td>
</tr>
<tr>
<td>SA</td>
<td>3 1.5%</td>
<td>2 1.0%</td>
<td>-</td>
<td>1 0.5%</td>
<td>3 1.5%</td>
<td>27 13.5%</td>
</tr>
<tr>
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<td>200 100.0%</td>
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</tr>
<tr>
<td>M: 2.31</td>
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<td>M: 1.82</td>
<td>Sd: 0.82</td>
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<td>Sd: 0.83</td>
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<td>0</td>
<td>9</td>
<td>0</td>
<td>9</td>
</tr>
</tbody>
</table>

(Note: NA: No Answer, SD: Strongly Disagree, D: Disagree, U: Cannot Decide, A: Agree, SA: Strongly Agree, M: Mean, Sd: Standard Deviation)

**ANOVA Results**

There were significant differences among the means of three groups in the question titled ‘KBC & viewers’ (F(15,233)=6.92, p<0.001). Scheffe’s range test found that the mean of KBC...
and MIC differed from that of civic and audience organisations (p<0.001), and that of broadcasting unions (p<0.001), but no other significant differences were found.

There were significant differences among the means of three groups in the question titled 'law-making process' (F(15,233)= 5.01, p<0.001). Scheffe's range test found that the mean of KBC and MIC differed from that of civic and audience organisations (p<0.001), and that of broadcasting unions (p<0.001), but no other significant differences were found.

There were significant differences among the means of three groups in the question titled 'policymaking process' (F(15,233)=4.40, p<0.001). Scheffe's range test found that the mean of KBC and MIC differed from that of civic and audience organisations (p=0.001), and that of broadcasting unions (p<0.001), but no other significant differences were found.

There were significant differences among the means of three groups in the question titled 'civic organisation' (F(15,233)=2.34, p=0.004). Scheffe's range test found that the mean of KBC and MIC differed from that of civic and audience organisations (p=0.003), and that of broadcasting unions (p=0.012), but no other significant differences were found.

There were significant differences among the means of three groups in the question titled 'press union & viewers' (F(15,233)=5.31, p<0.001). Scheffe's range test found that the mean of KBC and MIC differed from that of civic and audience organisations (p=0.01), and that of broadcasting unions (p<0.001), but no other significant differences were found.

There were relationships among the variables related to reflection of viewers' interest (N=249, p<0.001). 'MIC & viewers', 'KBC & viewers', 'law-making process', and 'policymaking process' had modest positive relationships (see Table 9.21).
Table 9.21. Correlation of the variables related to reflection of viewers’ interest

<table>
<thead>
<tr>
<th></th>
<th>KBC &amp; viewers</th>
<th>audience organisation</th>
<th>MIC &amp; viewers</th>
<th>law-making process</th>
<th>policymaking process</th>
<th>Press Union &amp; viewers</th>
</tr>
</thead>
<tbody>
<tr>
<td>KBC &amp; viewers</td>
<td>1.000</td>
<td>0.184**</td>
<td>0.297**</td>
<td>0.440**</td>
<td>0.424**</td>
<td>-0.010</td>
</tr>
<tr>
<td>audience organisation</td>
<td>0.184**</td>
<td>1.000</td>
<td>0.035</td>
<td>0.088</td>
<td>0.064</td>
<td>0.299**</td>
</tr>
<tr>
<td>MIC &amp; viewers</td>
<td>0.297**</td>
<td>0.035</td>
<td>1.000</td>
<td>0.602**</td>
<td>0.463**</td>
<td>-0.163*</td>
</tr>
<tr>
<td>law-making process</td>
<td>0.440**</td>
<td>0.088</td>
<td>0.602**</td>
<td>1.000</td>
<td>0.570**</td>
<td>-0.177**</td>
</tr>
<tr>
<td>policymaking process</td>
<td>0.424**</td>
<td>0.064</td>
<td>0.463**</td>
<td>0.570**</td>
<td>1.000</td>
<td>-0.072</td>
</tr>
<tr>
<td>Press Union &amp; viewers</td>
<td>-0.010</td>
<td>0.299**</td>
<td>-0.163*</td>
<td>-0.177**</td>
<td>-0.072</td>
<td>1.000</td>
</tr>
</tbody>
</table>

(N=249, *p<0.05, **p<0.01)

A principal components factor analysis was conducted on the correlations of the six variables related to the reflex of viewers’ interest. Two factors were initially extracted with eigenvalues equal to or greater than 1.00. Orthogonal rotation of the factors yielded the factor structure given in Table 9.22. The first factor accounted for 41% of the variance and the second factor 22%. The first factor seems to be established policymaking and the second factor seems to be democratic participation in policymaking.

Table 9.22. Orthogonal factor loading matrix for the reflex of viewers’ interest

<table>
<thead>
<tr>
<th>Variables</th>
<th>Factor 1</th>
<th>Factor 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>KBC &amp; viewers</td>
<td>0.671</td>
<td>0.238</td>
</tr>
<tr>
<td>audience organisation</td>
<td>0.167</td>
<td>0.797</td>
</tr>
<tr>
<td>MIC &amp; viewers</td>
<td>0.764</td>
<td>-0.15</td>
</tr>
<tr>
<td>Law-making process</td>
<td>0.858</td>
<td>-0.078</td>
</tr>
<tr>
<td>policymaking process</td>
<td>0.79</td>
<td>-0.009</td>
</tr>
<tr>
<td>Press Union &amp; viewers</td>
<td>-0.185</td>
<td>0.787</td>
</tr>
</tbody>
</table>

309
Factor scores were also calculated. There were significant differences among the groups and the factor scores of established policymaking and democratic participation in policymaking (F2, 246=40.584, F2, 246=13.552). Scheffe's range test found that the mean of KBC and MIC differed from that of the audience organisations (established policymaking p<0.001, democratic participation p=0.001) and that of the broadcasting unions in both factors (both p<0.001), but no other significant differences were found.

Table 9.23. Factor score of established policymaking and democratic participation

<table>
<thead>
<tr>
<th></th>
<th>KBC and MIC</th>
<th>Audience organisation</th>
<th>Broadcasting Union</th>
<th>F</th>
</tr>
</thead>
<tbody>
<tr>
<td>Established policymaking</td>
<td>1.2462</td>
<td>-0.3499</td>
<td>-0.1856</td>
<td>40.584</td>
</tr>
<tr>
<td>Democratic Participation</td>
<td>-0.7756</td>
<td>0.3625</td>
<td>0.1047</td>
<td>13.552</td>
</tr>
</tbody>
</table>

p<0.001

Legitimation of Korean Broadcasting Commission

The public ownership of airwaves was the most selected rationale among the respondents. They had affirmative attitudes toward the regulation of KBC. The power of social influence was the most chosen rationale among the regulators. They also felt that the current Korean Broadcasting Commission was freer from government than before the merger in 2000. The rearrangement of KBC initially aimed at the political independence (KBC 2004d). The audience organisations favour the regulation of KBC. However, KBC has been criticised for its vulnerability to political power, industry and interest groups (Lee 2006; Min 2006; Kang 2006).
The spectrum scarcity was the least chosen rationale among the respondents in broadcasting unions. This seems to reflect increasing numbers of channel due to the introduction of multichannel broadcasting. There were significant differences among three groups in Legitimation of KBC1 ($F_{15,233}=2.27$, $p=0.005$). Scheffe's range test found that the mean of broadcasting unions differed from that of KBC and MIC ($p=0.019$), and that of civic and audience organisations ($p=0.021$), but no other significant differences were found.

Table 9.24. The Opinion about Legitimation of the KBC

31. Legitimation of KBC1: The Korean Broadcasting Commission regulates broadcasting due to spectrum scarcity.

32. Legitimation of KBC2: The Korean Broadcasting Commission regulates broadcasting due to the power of social influence.

33. Legitimation of KBC3: The Korean Broadcasting Commission regulates broadcasting due to the public ownership of airwaves.

23. KBC & government: The current Korean Broadcasting Commission is freer from government than before the merger in 2000.

<table>
<thead>
<tr>
<th></th>
<th>_legitimation of KBC1</th>
<th>_legitimation of KBC2</th>
<th>_legitimation of KBC3</th>
<th>KBC &amp; government</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>%</td>
<td>Count</td>
<td>%</td>
</tr>
<tr>
<td>NA</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SD</td>
<td>1</td>
<td>2.9%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>D</td>
<td>6</td>
<td>17.6%</td>
<td>2</td>
<td>5.9%</td>
</tr>
<tr>
<td>U</td>
<td>4</td>
<td>11.8%</td>
<td>3</td>
<td>8.8%</td>
</tr>
<tr>
<td>A</td>
<td>19</td>
<td>55.9%</td>
<td>20</td>
<td>58.8%</td>
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<tr>
<td>SA</td>
<td>4</td>
<td>11.8%</td>
<td>9</td>
<td>26.5%</td>
</tr>
<tr>
<td>Total</td>
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<td>34</td>
<td>100.0%</td>
</tr>
<tr>
<td>M: 3.56</td>
<td>Sd: 1.021</td>
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Civic and audience organisation

<table>
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<th>Count</th>
<th>%</th>
<th>Count</th>
<th>%</th>
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<tr>
<td>D</td>
<td>3 20.0%</td>
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<td>2 13.3%</td>
<td>6 40.0%</td>
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<tr>
<td>U</td>
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<td>1 6.7%</td>
<td>-</td>
<td>3 20.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>7 46.7%</td>
<td>7 46.7%</td>
<td>8 53.3%</td>
<td>5 33.3%</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>SA</td>
<td>4 26.7%</td>
<td>5 33.3%</td>
<td>5 33.3%</td>
<td>1 6.7%</td>
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<td>15 100.0%</td>
<td>15 100.0%</td>
<td>15 100.0%</td>
<td></td>
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M: 3.80 Sd: 1.082 M: 4.00 Sd: 1.000 M: 4.07 Sd: 0.961 M: 3.07 Sd: 1.033

Broadcasting Union

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<th>%</th>
<th>Count</th>
<th>%</th>
<th>Count</th>
<th>%</th>
<th>Count</th>
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<td>1 0.5%</td>
<td>1 0.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SD</td>
<td>14 7.0%</td>
<td>17 8.5%</td>
<td>9 4.5%</td>
<td>19 9.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>65 32.5%</td>
<td>42 21.0%</td>
<td>42 21.0%</td>
<td>77 38.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U</td>
<td>36 18.0%</td>
<td>34 17.0%</td>
<td>39 19.5%</td>
<td>39 19.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>75 37.5%</td>
<td>97 48.5%</td>
<td>99 49.5%</td>
<td>61 30.5%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SA</td>
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<td>9 4.5%</td>
<td>10 5.0%</td>
<td>3 1.5%</td>
<td></td>
<td></td>
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<td>200 100.0%</td>
<td>200 100.0%</td>
<td>200 100.0%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


(Note: NA: No Answer, SD: Strongly Disagree, D: Disagree, U: Cannot Decide, A: Agree, SA: Strongly Agree, M: Mean, Sd: Standard Deviation)

According to Table 9.25, there were positive relationships among the variables related to legitimation of KBC (N=249, p<0.001). The rationales for the regulator are related each other and justify its regulations as a whole.

Table 9.25. Correlation of the variables related to legitimation of KBC

<table>
<thead>
<tr>
<th>Legitimation of KBC</th>
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<th>legitimation of KBC2</th>
<th>legitimation of KBC3</th>
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</thead>
<tbody>
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<td>0.678**</td>
<td>0.703**</td>
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<td>0.678**</td>
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<td>0.716**</td>
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<td>Legitimation of KBC3</td>
<td>0.703**</td>
<td>0.716**</td>
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</tbody>
</table>

(N=249, ** p<0.01) Note: Entries are Pearson’s r.
Independence of Broadcasting

The majority of respondents did not feel that Korean broadcasting corporations enjoyed freedom. The regulators and the union members thought that the political power restricted the freedom of broadcasting in Korea most, while the secretaries thought that conglomerates restricted the freedom of broadcasting most. Political power has wielded its power in the Korean broadcasting industry by various measures including the appointment of the personnel in the high rank management level and law-making. Conglomerates, so-called Chaebols, have been major advertisers and participants in the broadcasting industry. Global media conglomerates and global capital have also participated in the broadcasting industry. Pressure groups have influenced the industry especially during the law-making and policy-making.

According to ‘Korean Journalists in 2005’ (KPF 2005b: 334-335), a national survey of journalists working for newspapers, broadcasters and news agencies, the influential factors that tend to restrict the freedom of the press are advertisers (60.2%), owners and chief executive officers (43.6%), editors (43.4%), journalists themselves (42.8%), the government and political power (39.8%), the press law (18.3%), the audience (17.1%), vested interest groups (15.9 %) and civil advocacy groups (15.3 %). In comparison with the results of 2003, the influence of the government and political power (60.3%) has decreased, while that of the advertisers (44.5%) has increased.

Table 9.26. The Opinions about Independence of Broadcasting

19. Free from conglomerates: Korean broadcasting corporations are free from national conglomerates.

20. Free from political power: Korean broadcasting corporations are free from political power.
21. Free from pressure groups: Korean broadcasting corporations are free from pressure groups.

22. Free from foreign firms: Korean broadcasting corporations are free from foreign multinational companies.

**KBC and MIC**

<table>
<thead>
<tr>
<th></th>
<th>free from conglomerates</th>
<th>free from political power</th>
<th>Free from pressure groups</th>
<th>free from foreign firms</th>
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<td>Count</td>
<td>%</td>
</tr>
<tr>
<td>SD</td>
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<tr>
<td>D</td>
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<td>U</td>
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<td>SA</td>
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<td>2.9%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
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<tr>
<td><strong>M: 2.74</strong></td>
<td><strong>Sd: 0.931</strong></td>
<td><strong>M: 2.41</strong></td>
<td><strong>Sd: 0.892</strong></td>
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**Civic and audience organisation**

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<td>Count</td>
<td>%</td>
</tr>
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<td>D</td>
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<td>73.3%</td>
<td>9</td>
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</tr>
<tr>
<td>U</td>
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<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
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<td>6.7%</td>
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</tr>
<tr>
<td><strong>M: 1.93</strong></td>
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<td><strong>M: 2.20</strong></td>
<td><strong>Sd: 1.014</strong></td>
<td><strong>M: 2.13</strong></td>
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</table>
Performance of Public Service Broadcasting (PSB)

The regulators had negative attitudes toward the current performance of public service broadcasters. The respondents in the civic organisations had negative attitudes toward the current performance of public service broadcasters. However, none of them agreed that the privatisation of public service broadcasting would encourage the political independence of broadcasting. 64.5% of the representatives disagree or strongly disagree on the privatisation solution of public service broadcasting.

There were significant differences between the respondents in the question titled ‘Privatisation & independence’ (F15,233= 4.90, p<0.001). Scheffe’s range test found that the mean of KBC and MIC differed from that of civic and audience organisations (p=0.049), but no other significant differences were found. Civic organisations did not agree that the privatisation of public service broadcasting would promote political independence.

During the fieldwork, the President of South Korea was impeached by the National
Assembly. While the presidency was suspended, there were political rifts as regards a debate over the fairness of impeachment coverage. In principle, public service broadcasting is required to report both of the contending perspectives of certain disputed issues equally. The public service broadcasters such as KBS and MBC were criticised for the negligence of their fairness principle and pro-President bias (KPF 2005a: 18-21; KPF 2005b: 54-55). In addition, the public service broadcasters were criticised for pursuing the audience rates and the commercialisation of programmes (Personal Interview).

Table 9.27. The Opinions about Performance of PSB

<table>
<thead>
<tr>
<th></th>
<th>Count</th>
<th>%</th>
<th>Count</th>
<th>%</th>
<th>Count</th>
<th>%</th>
<th>Count</th>
<th>%</th>
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</thead>
<tbody>
<tr>
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<td>2</td>
<td>5.9%</td>
<td>2</td>
<td>5.9%</td>
</tr>
<tr>
<td>service broadcasting</td>
<td>D</td>
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<td>50.0%</td>
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<td>47.1%</td>
<td>13</td>
<td>38.2%</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>U</td>
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<td>29.4%</td>
<td>12</td>
<td>35.3%</td>
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KBC and MIC

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316
According to Table 9.28, there were positive relationships among variables named fairness of PSB, free from conglomerates, free from political power, free from foreign firms, and KBC & government (N=249, p<0.001). These variables were related to broadcasting independence and freedom.
Table 9.28. Correlation of the variables related to broadcasting independence

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<td>0.482**</td>
<td>0.363**</td>
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<tr>
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<td>0.395**</td>
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<td>0.767**</td>
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<td>0.532**</td>
<td>0.293**</td>
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<td>0.269**</td>
<td>0.550**</td>
<td>0.482**</td>
<td>0.532**</td>
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<td>0.349**</td>
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<td>KBC &amp; government</td>
<td>0.253**</td>
<td>0.244**</td>
<td>0.363**</td>
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(N=249, **p<0.01)

Note: Entries are Pearson’s r.

18. Fairness of PSB: Public service broadcasting (e.g. KBS, MBC, EBS) is dealing with social disputes fairly.

19. Free from conglomerates: Korean broadcasting corporations are free from national conglomerates.

20. Free from political power: Korean broadcasting corporations are free from political power.

21. Free from pressure groups: Korean broadcasting corporations are free from pressure groups.

22. Free from foreign firms: Korean broadcasting corporations are free from foreign multinational companies.

23. KBC & government: The current Korean Broadcasting Commission is freer from government than before the merger in 2000.
Concerning the political independence of KBS, one interviewee from KBS (Personal Interview, 16 March 2004) said;

*In comparison with the past, the influence of political power has decreased. However, the president of public service broadcasting has been chosen by the winner of the general election. Thus, the influence of political power cannot be completely evaded, though it cannot be conspicuously controlled.*

The other interviewee from KBS emphasised that the KBS union vetoed the appointed president of KBS and he was changed to the current president (Personal Interview, 6 May 2004). As the democratisation of Korean society proceeds, the independence of the public service broadcasting from the government has been improved, though it is incomplete. The political power still attempts to put public service broadcasting under its control.

**Funding Methods of Digital Transition**

The majority of the respondents made affirmative replies to the introduction of competitive media lab. The regulators had negative opinions about the introduction of the interim commercials and the only sum of commercials and the t-commerce of KBS. Only 32.4% of them agreed to an increase of the license fee for funding digital transition.

The secretaries of the audience organisations had negative attitudes toward the introduction of interim commercials and the sum of commercials and t-commerce of KBS. 40% of them agreed to an increase of the license fee for funding digital transition. Some audience organisations have been against the introduction of the interim commercial and the sum of commercials, while terrestrial broadcasters want to introduce them.
The representatives' attitudes toward the introduction of the interim commercial and the only sum of commercials and the association of the audience rating were vague. They had slightly negative opinions about the introduction of t-commerce to KBS datacasting service.

There were significant differences between each other in the question named 'Sum of commercials' (F15,233= 2.55, p=0.002). Scheffe's range test found that the mean of KBC and MIC differed from that of broadcasting unions (p=0.019), but no other significant differences were found.

The Korea Advertisers Association published the policy agenda including the introduction of the media lab, the interim commercial and the sum of commercials, and the annulment of the Korea Broadcasting Advertising Corporation's (KOBACO) monopolistic right of advertising sale (KAA 2003).

In terms of funding for digital transition, the YMCA (2002) survey indicates that 53.1% of the audience are against 'more advertisements during prime time' while 33.8% of them agree. 66.9% of the audience disagree to the induction of interim commercials and 79% of them disagree to increasing the license fee. 75.6% of the respondents agree to the broadcasters' own assets.

Table 9.29. The Opinions about Funding Methods of Digital Transition

43. Competitive media lab: Competitive media lab (i.e. broadcasting advertising-selling agency) other than KOBACO should be introduced under the digital broadcasting environment.

45. Intermittent ad: The interim commercial should be introduced for funding digital transition.

46. Sum of commercials: It should be introduced to regulate the only sum of commercials
for funding digital transition.

47. Audience rating: The price of commercial should be associated with an audience rating for funding digital transition.

48. License fee: The license fee should be increased for funding digital transition.

49. T-commerce of KBS: Datacasting of KBS should have television commerce for funding digital transition.

### KBC and MIC

<table>
<thead>
<tr>
<th></th>
<th>competitive medialab</th>
<th>intermittent ad medialab</th>
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- M: 3.82 Sd: 0.75
- M: 2.15 Sd: 0.89
- M: 2.41 Sd: 1.07
- M: 2.94 Sd: 1.17
- M: 2.85 Sd: 0.90
- M: 1.97 Sd: 0.90

### Civic and audience organisation

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- M: 1.93 Sd: 0.79
- M: 2.33 Sd: 1.04
- M: 2.60 Sd: 0.73
- M: 2.87 Sd: 1.18
- M: 2.20 Sd: 0.86

321
Broadcasting Union

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(Note: NA: No Answer, SD: Strongly Disagree, D: Disagree, U: Cannot Decide, A: Agree, SA: Strongly Agree, M: Mean, Sd: Standard Deviation)

Media Ownership and Concentration

64.7% of the regulators had positive attitudes toward the investment of foreign capital in new media industries. Since the IMF bailout programme, the Korean government has opened its market voluntarily to foreign capital. In addition, 47.1% of the regulators agreed to the cross-ownership of terrestrial broadcasting and telecommunications. The secretaries had negative opinions about ownership agendas. None of them agreed on the cross-ownership of newspaper and broadcasting and the conglomerate ownership of terrestrial broadcasting. The broadcasting unions made somewhat negative replies to ownership statements. The respondents had commonly negative attitudes toward media ownership and the oligopoly of the ad market. Some interviewees also regarded the current terrestrial oligopolistic ownership as a problem.25

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25 Concerning question 16, 17, one interviewee said that she agreed to the statements from the economic perspective, while she disagreed from the public interest perspective.
However, one interviewee from KBS argued, “The current (oligopolistic market) structure is helpful in terms of global strategies.” Korean terrestrial broadcasters have competed with foreign broadcasters in the global market and exported their programmes in foreign countries (Personal Interview, 16 March 2004).

Table 9.30. The Opinions about Media Ownership and Concentration

38. Cross-ownership1: The cross-ownership of terrestrial broadcasting and newspaper should be allowed in the digital environment.

39. Cross-ownership2: The cross-ownership of terrestrial broadcasting and telecommunications should be allowed in the digital environment.

41. Conglomerate ownership: The conglomerates should be allowed to invest terrestrial broadcasting in the digital broadcasting environment.

13. Media ownership: The concentration of ownership by national champions will be helpful to Korean broadcasting in order to compete with global media conglomerates in the digital environment.

14. Oligopoly of ad market: Advertising market oligopolies by national champions will be helpful to Korean broadcasting in order to compete with global media conglomerates in the digital environment.

40. Foreign ownership: The investment of foreign capital should be increased to develop new media industries (e.g. cable TV and satellite broadcasting).
### KBC & MIC

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### Civic and audience organisation

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### Broadcasting Union

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</table>

(M: Mean, Sd: Standard Deviation)

(Note: NA: No Answer, SD: Strongly Disagree, D: Disagree, U: Cannot Decide, A: Agree, SA: Strongly Agree)

There were relationships among the variables related to the re-regulation of broadcasting ownership and public service broadcasting (N=249, p<0.001). There was an especially negative relationship between the variables named privatisation & independence and license fee (r=-0.351, N=249, p<0.001).
### Table 9.31. Correlation of variables related broadcasting ownership and PSB

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<td>-0.193**</td>
<td>1.000</td>
<td>0.306**</td>
<td>0.290</td>
<td>-0.195**</td>
</tr>
<tr>
<td>PSB &amp; minorities</td>
<td>-0.085</td>
<td>-0.096</td>
<td>-0.110</td>
<td>-0.044</td>
<td>0.306**</td>
<td>1.000</td>
<td>0.239</td>
<td>-0.051</td>
</tr>
<tr>
<td>Licence fee</td>
<td>-0.132*</td>
<td>-0.164**</td>
<td>-0.268**</td>
<td>-0.187**</td>
<td>0.290**</td>
<td>0.239**</td>
<td>1.000</td>
<td>-0.351**</td>
</tr>
<tr>
<td>Privatization &amp; independence</td>
<td>0.346**</td>
<td>0.348**</td>
<td>0.362**</td>
<td>0.449**</td>
<td>-0.195**</td>
<td>-0.051</td>
<td>-0.351**</td>
<td>1.000</td>
</tr>
</tbody>
</table>

(N=249, *p<0.05, **p<0.01)

38. Cross-ownership1: The cross-ownership of terrestrial broadcasting and newspaper should be allowed in the digital environment.

39. Cross-ownership2: The cross-ownership of terrestrial broadcasting and telecommunications should be allowed in the digital environment.

41. Conglomerate ownership: The conglomerates should be allowed to invest terrestrial broadcasting in the digital broadcasting environment.

40. Foreign ownership: The investment of foreign capital should be increased to develop new media industries (e.g. cable TV and satellite broadcasting).
18. Fairness of PSB: Public service broadcasting (e.g. KBS, MBC, EBS) is dealing with social disputes fairly.

26. PSB & minorities: The programmes of public service broadcasting (e.g. KBS, MBC, EBS) reflect the claims of minorities.

30. Privatisation & independence: The privatisation of public service broadcasting will encourage the political independence of broadcasting.

48. License fee: The license fee should be increased for the funds of digital transition.

A principal components factor analysis was conducted on the correlations of the eight variables related to re-regulation of broadcasting ownership and public service broadcasting. Two factors were initially extracted with eigenvalues equal to or greater than 1.00. Orthogonal rotation of the factors yielded the factor structure given in Table 9.32. The first factor accounted for 39% of the variance and the second factor 17%. The first factor seems to be deregulation of broadcasting ownership and the second factor seems to be public service broadcasting.

**Table 9.32. Orthogonal factor loading matrix**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Factor 1</th>
<th>Factor 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>cross-ownership1</td>
<td>0.799</td>
<td>-0.016</td>
</tr>
<tr>
<td>cross-ownership2</td>
<td>0.831</td>
<td>-0.032</td>
</tr>
<tr>
<td>foreign ownership</td>
<td>0.678</td>
<td>-0.189</td>
</tr>
<tr>
<td>conglomerate ownership</td>
<td>0.832</td>
<td>-0.074</td>
</tr>
<tr>
<td>Fairness of PSB</td>
<td>-0.129</td>
<td>0.717</td>
</tr>
<tr>
<td>PSB &amp; minorities</td>
<td>0.032</td>
<td>0.719</td>
</tr>
<tr>
<td>licence fee</td>
<td>-0.211</td>
<td>0.682</td>
</tr>
<tr>
<td>privatisation &amp; independence</td>
<td>0.587</td>
<td>-0.284</td>
</tr>
</tbody>
</table>
According to Figure 9.1, the factor scores of MIC (1.128), SBS (0.727), and Arirang (0.799) were higher than those of others. SBS is the main commercial terrestrial broadcaster based on Seoul, the capital of Korea. The factor score of KBS Seoul (-1.083) was the lowest of all. Figure 9.2 showed that factor scores of KBS Seoul (1.295), KBS Pusan (0.777), MBC Seoul (0.578), and EBS (0.413) were higher than those of others. They are public service broadcasters. MBN (-0.717), a cable programme provider, was the lowest of all.

Convergence is a technological and institutional process. Mosco and McKercher (2006) examine the concept of labour convergence between distinct industries in the Canadian context. However, labour convergence in Korea is not easy to achieve. Even in the NUM and KFPU (Korean Federation of Press Unions), the union representatives in the different companies showed the contrasting evaluations and opinions on the important issues such as media ownership and public service broadcasting.

An academic pointed out that the union members recently pursued their own companies' interests, though they still play a role of democratisation of media (Personal Interview, 6 May 2004). The other interviewee in the NUM witnessed that sometimes individual broadcasting unions have not followed the policy directions of the NUM or KPFU, in pursing their own companies' interests. Some interviewees also indicated that the broadcasting unions' priority is securing their member's welfare (Personal Interview).

In Korea, the establishment of a single regulator has been discussed. Nevertheless, both Figure 9.1 and 9.2 indicated that the establishment of a single regulator would be a difficult process, because the staffs in the KBC and MIC had the different opinions on the issues like deregulation. During the introduction of new services like IP-TV, the MIC has really wanted a more marketised approach. While the KBC classifies IP-TV as a broadcasting service, the MIC regards it as a telecommunications service, which has more relaxed regulations (Kim 2005; Oh
and Jung 2006).

Figure 9.1. Factor scores of deregulation by subgroup
B-1. Which is proper for the regulation under the digital broadcasting?

(Note: S: structure, C: contents, R: reinforced, r: relaxed)

The regulators and unionists wanted to reinforce structural regulation and relax contents regulation most. It was notable that secretaries in the audience organisations wanted more regulation on either contents or structure. No 'SrCr' was answered by them.

This result indicated that civic and audience organisations somewhat reflected the needs of the general audience. According to a KBC survey (Lee 2003), the general audience in South Korea want to introduce a V-chip to protect children and adolescents from harmful content that
is obscene and violent. 71.1% of respondents answer ‘necessary’ while 16.3% of them think ‘not necessary’. In this survey, 54.1% of parents who have children and adolescents use the current programme grade system that shows which range of age groups is suitable for the programmes. The main tasks of current audience organisations are programme monitoring, media education, and participation in broadcasting policies.

Table 9.33. The Regulation under the Digital Broadcasting

<table>
<thead>
<tr>
<th>KBC and MIC</th>
<th>Audience Organisation</th>
<th>Broadcasting Union</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
<td>%</td>
<td>Count</td>
<td>%</td>
</tr>
<tr>
<td>No answer</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SRCR</td>
<td>5</td>
<td>14.7%</td>
<td>6</td>
</tr>
<tr>
<td>SrCr</td>
<td>7</td>
<td>20.6%</td>
<td>-</td>
</tr>
<tr>
<td>SRCr</td>
<td>12</td>
<td>35.3%</td>
<td>4</td>
</tr>
<tr>
<td>SrCR</td>
<td>10</td>
<td>29.4%</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100.0%</td>
<td>15</td>
</tr>
</tbody>
</table>

B-2. Do you agree to the privatisation of MBC?

Since 1980, MBC has been a publicly owned company, though their revenues rely on advertising. The majority of the regulators voted for the privatisation of MBC. The majority of secretaries voted against the privatisation of MBC. 49% of the representatives voted against the privatisation of MBC. Specifically, 75.6% of the MBC respondents were against privatisation. The privatisation of MBC and KBS2 was recommended by the Korea Advertisers Association (KAA 2003) and the institute of FKI (Federation of Korean Industries) (KERI 2002). It was also an election promise of the Grand National Party, an opposite party, though it was withdrawn after the presidential election.
Table 9.34. The Privatisation of MBC

<table>
<thead>
<tr>
<th></th>
<th>KBC and MIC</th>
<th>Audience Organisation</th>
<th>Broadcasting Union</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>%</td>
<td>Count</td>
<td>%</td>
</tr>
<tr>
<td>No answer</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Yes</td>
<td>17</td>
<td>50.0%</td>
<td>4</td>
<td>26.7%</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
<td>29.4%</td>
<td>10</td>
<td>66.7%</td>
</tr>
<tr>
<td>Cannot decide</td>
<td>7</td>
<td>20.6%</td>
<td>1</td>
<td>6.7%</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100.0%</td>
<td>15</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Table 9.35 showed that there was an association between the political leaning of the broadcasting unions and opinions about the privatisation of MBC (Chi-square=14.754, df=4, p=0.005). The neutral and the progressive were less likely than the conservative to vote for the privatisation of MBC, one of the public service broadcasters in Korea.

Table 9.35. Political Leaning of Broadcasting Union and Privatisation of MBC

<table>
<thead>
<tr>
<th></th>
<th>Conservative</th>
<th>Neutral</th>
<th>Progressive</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>11</td>
<td>35</td>
<td>28</td>
<td>74</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>46</td>
<td>48</td>
<td>96</td>
</tr>
<tr>
<td>Cannot decide</td>
<td>3</td>
<td>16</td>
<td>5</td>
<td>24</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>97</td>
<td>81</td>
<td>194</td>
</tr>
</tbody>
</table>

(Chi-square=14.754, df=4, p=0.005)

No answer: 6

B-3. Do you agree to the privatisation of KBS2?

Since 1980, KBS2 has been a part of Korean Broadcasting System, though it broadcasts advertisements. Secretaries and representatives are more likely than regulators to disagree to the privatisation of KBS2, one of the main public service broadcasting channels in Korea. While 'Yes' was less chosen than in the case of MBC, 41.2% of the regulators voted for the
privatisation of KBS2. The majority of the secretaries were against the privatisation of KBS2.

The majority of the representatives were against the privatisation of KBS2. Specifically, 76.9% of the KBS respondents voted against the privatisation.

Table 9.36. The Privatisation of KBS2

<table>
<thead>
<tr>
<th></th>
<th>KBC and MIC</th>
<th>Audience Organisation</th>
<th>Broadcasting Union</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>%</td>
<td>Count</td>
<td>%</td>
</tr>
<tr>
<td>No answer</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Yes</td>
<td>14</td>
<td>41.2%</td>
<td>2</td>
<td>13.3%</td>
</tr>
<tr>
<td>No</td>
<td>12</td>
<td>35.3%</td>
<td>12</td>
<td>80.0%</td>
</tr>
<tr>
<td>Cannot decide</td>
<td>8</td>
<td>23.5%</td>
<td>1</td>
<td>6.7%</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100.0%</td>
<td>15</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

No answer: 3

B-4. Do you agree to the enactment of commercial broadcasting act by which the ownership of commercial broadcasting is restricted?

The majority wanted to set up the act by which the ownership of commercial broadcasting is restricted. 47.1% of the regulators voted for the enactment of the commercial broadcasting act. Every secretary wanted the enactment of the commercial broadcasting act. The majority of the representatives voted for the enactment of commercial broadcasting act. The current individual ownership cap of commercial broadcasters is 30%. KBC can withdraw business licences to commercial broadcasters who breach ownership regulations (Broadcasting Act Article 8, 13 and 14). Some civic organisations demanded to reduce the limit to 10%. However, it was not enacted.
Table 9.37. The Enactment of Commercial Broadcasting Act

<table>
<thead>
<tr>
<th></th>
<th>KBC and MIC</th>
<th>Audience Organisation</th>
<th>Broadcasting Union</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>%</td>
<td>Count</td>
<td>%</td>
</tr>
<tr>
<td>No answer</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Yes</td>
<td>16</td>
<td>47.1%</td>
<td>15</td>
<td>100.0%</td>
</tr>
<tr>
<td>No</td>
<td>11</td>
<td>32.4%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cannot decide</td>
<td>7</td>
<td>20.6%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100.0%</td>
<td>15</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Table 9.37 showed an association between the political leaning of the broadcasting unions and the opinions about a commercial broadcasting regulation act. The neutrals and the progressives were more likely than the conservatives to agree to the enactment of a commercial broadcasting regulation act.

Table 9.38. Political Leaning of the Union and Commercial Broadcasting Regulation Act

<table>
<thead>
<tr>
<th></th>
<th>Conservative</th>
<th>Neutral</th>
<th>Progressive</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>7</td>
<td>70</td>
<td>62</td>
<td>139</td>
</tr>
<tr>
<td>No</td>
<td>7</td>
<td>14</td>
<td>10</td>
<td>31</td>
</tr>
<tr>
<td>Cannot decide</td>
<td>2</td>
<td>13</td>
<td>9</td>
<td>24</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>97</td>
<td>81</td>
<td>194</td>
</tr>
</tbody>
</table>

No answer: 6

B-5. Which value is most important concerning the public interest in the onset of digital broadcasting?

There are various values of public interest in the onset of digital broadcasting. Among them, the respondents considered universal service, diversity, and social responsibility as major values concerning the public interest in the onset of digital broadcasting. Universal service was selected most among the regulators. Social responsibility was selected most among the secretaries. Universal service was selected most among the representatives. During the
fieldwork, however, an academic said, “The policy priority for the pay media excludes many people from information. Nevertheless, this issue (universal service) does not include the current digital broadcasting policy” (Personal Interview 28 February 2004). Fair competition, one of the neoliberal values, was much less chosen.

<table>
<thead>
<tr>
<th></th>
<th>KBC and MIC</th>
<th>Audience Organisation</th>
<th>Broadcasting Union</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>%</td>
<td>Count</td>
<td>%</td>
</tr>
<tr>
<td>No answer</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Universal service</td>
<td>15</td>
<td>44.1%</td>
<td>5</td>
<td>33.3%</td>
</tr>
<tr>
<td>Independence</td>
<td>2</td>
<td>5.9%</td>
<td>1</td>
<td>6.7%</td>
</tr>
<tr>
<td>Social responsibility</td>
<td>3</td>
<td>8.8%</td>
<td>9</td>
<td>60.0%</td>
</tr>
<tr>
<td>Diversity</td>
<td>10</td>
<td>29.4%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fair competition</td>
<td>2</td>
<td>5.9%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unclear</td>
<td>2</td>
<td>5.9%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100.0%</td>
<td>15</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

B-6. Do you agree to the establishment of a regulatory agency of broadcasting and telecommunication (i.e. a single regulator)?

In response to the digital convergence, the majority wanted to establish a new single regulator of broadcasting and telecommunications. 76.5% of the regulators and 80% of the secretaries voted for a single regulator, while 51.5% of the representatives voted for it. However, establishment of it has been delayed, mainly due to the departmentalism of incumbent regulators and government departments (see Chapter 8).
Table 9.40. The Establishment of a Single Regulator

<table>
<thead>
<tr>
<th></th>
<th>KBC and MIC</th>
<th>Audience Organisation</th>
<th>Broadcasting Union</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>%</td>
<td>Count</td>
<td>%</td>
</tr>
<tr>
<td>No answer</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Yes</td>
<td>26</td>
<td>76.5%</td>
<td>12</td>
<td>80.0%</td>
</tr>
<tr>
<td>No</td>
<td>2</td>
<td>5.9%</td>
<td>2</td>
<td>13.3%</td>
</tr>
<tr>
<td>Cannot decide</td>
<td>6</td>
<td>17.6%</td>
<td>1</td>
<td>6.7%</td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td>100.0%</td>
<td>15</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

B-6-1. If you answer “yes”, what is the most important reason?

Systematic encouragement was most selected among the regulators. Audience welfare was most selected among the secretaries. Systematic encouragement was most selected among the representatives. The majority of the regulators wanted to establish a single regulator from an economic perspective.

Table 9.41. The most important reason

<table>
<thead>
<tr>
<th></th>
<th>KBC and MIC</th>
<th>Audience Organisation</th>
<th>Broadcasting Union</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Count</td>
<td>%</td>
<td>Count</td>
<td>%</td>
</tr>
<tr>
<td>Systematic encouragement</td>
<td>17</td>
<td>65.0%</td>
<td>4</td>
<td>33.3%</td>
</tr>
<tr>
<td>Prevention of industrial loss</td>
<td>5</td>
<td>19.2%</td>
<td>1</td>
<td>8.3%</td>
</tr>
<tr>
<td>Audience welfare</td>
<td>2</td>
<td>7.7%</td>
<td>6</td>
<td>50.0%</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>3.8%</td>
<td>1</td>
<td>8.3%</td>
</tr>
<tr>
<td>Unclear</td>
<td>1</td>
<td>3.8%</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>26</td>
<td>100.0%</td>
<td>12</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
9.4. Conclusion

Despite some problems and difficulties throughout the fieldwork, some important findings were discovered through the questionnaire survey and in-depth interviews.

First, the results of the fieldwork revealed that electronic and telecommunications companies were dominant players in the policymaking process of digital broadcasting. Though the regulators thought that current digital broadcasting policies reflected diverse opinions, the audience organisations and the press union saw that the arguments of electronic and telecommunications companies were adopted more than those of the others. The general public do not know digital broadcasting policies well. Even if they have to change their television sets and buy digital broadcasting appliances in the near future, they are excluded from the policymaking process. It could be argued that even the compromise by 4 part committee was the acknowledgement of the government's false decision and securing the electronic companies' interest, and the interest of terrestrial broadcasters.

Second, there are various public interest values in the onset of digital broadcasting. Among them, the respondents considered universal service, diversity and social responsibility as major values concerning the public interest values related to digital broadcasting. Universal service was most selected among the regulators and the union representatives, though social responsibility was most selected among the audience organisations. The majority of respondents were concerned about the digital divide in the digital environment.

Third, the majority of respondents did not feel that Korean broadcasting corporations enjoy freedom from the control of state and capital. The regulators and the union representatives thought that the political power restricted the freedom of broadcasting in Korea most, while the secretaries thought that conglomerates restricted freedom of broadcasting most. As democratisation, marketisation, and globalisation advance, the influence of the government has
decreased. In contrast, the conglomerates, media owners, pressure groups, foreign capital, broadcasting unions and civic organisations have gained power in the Korean broadcasting industry. In my survey, the majority of the respondents wanted to establish the Act by which the ownership of commercial broadcasting would be restricted.

Fourth, the regulators had negative attitudes toward the current performance of public service broadcasters. The audience organisations had negative attitudes toward the current performance of public service broadcasters. However, none of them agreed that the privatisation of public service broadcasting would encourage the political independence of broadcasting. The majority of the respondents in the public service broadcasters were against the privatisation of their own corporations.

Finally, majority of the regulators had positive attitudes toward the investment of foreign capital in new media industries. Since the IMF bailout programme, the Korean government has opened its market voluntarily to foreign capital. The audience organisations had negative opinions about ownership agendas. The union representatives made somewhat negative replies to ownership statements, though their opinions were mainly influenced by their companies' status - public or private broadcasting.
Chapter 10. Conclusion

10.1. Review of General Arguments

The main objective of this thesis, as stated in Chapter 1, was to examine three key questions concerning the political economy of digital broadcasting. First, the concept of digital broadcasting and its regulatory issues were explored. Second, the factors influencing global digital broadcasting were investigated. Finally, how and why South Korea has introduced digital broadcasting were examined. Various stakeholders have been involved in the digitisation of broadcasting at the national and global level. This process follows and forms the changing political economic configuration of the broadcasting industry of the nation-state facing neo-liberal globalisation.

The concept of digital broadcasting and its regulated issues>

This study has examined the introduction of digital broadcasting as one of the most prominent changes in the broadcasting field. Following the review of the theories of state and broadcasting policy, and public interest in broadcasting, I proposed a political economy of digital broadcasting framework as a theoretical perspective. While pluralist researches on new media develop from the view that power is situational, and operates in specific circumstances over specific issues, the political economy of digital broadcasting tries to understand the way in which power is structured and differentiated, where it comes from and how it is renewed (Garnham 2000). The pluralist analysis lacks a historical perspective and does not explain adequately the structured power of the participants.

My main concerns are the social, political and economic contexts of digitisation of broadcasting, and its regulatory issues. I begin with the concept of digital broadcasting. Technically, various types of digital broadcasting are classified, in accordance with quality
categories (e.g. HDTV and SDTV) and the ways of transmission (e.g. terrestrial broadcasting, cable and satellite broadcasting).

The digitisation of broadcasting that covers the whole value chain, from production through transmission to receivers in the end users' homes basically means converting video, audio and data into binary digits – a series of ones and zeros. The digital compression techniques have made it possible for many TV channels to be transmitted using narrow bandwidth. Digital broadcasting can offer hundreds of channels, clearer picture and sound, interactive services, and permit viewers to be "their own schedulers, watching programmes when they want" using the PVR. Ultimately, the TV set can be changed into "a multipurpose/ multimedia terminal". Digital TV has the increased interoperability with equipment and applications used in the telecommunications and computer industry. Digital technologies also enable programming to be distributed through a range of different devices from personal computer to mobile phones. The introduction of digital broadcasting is a part of on-going digital convergence (Levy 1999; Murdock 2005).

Digital broadcasting has political and economic potential. It can provide viewers with a greater choice among increasing channels, more alternative media productions and participatory modes of interactive television. Despite these possibilities, it is likely to enable the commercialisation of broadcasting environment and fragment the public sphere. Digitisation enables advertisers to elaborate their knowledge of audiences and to target their audience with more precision, and find the match between commercials and the viewers (Chalaby and Segell 1999: 360-362). Digital multi-channels are decreasing the size of the mass audience watching the main national channels. The digital divide is also of concern. There are emerging patterns of exclusion – "inequalities of access to information, knowledge and representation" (Murdock 2000: 54). There is a strong relationship between income and entry into a new communications
market. Digital pay TV services and expensive HDTV sets are likely to exclude poorer audiences (Golding 2004).

There are some economic risks caused by private monopolies and market failure in the broadcasting industry. Either barriers to entry created by incumbent monopolists or market distortions caused by imperfect competition are the major reasons for market failures in the digital context. Concerning regulated issues, some bottlenecks in digital broadcasting infrastructure and their possible gatekeeping functions for market actors and viewers are identified following the value chain for digital television.

A digital TV terminal has three key components: the application programme interface (API), the conditional access system (CAS), and the electronic programming guide (EPG). They play roles in the gateway that controls the access of programme providers and viewers (Galperin 2004: 11; Levy 1999: 6-7; Graham 1998: 33-35). They are considered newly emerging bottlenecks in the digital television value chain. Moreover, to attract customers, broadcasters really need popular contents like movies and sports programmes. There is a tendency for pay-TV operators to monopolise the right to distribute and receive these popular programmes in the television market. Broadcasters are also required to fund the investment in digital programme services. HD cameras and digital editing equipments might elevate entry barriers to the production industry. These are harmful to media pluralism in a democratic society and competition in the media market.

<The factors influencing global digital broadcasting>

This research has investigated the main factors that influenced the regulatory changes and hardware and software markets around digital broadcasting at a global level. Various stakeholders, including international organisations, global media conglomerates, multinational
electronic manufacturers, the computer industry, civic organisations and national governments, have influenced the shaping of digital broadcasting. The digitisation of broadcasting on a global level entails a politico-economic process at several levels: the national and the international, the global and the local, the public and the private, old media and new media.

Recent regulatory changes concerning digital broadcasting demonstrate three movements - neoliberal free market policies, convergence of the communication sectors, and globalisation. Murdock and Golding (1999: 118-119) view recent transitions in the communication sector as marketisation. The current trend of global media governance can be considered as marketisation, though countervailing powers like nongovernmental organisations exist. UN organisations like the ITU, WIPO and UNESCO have struggled against a trade and market paradigm supported by developed countries and global media conglomerates. Neoliberal advocates try to make new agreements and treaties, which remove the national media restrictions within member states. For example, the effective loss of intellectual property rights (IPRs) by WIPO and its gain of Trade Related Aspects of Intellectual Rights (TRIPs) by the WTO means that trade and competition rules become emphasised over human rights and cultural and social considerations.

The evolution of the global trade regime, jointly with digital technologies and international law, exerts increased pressure toward cultural trade liberalisation. Digital convergence has blurred the boundaries among broadcasting, telecommunications, and computing. Convergence has changed the way audio-visual contents are created, produced and distributed. In the WTO, the US government also asserts that the distinction between telecommunications and the audiovisual services is difficult to identify “in the digital world, where the transmission of digitalised information can become the same thing as the digitalised content itself” (United States 1998: Paragraph 5). It proposed a new list of audiovisual and audiovisual related service activities during the New Round in Doha (Qatar). It also argues that GATS disciplines are
relevant to the audiovisual sector, as they are to virtually any service sector. The US government seeks negotiated commitments for the audiovisual sector that establish clear, reliable and predictable trade rules, because its media companies dominate the global audiovisual industry and wants to expand its market (United States 2000). The US domestic media market is already saturated and US-based global media conglomerates strategically plan to expand global markets and develop goods and services for global consumption (McPhail 2006: 24).

In addition to global trade liberalisation, many national governments have adopted neoliberal free market policies, with the introduction of digital broadcasting. For instance, the US and UK enacted the Telecommunications Act of 1996 and the Communication Act of 2003 respectively, to deregulate their media and communication markets. These laws relaxed the barriers to consolidation and cross-ownership.

Global media conglomerates have expanded their businesses all over the world, using digital technologies. Through mergers and acquisitions, they become more vertically or horizontally integrated and seek to maximise their advantages in the rapidly changing media market. To respond to digital convergence, companies in the different sectors have merged into fewer companies. The merger of Internet service provider AOL and conventional media firm Time Warner is an example.

Public service broadcasters, as traditional dominant players, are still prosperous in many domestic broadcasting industries. However, public service broadcasters worldwide confront two severe challenges. The first is related to their funding source, and the other is their position in the digital environment. Moreover, they have been marketised from inside. Digitisation of broadcasting exacerbates these pre-existing problems.

In terms of hardware, the competition for digital broadcasting in Europe, Japan, and the US came with ‘a period of rapid technological development’, ‘marketisation’, and ‘fierce
international and interregional competition for global market share. The linkage was further marked by technological and economic convergence between previously separate sectors. We can confirm the marketisation of public policy related to the introduction of digital broadcasting. Japan, Europe and the US adopted their own digital broadcasting systems. There has been a new global competition for digital TV standardisation concerning what the rest of the world will choose.

During the policymaking process, European consumer electronics manufacturers like Thomson and Philips have been influential players in both the United States and Europe. They were instrumental in blocking the international adoption of Japanese Hi-Vision standard in Dubrovnik in 1986. While they supported the HD-MAC system in Europe, they are members of Grand Alliance consortium in the U.S. (Dupagne and Seel 1998: 305). South Korean MNCs like Samsung and LG have also participated, and have influenced the introduction of digital broadcasting home and overseas.

Before the Korean case is discussed, the influences of Japan, Europe and the US on Korean broadcasting should be mentioned. Historically, Japanese and American influences on the Korean broadcasting structure and practices have been prominent. Since a public service broadcasting system was established in Korea, the British model has also been relevant to Korean broadcasting policy (Personal Interview). Korean broadcasters, policymakers and scholars have learned a lot from these countries. During the fieldwork, however, a policymaker emphasised that the Korean government has referred to the foreign cases of deregulation, but chosen its policies on its own (Personal Interview, 17 January 2004). Broadcasting policies have been made, depending on the politico-economic conditions of Korea.
<The case of Korea>

The last objective of this study was to examine why and how South Korea has introduced digital broadcasting. The Korean case has both a unique and a representative character. It is unique due to the Korea's prominence in the global market of consumer electronics and ICTs (Information and Communication Technologies), the government's strategic support to these industries, the maintenance of a strong public service broadcasting system, and the viable civic organisations and trade unions in the broadcasting field. It is also representative because of the Korea's marketisation policies as a member state of neoliberal institutions such as the OECD and WTO.

The introduction of digital broadcasting in Korea has reflected the changing power relationships between state, market and civil society in democratisation, marketisation and globalisation. The state's role has changed from one of authoritarian market formation to non-authoritarian market formation, market adjustment and coordinating different interests. Digital broadcasting policy followed these general trends.

While industrial policies, especially state's strategic support to specific industries, have decreased in other sectors, the Korean government has still adopted them in the field of high-technology industry (Shin and Chang 2003). The ICT industry accounts for about 30% of total exports and is a key sector in the Korean economy (MIC 2003d). Korea has a legacy of a developmental state, though the previously high degree of state autonomy has declined. However, it becomes more and more difficult to perform an industrial policy, especially based on the state-banks-chaeabol nexus (see Chapter 7), when the distinction between domestic and foreign companies has been blurred. During the economic development process, the Korean government had used nationalised banks to support chaebols. Since the 1980's, however, the banks have been privatised. Since the 1990's, chaebols have been multinational corporations and invested its assets in foreign countries. Global capital was also allowed to invest in banks.
and chaebols. Major conglomerates and banks are currently owned by foreign capital. As neoliberal globalisation has advanced, the Korean state has had the contradictory features of a neoliberal state, which has deregulated some areas such as broadcasting, telecommunications and financial markets, and played a role of entrepreneurial government simultaneously. Concerning the introduction of digital broadcasting, the Korean government ran the G7 project including the development of HDTV in the early 1990's and the Ministry of Information and Communication (MIC) has run the IT 839 strategy, which supports the development of DMB. In addition, both KBC and MCT have promoted the broadcasting industry.

The official rationales for the introduction of digital broadcasting in Korea can be summarised as follows: first, an advantage for exporting digital receivers; second, encouraging an information society at home; third, enhanced services like high-definition, CD-quality sound, interactive services and mobile reception (Personal Interview; MOFE, et al. 1999). Most of all, the government has actually pursued an advantage for exporting digital receivers.

Korean broadcasting has changed since the onset of digital broadcasting. The Broadcasting Act was enacted and revised in line with the digitisation of broadcasting. Though civil society is involved in broadcasting policymaking, the main trends of Korean broadcasting are marketisation, financialisation and globalisation. The Broadcasting Act of 2000 adjusted the Korean regulatory framework to the demand from the market (See Chapter 8). The Act represented the privatisation of the government’s media control. The Act allowed the entries of foreign capital, domestic conglomerates and newspaper companies to cable and satellite broadcasting. They were allowed for up to 33% of a broadcasting company’s shares, but it was not permitted in terrestrial broadcasting. Since the Asian financial crisis, there has been a policy approach to expand foreign investment in almost all industry sectors. Moreover, Korea should modify broadcasting ownership regulations as an OECD member. Multiple or cross ownership
is allowed between Programme Providers and Station Operators in the cable industry. In addition, the revised Broadcasting Act of 2004 relaxes the ownership restrictions concerning domestic conglomerates and foreign investment. Under the revised Act of 2004, 49% of foreign investment or contribution of property is permitted of the total stocks or equity shares of the relevant cable business. This was executed to attract strategic investors and exclude financial speculators. However, the result has shown a growth of financial speculation (Ha 2004).

Using the digitisation of broadcasting and converged services, private telecommunications companies and foreign capital have entered the broadcasting market. In the digitisation process, electronics manufacturers like Samsung and LG privatised telecommunications companies such as Korea Telecom and SK Telecom, and the MIC have played pivotal roles. Most of these companies are the biggest chaebols, in which foreign capitals currently invest as major shareholders. Consumer electronics manufacturers and telecommunications companies have lobbied in their own interest in the policymaking process of digital broadcasting. Their representatives are often officially invited as the members of various committees related to digital broadcasting (see Committee for Digital Terrestrial Broadcasting Promotion 1998; Committee for the Reform of Broadcasting Regulation Framework 1999; KBC 2000a; KBC 2002a). The digitisation of broadcasting is a capital accumulation process for the conglomerates and foreign capitals. They expect to earn a huge amount of profit from the process. The alliance of state and capital is also confirmed in the process.

In the case of Korea, consumer electronics manufacturers have been much involved in the digital broadcasting policymaking process. This situation is common to the US, Europe and Japan (see Chapter 6). Specifically, the Korean government aimed at the export of digital television in the U.S. market and decided on the ATSC standard just after the US had decided its digital terrestrial television standard. While the US and UK governments have currently focused
on more efficient use of spectrum via the analogue switch-off, the Korean government has mainly intervened in the supply side of the broadcasting and consumer electronics industry (Galperin 2004).

The public service broadcasters, the NUM (National Union of Mediaworkers) and some civic organisations have played alternative roles in the process. Since the democratisation movement in 1987, the influence of civic organisations and trade unions has grown in the field of broadcasting, though it is still small in comparison with those of the state and the conglomerates. This follows a recent global trend toward the increase of the participation of NGO’s in the policymaking at various levels. The representatives from civil society have officially participated in various committees related to broadcasting policy. For example, the Committee for the Reform of Broadcasting Framework was established to complete the final draft of the Broadcasting Act of 2000. Concerning the debate over digital transmission standards, the digital transition was suspended from December 2003 to July 2004, because the KBC and MIC accepted the demand of the NUM and broadcasters. Finally, the four-part committee of representatives of the MIC, KBC, KBS and NUM came to a compromise in July 2004. This can be interpreted as a corporatist approach and the consequence of democratisation of Korean society. In the case of Korea, broadcasting unions have been deeply involved in the broadcasting policymaking process. It could be argued that the Korean broadcast policymaking in reality has been between an authoritarian type and a democratic type of corporatism.

According to the official document published by four-part committee (2004), the committee admitted that there were problems related to the policymaking process for the digital television standard and the introduction schedule of digital broadcasting. Jung (2006) argued that though civil society succeeded in challenging the state’s decision, the compromise by four-part committee was the acknowledgement of the government’s bureaucratic policy-making.
From the beginning, the digital broadcasting policy in Korea aimed at helping consumer electronics manufacturers to export their digital goods (MOFE, et al. 1999). It was a typical case of an alliance between state and capital.

During the field study, semi-structured interviews investigated the rationales of participants and policymakers who represent each sector of Korean broadcasting structure, focusing on their priorities, concepts of public interest, and evaluations. In addition, the attitudes and opinions of regulating authorities, civic organisations and broadcasting unions were examined, using a questionnaire survey. Some important findings were discovered through the questionnaire survey and semi-structured interviews.

Firstly, the results of the fieldwork indicated that electronics and telecommunications companies were dominant players in the policymaking process of digital broadcasting. Although the regulators thought that current digital broadcasting policies reflected diverse opinions, the audience organisations and the press union suggested that the arguments of electronics and telecommunications companies were adopted more than those of the others. According to Seoul YMCA (2002a; 2002b), the general public does not know digital broadcasting policies well. Even if they have to change their television sets and buy digital broadcasting appliances in the near future, they are excluded from the policymaking process. Korean journalism scholars also think that the digital broadcasting policies were determined without a deliberative process (Kim et al. 2002: 202).

During the fieldwork, the National Assembly revised the Broadcasting Act related to the legal framework for DMB and the relaxation of cable ownership as the digital broadcasting equipment manufacturers, cable industry and SKT lobbied for the passage of the bill. As a result, Tu Media was selected as an operator of satellite DMB in 2004. Chaebols and foreign capital are major investors in this business. In the Act, the articles related to the audience sovereignty
have been criticised for their ambiguities and vagueness in terms of the responsibilities of the related parties. During the revision of the Act, the audience organisations required the ambiguous articles to be amended (CCEJ et al 2003). However, their requests were not accepted. This case is an explicit example of the current broadcast policymaking process in Korea.

Secondly, concerning the public interest values in the onset of digital broadcasting, universal service was most selected among the regulators and union representatives, although social responsibility was most selected among audience organisations. The majority of respondents were anxious about the digital divide in the digital environment. Pay-TV services, expensive HDTV sets and digital receivers were of concern. However, the Korean government has not well prepared for this issue. The government has depended on a ‘trickle-down’ approach in terms of the diffusion of digital television. Broadcasting policy in Korea has mainly reflected business interest.

Thirdly, the majority of respondents did not feel that Korean broadcasting corporations enjoyed freedom from the control of state and capital. The regulators and the union representatives thought that political power restricted freedom of broadcasting in Korea most, while the secretaries in civic organisations thought that conglomerates restricted the freedom of broadcasting most. Journalists feel the same. As shown in ‘Korean Journalists in 2005’(KPF 2005b: 334-335), a national survey of journalists working for newspapers, broadcasters and news agencies, the influential factors that tend to restrict the freedom of the press are advertisers (60.2%), owners and chief executive officers (43.6%), editors (43.4%), journalists themselves (42.8%), the government and political power (39.8%), the press law (18.3%), the audience (17.1%), vested interest groups (15.9 %) and civil advocacy groups (15.3 %). In comparison with the results of 2003, the influence of the government and political power (60.3%) has decreased, while that of the advertisers (44.5%) has increased.
Fourth, the regulating authorities and audience organisations had negative attitudes toward the current performance of public service broadcasters in terms of fairness and diversity. During the fieldwork, the President of South Korea was impeached by the National Assembly. While the presidency was being suspended, there were political rifts as regards a debate over the fairness of impeachment coverage. The public service broadcasters such as KBS and MBC were criticised for the negligence of their fairness principle and pro-President bias (KPF 2005a: 18-21; KPF 2005b: 54-55). Furthermore, the public service broadcasters were criticised for pursuing the audience rates and the commercialisation of programmes (Personal Interview). However, they disagree that the privatisation of public service broadcasting would promote the political independence of broadcasting. The majority of the respondents in public service broadcasters objected to the privatisation of their own corporations as well.

Finally, the majority of regulators had a positive attitude towards the investment of foreign capital in new media industries. Since the IMF bailout programme, the Korean government has opened its market voluntarily to foreign capital. Audience organisations had negative opinions about the ownership agendas, including the conglomerates’ ownership of terrestrial broadcasting, and the cross-ownership of terrestrial broadcasting, newspaper and telecommunications. The union representatives made somewhat negative replies to the ownership statements, although their opinions were mainly influenced by their companies’ interests. For instance, Rupert Murdoch, who has been closely implicated in broadcast management, met then president-elect, Kim, Dae Jung one day before the presidential inauguration. It aroused indignation among the press union and the civic organisations. They openly objected to Murdoch’s investment in DBS (Lee 2000). Recently, they are strongly against the relaxation of ownership regulations in the Korea-US FTA. The broadcasting companies, especially terrestrial broadcasters, owned by chaebols, newspaper companies, telecommunications companies and global media...
conglomerates are predicted to hinder the pluralism and diversity of media.

In relation to the models of the public interest, the public service approach was officially emphasised under authoritarian regimes. Currently, commercial broadcasters, new media operators, and regulators pursue the marketplace approach, while civic organisations and media activists adopt the civil society approach. It could be argued that such an ideological divide influenced their different evaluations and opinions about the digital broadcasting policies.

Neoliberalism has hegemony in the broadcasting policy field. During the introduction of digital broadcasting, the marketisation of broadcasting and the government's support to the industry have been often taken for granted among the policymakers. It can be interpreted as a case of 'path dependency' - "A certain logic of decision-making powered by hegemonic ideas carries all before it" (Harvey 2005: 115).

Policymakers and regulators are frequently coming from regulated industries. Their appointments were sometimes criticised by some civic organisations, press union and the press, because the independence of regulating authorities might be damaged (Lee 2006, Min 2006). However, most of them were finally accepted. Furthermore, policymakers and high-officials in the regulated industries have been socially networked in various ways such as regional relations and school-based networking (Eun 1996; Kim 2002; Kwon 2002). Though the representatives of civic organisations have participated in the policymaking process, the major industry players have effectively dominated the process.

As the number of the channel has rapidly increased under the digital environment, the rationale of spectrum scarcity has been outmoded. The Korean government has deregulated the broadcasting market and relaxed the broadcasting regulations. As new platforms such as IP-TV have been introduced, the government also plans to introduce a technology-neutral approach to broadcasting and establish a single regulator of broadcasting and telecommunications. However,
broadcasting is an interface between politics, economy and culture. Broadcasting is an important institution closely related to democracy and citizenship in society. The public service broadcasting system and regulations based on the public interest values should be sustained under the changing regulatory framework.

10.2. Limitations and Suggestions for Further Research

Despite some useful results of several important issues concerning the political economy of digital broadcasting, this study has some limitations.

Firstly, research on digital broadcasting and convergence is still at an early stage. In particular, existing studies on digital broadcasting are rarely conducted in terms of a critical political economy. Digital broadcasting is new and less diffused in reality. Convergence between different media is not yet fully completed. Thus, the impact on the broadcasting industry is primarily based on estimation. Moreover, the boundary of digital broadcasting is quite blurred. New digital developments have continued to emerge during the study. I confined digital broadcasting mainly to television and the current main platforms such as terrestrial broadcasting, cable and satellite broadcasting, though I mentioned digital audio broadcasting, digital mobile broadcasting and other platforms like IP-TV. The Internet is a major source of digital convergence, and Korea has the highest penetration rate into the broadband market in the world (Wu 2004; Park 2005). Nonetheless, I mostly excluded webcasting, because it is not currently viewed as broadcasting. In Korea, for example, the Korean Broadcasting Commission oversees the broadcasters’ use of Internet services, but not other firms’ Internet services. Instead, the Korean Communications Commission (KCC) under the MIC regulates other Internet services (Wu 2004: 92). During the fieldwork, I mostly explored the opinions and attitudes of the participants in the current broadcasting industry. It might have been useful to interview also
the members of the National Assembly and the presidential office though I referred to the documents published by these institutions. Moreover, it should be helpful to investigate the opinions and attitudes of the general public, using a questionnaire survey.

Secondly, the introduction of digital broadcasting reflects social change in Korea. However, broadcasting has its own specificity. Broadcasting is specially treated because it is deeply embedded in national culture and the public sphere. Terrestrial broadcasting is the only industry excluded from foreign investment (Government of Republic of Korea 2004: 12). In addition, public service broadcasters are still strong and have powerful trade unions. It still differs from other industries, though the digitisation of broadcasting and introduction of new digital platforms and channels follow the general trends of neoliberal globalisation. However, this condition could be temporary. Current political supports to public service broadcasting might be withdrawn if a conservative party takes power. The Grand National Party promised to privatise KBS2 and MBC in the last Presidential election.

Thirdly, since the fieldwork, some situations have changed. For example, the dispute about digital terrestrial transmission was solved. The KBC, MIC, KBS and NUM came to a compromise about the details of not changing the digital terrestrial transmission type and the free service of terrestrial DMB. Korea has also begun to discuss a FTA with the US. The U.S. made a special demand to reduce mandatory screening days of current screen quota, and Korea accepted it. The U.S. also requires Korean government to relax the current ownership limits of broadcasters and telecommunications operators.

Fourth, as the sample size of the questionnaire survey was small, the generalisation of the research was limited. However, the results were cautiously interpreted and compensated by the in-depth interviews and documentation.

A comparative study is recommended for further research. It will give us additional
insights to compare digital broadcasting policies and policymaking processes in South Korea and the other countries. It will be helpful to understand the introduction of the same technology following different politico-economic configurations, so-called, path dependency. The pre-existing industry arrangements encourage certain courses of action and prohibited others in the digital transition. For instance, in Korea, powerful chaebols that produce consumer electronic goods wanted to introduce expensive HDTV services in terrestrial broadcasting. The Korean government suppressed the introduction of SDTV. In contrast, in the UK, programme makers and broadcasters favoured a channel increase in the terrestrial broadcasting. The government suppressed digital HDTV in favour of increased numbers of SDTV channels (Winston 1998: 301-302).

Digitisation of broadcasting is not only technological, but also political and economic. It has come along with neoliberal globalisation. The introduction of digital broadcasting is located in the wider context of class-dominated global capitalism. The digitisation of broadcasting causes the digital divide between developed and developing countries because it is currently limited in developed countries.

Though the digital divide within developed countries still exist, their societies are now saturated with digital media. Digitisation of broadcasting supplies consumers with numerous channels and contents. They are watching television anywhere, using their mobile phones, laptop computers and PDA's (Personal Digital Assistant). Their lifestyle is changing. The introduction of digital broadcasting has also come along with cultural globalisation. Broadcasting is not national any more. People can easily access to foreign programmes via various digital platforms. They are watching British documentaries, Hollywood movies and Japanese animations. The activities of the media companies that offer the broadcast contents are crossing international borders. In spite of this increased globalisation of broadcasting, we can
hardly see the internationalisation of regulation, specifically relating to issues of broadcast content. An international regulatory framework for the broadcast contents is urgent.
Appendix I: Interview Schedule

1. What policy should be implemented in the onset of digital broadcasting?
   1-1. Which value is the most important in terms of public interest?

2. Is there any specific policy related to the digital divide concerning digital television?

3. What do you think about the current digital broadcasting policymaking process?
   3-1. The dispute about digital terrestrial transmission type
   3-2. The introduction of DMB
   3-3. Digital satellite broadcasting
   3-4. Digital cable

4. Who do you think will benefit from the current digital broadcasting policy?
   4-1. Why has digital broadcasting been introduced in Korea?

5. Have broadcasting policy and policy-making process changed since the democratisation movement in 1987? If yes, how have they changed?

6. Which country’s broadcasting policy does Korea refer to?

7. What do you think about the future of public service broadcasters (i.e. KBS and MBC) in the digital environment?
   7-1. What do you think about the future of local broadcasters in the digital environment?

8. Is the relaxation of broadcasting ownership related to the digitisation of broadcasting?
   8-1. The relation between the digital transition fund and the relaxation of SO ownership in particular
   8-2. Cable penetration rate currently reaches 70% of households in Korea. Do you assume that SOs will play a role of the bottleneck?

9. Did the IMF bailout programme influence broadcasting policy?
9.1. Was the digitisation of broadcasting accelerated by the Asian financial crisis?

10. What do you think about the balanced media development?
   Has this rationale weakened public service broadcasters?

11. What is your opinion about the revised Broadcasting Act of 2004?

12. What is your opinion about the introduction of a single regulator of broadcasting and telecommunications?

13. What digital broadcasting policy has the Ministry of Culture and Tourism proposed?

14. What is your opinion about a publisher model of broadcaster?

15. Did the Digital Broadcasting Promotion Committee reflect the arguments of civic organisations?

16. What do you think about the entry of KBS to PP (Programme Provider) industry?
   16-1. What do you think about KBS's pay-service?

17. What do you think about the restructuring of broadcasters?

18. What do you think about the lower unionisation rate in new media?

19. What do you think about the Digital Broadcasting Promotion Committee?

20. What is your opinion about the Committee for Digital Terrestrial Broadcasting Promotion?

21. What is your opinion about The Presidential Committee for the Reform of Broadcasting Regulation Framework?
Appendix II. List of Interviewees

* * * (A member of the 3rd cycle of the Digital Broadcasting Promotion Committee)

* * * (KBS union)

* * * (MIC)

Choi, Y. M. (A member of the 2nd cycle of the Digital Broadcasting Promotion Committee, the representative of audience organisations, a member of the Presidential Committee for the Reform of Broadcasting Regulation Framework, an academic)

* * * (KBC)

Chung, I. S. (Academic, the author of a KBS report, *Digital terrestrial broadcasting: Realities and prospects*)

* * * (Korean Cable TV Association)

Hwang, G. (An academic who participated in choosing a digital satellite platform)

* * * (SBS)

* * * (SBS)

* * * (The Electronic Industries Association of Korea)

Kim, G. J. (Senior researcher of the Korea Information Strategy Development Institute, a member of the 1st cycle of the Digital Broadcasting Promotion Commission)

* * * (KBS)

Kim, J. K. (Academic, the former chairman of KBC)

* * * (A member of the Committee for Digital Terrestrial Broadcasting Promotion)

Kim, M. J. (Head of Media Centre)

Kim, S. H. (General Secretary of NUM, a member of the Presidential Committee for the Reform of Broadcasting Regulation Framework)

Kim, U. R. (Academic, a member of the 2000 Broadcasting Policy Research Committee)
* * * (MIC official)

* * * (KBI) – This person was interviewed on 22 June 2006.

* * * (Department manager of KBC)

* * * (Secretary of an audience organisation)

Park, B. Y. (Leader of digital broadcasting task force team in NUM, A ex-president of KOBETA, Deputy director of MBC, a member of the 2nd cycle of the Digital Broadcasting Promotion Committee)

* * * (Member of the 3rd cycle of the Digital Broadcasting Promotion Committee)

* * * (Secretary of an audience organisation)

* * * (Department manager of KBC)

I also interviewed policymakers, media activists and academics in the UK.

Professor Sylvia Harvey (University of Lincoln)

Dr. David Levy (BBC, Controller, Public Policy)

* * * (BBC)

* * * (Bectu)

Granville Williams (The Campaign for Press and Broadcasting Freedom)

* * * (Ofcom)
Hello!

I am undertaking a doctoral research about digital broadcasting in Loughborough University in UK.

This questionnaire is designed to explore the opinions concerning the situations and policies of Korean broadcasting in the onset of digital broadcasting. The opinions from different groups will be compared.

I would appreciate it if you would answer these questions. I strongly believe that this will provide a useful basis to improve the quality of my thesis and future academic research.

Some questions seem somewhat exaggerated.

This interview and questionnaire will be used solely for academic research. Thank you for your cooperation.

Researcher: Ahn, Im Joon
Supervisor: Prof. Peter Golding
Department of Social Sciences
Loughborough University
Great Britain

* If you need further information, contact me, please.
(E-mail: rouchj@hanmail.net or I.J.Ahn3@lboro.ac.uk; telephone:016-390-6468)
A. Would you please choose and mark one scale that reflects your opinion? Tick on the scale, please.

E.g.) If you “agree” to the statement, “the balanced development of each digital broadcasting will improve viewers’ interest”, tick in □, please.

* The scope of digital broadcasting is digital terrestrial broadcasting, digital satellite broadcasting, digital cable TV, terrestrial DMB (digital multimedia broadcasting), satellite DMB, and datacasting, if not indicated otherwise.

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<th>Strongly Disagree</th>
<th>Disagree</th>
<th>U Cannot Decide</th>
<th>Agree</th>
<th>Strongly Agree</th>
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</table>

1. The balanced development of each digital broadcasting will improve viewers’ interest.

2. The interactivity function of digital television will encourage public participation in political affairs.

3. The use of the broadband Internet will replace the viewing of television in the future.

4. Current digital broadcasting policies reflect the arguments of audience’ organisations.

5. Current digital broadcasting policies reflect the arguments of incumbent broadcasting corporations.

6. Current digital broadcasting policies reflect the arguments of electronic corporations
7. Current digital broadcasting policies reflect the arguments of telecommunications companies.

[ ] Strongly Disagree [ ] Disagree [ ] Cannot Decide [ ] Agree [ ] Strongly Agree

8. It is a priority of the current digital broadcasting policies for Korean people to watch digital television.

[ ] Strongly Disagree [ ] Disagree [ ] Cannot Decide [ ] Agree [ ] Strongly Agree

9. HDTV (high-definition television), by which the dream of home theatre comes true, is one of main concerns of the Korean audience.

[ ] Strongly Disagree [ ] Disagree [ ] Cannot Decide [ ] Agree [ ] Strongly Agree

10. The Korean audience are demanding mobile television.

[ ] Strongly Disagree [ ] Disagree [ ] Cannot Decide [ ] Agree [ ] Strongly Agree

11. The power of public service broadcasting (e.g. KBS, MBC, EBS) will decrease in the digital multi-channel environment.

[ ] Strongly Disagree [ ] Disagree [ ] Cannot Decide [ ] Agree [ ] Strongly Agree

12. Digital broadcasting will increase the dependency on foreign broadcasting programmes.

[ ] Strongly Disagree [ ] Disagree [ ] Cannot Decide [ ] Agree [ ] Strongly Agree

13. The concentration of ownership by national champions will be helpful to Korean broadcasting in order to compete with global media conglomerates in the digital environment.

[ ] Strongly Disagree [ ] Disagree [ ] Cannot Decide [ ] Agree [ ] Strongly Agree

14. Advertising market oligopolies by national champions will be helpful to Korean broadcasting in order to compete with global media conglomerates in the digital environment.

[ ] Strongly Disagree [ ] Disagree [ ] Cannot Decide [ ] Agree [ ] Strongly Agree
15. Information gaps among social classes will increase due to digital broadcasting.

16. The disabled can access to broadcasting more than before due to digital broadcasting.

17. Local production will be encouraged due to digital broadcasting.

18. Public service broadcasting (e.g. KBS, MBC, EBS) is dealing with social disputes fairly.

19. Korean broadcasting corporations are free from national conglomerates.

20. Korean broadcasting corporations are free from political power.

21. Korean broadcasting corporations are free from pressure groups.

22. Korean broadcasting corporations are free from foreign multinational companies.

23. The current Korean Broadcasting Commission is freer from government than before the merger in 2000.

24. The Korean Broadcasting Commission reflects the interest of viewers.
25. The audience organisations reflect the interest of viewers.

1 2 3 4 5

26. The programs of public service broadcasting (e.g. KBS, MBC, EBS) reflect the claims of minorities.

1 2 3 4 5

27. The Ministry of Information and Communication reflects the interest of viewers.

1 2 3 4 5

28. Broadcasting law-making processes in the National Assembly reflect the interests of minorities.

1 2 3 4 5

29. Current broadcasting policy making processes reflect audience' opinions.

1 2 3 4 5

30. The privatisation of public service broadcasting will encourage the political independence of broadcasting.

1 2 3 4 5

31. The Korean Broadcasting Commission regulates broadcasting due to spectrum scarcity.

1 2 3 4 5

32. The Korean Broadcasting Commission regulates broadcasting due to the power of social influence.

1 2 3 4 5

33. The Korean Broadcasting Commission regulates broadcasting due to the public ownership of airwaves.

1 2 3 4 5
34. The Korean mediaworkers' union strives to improve viewers’ interest.

35. KBS must be carried by each digital broadcasting without charge.

36. The export of digital receiving appliances (e.g. televisions and set-top boxes) should be a priority, when digital transmission standards are considered.

37. Public access channels should be introduced on each DMB (digital multimedia broadcasting).

38. The cross-ownership of terrestrial broadcasting and newspaper should be allowed in the digital environment.

39. The cross-ownership of terrestrial broadcasting and telecommunications should be allowed in the digital environment.

40. The investment of foreign capital should be increased to develop new media industries (e.g. cable TV and satellite broadcasting).

41. The conglomerates should be allowed to invest terrestrial broadcasting in the digital broadcasting environment.
42. The gateway of digital broadcasting (e.g. digital satellite broadcasting, Skylife) should belong to the public.

43. Competitive media-lab (i.e. broadcasting advertising-selling agency) other than the KOBACO should be introduced in the digital broadcasting environment.

44. Independent production companies should supply terrestrial broadcasting corporations with more programmes.

45. The interim commercial should be introduced for the funding digital transition.

46. It should be introduced to regulate the only sum of commercials for funding digital transition.

47. The price of commercial should be associated with an audience rating for funding digital transition.

48. The license fee should be increased for funding digital transition.

49. Datacasting of KBS should have television commerce for funding digital transition.
50. The audience should participate in the determination of digital broadcasting transmission standards.

1. Which is proper for the regulation under the digital broadcasting?

   (1) Structural regulation (e.g. broadcasting license, ownership) and program regulation (e.g. obscenity, violence) should be reinforced together.

   (2) Structural regulation and program regulation should be relaxed together.

   (3) Structural regulation should be reinforced; program regulation should be relaxed.

   (4) Structural regulation should be relaxed; program regulation should be reinforced.

B. Would you please choose and mark one answer that you agree to?

2. Do you agree to the privatisation of MBC?

   (1) Yes  (2) No  (3) Cannot decide

3. Do you agree to the privatisation of KBS2?

   (1) Yes  (2) No  (3) Cannot decide

4. Do you agree to the enactment of commercial broadcasting act by which the ownership of commercial broadcasting is restricted?

   (1) Yes  (2) No  (3) Cannot decide
5. Which value is most important concerning the public interest in the onset of digital broadcasting?

(1) Universal service of broadcasting (Everybody can watch or listen to broadcasting service.)
(2) Political/economic independence of broadcasting
(3) Social responsibility of broadcasting
(4) Diversity of broadcasting (diverse broadcasting service in terms of contents, perspectives, ownership, consumption, etc.)
(5) Fair competition in the broadcasting market
(6) Other (Please explain)__________________________

6. Do you agree to the establishment of a regulatory agency of broadcasting and telecommunication (i.e. a single regulator)?

(1) Yes  (2) No  (3) Cannot decide

6-1. If you answer "yes", which reason do you think most important?

(1) Systematic encouragement of broadcasting and telecommunication industries
(2) Prevention of industrial losses, due to double regulations
(3) Protection of audience and consumer welfare
(4) Other (Please explain)__________________________
C. Would you please give me your personal details?

<Broadcasting Union>

1. What is your sex? Male_______, Female_______

2. How old are you? ________ Years

3. What is your education level?_______
   (1) Below middle school
   (2) High school
   (3) Graduate from college
   (4) Bachelor degree
   (5) Master degree
   (6) Ph.D. degree

4. Where do you work? ________

5. What kind of work do you do in this company?_______
   (1) Reporter
   (2) Producer
   (3) Administrator
   (4) Announcer
   (5) Engineer
   (6) Camera crew
   (7) Other (please explain)________

6. What is your position in this company?_______
   (1) General staff
   (2) Vice-manager
   (3) Department manager
   (4) Head of the office
   (5) Other (please explain)________

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7. How long have you worked in this company? _______ Years

8. What is your income per month? _______
   (1) Less than 600,000
   (2) 600,000-1,499,999
   (3) 1,500,000-1,999,999
   (4) 2,000,000-3,999,999
   (5) 4,000,000-5,999,999
   (6) More than 6,000,000

9. What do you think is your political leaning? _______
   (1) Conservative  (2) Neutral  (3) Progressive

* Thank you for your answers!
C. Would you please give me your personal details?

<The Korean Broadcasting Commission>

1. What is your sex?  Male_______, Female_______

2. How old are you? _________Years

3. What is your education level?_______
   (1) Below middle school  (3) Graduate from college
   (2) High school  (4) Bachelor degree
   (5) Master degree  (6) Ph.D. degree

4. What is your position in this institution?_______
   (1) General staff  (2) Inspector
   (3) Senior Inspector  (4) Department manager
   (5) Head of the office  (6) Other (please explain)_______

5. How long have you worked in this institution? _______Years

6. What is your income per month?_______
   (1) Less than 600,000  (2) 600,000-1,499,999
   (3) 1,500,000-1,999,999  (4) 2,000,000-3,999,999
   (5) 4,000,000-5,999,999  (6) More than 6,000,000

* Thank you for your answers!
C. Would you please give me your personal details?

<Civic and audience organisations>

1. What is your sex? Male_______, Female_______

2. How old are you? ________ Years

3. What is your education level?_______

   (1) Below middle school
   (2) High school
   (3) Graduate from college
   (4) Bachelor degree
   (5) Master degree
   (6) Ph.D. degree

4. Where do you work?_______

5. What is your mission in this organisation?_______

6. How long have you worked in this organisation? ________ Years

7. What is your income per month?_______

   (1) Less than 600,000
   (2) 600,000-1,499,999
   (3) 1,500,000-1,999,999
   (4) 2,000,000-3,999,999
   (5) 4,000,000-5,999,999
   (6) More than 6,000,000

8. What else do you do for a living?_______
9. What do you think is your political leaning?

(1) Conservative  (2) Neutral  (3) Progressive

* Thank you for your answers!
C. Would you please give me your personal details?

<The Ministry of Information and Communication>

1. What is your sex?     Male_______, Female_______

2. How old are you?     ________Years

3. What is your education level?_______
   (1) Below middle school  (2) High school
   (3) Graduate from college (4) Bachelor degree
   (5) Master degree       (6) Ph.D. degree

4. What is your position in this institution?_______
   (1) General staff       (2) Deputy director
   (3) Department manager  (4) Other (please explain)_______

5. How long have you worked in this institution? ________Years

6. What is your income per month?_______
   (1) Less than 600,000     (2) 600,000-1,499,999
   (3) 1,500,000-1,999,999    (4) 2,000,000-3,999,999
   (5) 4,000,000-5,999,999    (6) More than 6,000,000

* Thank you for your answers!
Appendix IV. Coding Schedule

1. Case Number
   Columns 1-3

2. Section A
   Q1 Column 4 – Q50 Column 53
   0. Missing
   1. Strongly disagree
   2. Disagree
   3. Cannot decide
   4. Agree
   5. Strongly agree

3. Section B
   Q1. Column 54
   0. Missing
   1. SRCR
   2. SrCr
   3. SRCr
   4. SrCR

   Q2. Column 55
   0. Missing
   1. Yes
   2. No
   3. Cannot decide

   Q3. Column 56
   0. Missing
   1. Yes
   2. No
   3. Cannot decide
Q4. Column 57
0. Missing
1. Yes
2. No
3. Cannot decide

Q5. Column 58
0. Missing

1. Universal service of broadcasting (Everybody can watch or listen to broadcasting service.)

2. Political/economic independence of broadcasting

3. Social responsibility of broadcasting

4. Diversity of broadcasting (diverse broadcasting service in terms of contents, perspectives, ownership, consumption, etc.)

5. Fair competition in the broadcasting market

6. Other

Q6. Column 59
0. Missing
1. Yes
2. No
3. Cannot decide

Q6-1. Column 60

0. Missing

1. Systematic encouragement of broadcasting and telecommunication industries
2. Prevention of industrial losses, due to double regulations

3. Protection of audience and consumer welfare

4. Other

5. Other than “Yes”

4. Section C

Q1. Column 61
0. Missing
1. Male
2. Female

Q2. Column 62, 63
Age

Q3. Column 64
0. Missing
1. Below middle school
2. High school
3. Graduate from college
4. Bachelor degree
5. Master degree
6. Ph.D. degree

Q4. Column 64, 65
Work duration (modified)
Q5. Column 66

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Q6. Column 67

Korean Broadcasting Commission

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<td>Senior Inspector</td>
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<td>4</td>
<td>Department manager</td>
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<td>5</td>
<td>Head of the office</td>
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<td>6</td>
<td>Other</td>
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<td>Other than KBC</td>
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Q7. Column 68

Ministry of Information and Communication

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2. Deputy director
3. Department manager
4. Other
5. Other than MIC

Q8. Column 69
   Civic and audience organisation
   Political leaning
   0. Missing
   1. Conservative
   2. Neutral
   3. Progressive
   4. Other than civic and audience organisation

Q9. Column 70
   Broadcasting Union
   Job Specialty
   0. Missing
   1. Reporter
   2. Producer
   3. Administrator
   4. Announcer
   5. Engineer
   6. Camera crew
7. Other

8. Other than Broadcasting Union

Q10. Column 71

Broadcasting Union

Job Position

0. Missing
1. General staff
2. Vice-manager
3. Department manager
4. Head of the office
5. Other
6. Other than Broadcasting Union

Q11. Column 72

Broadcasting Union

Political Leaning

0. Missing
1. Conservative
2. Neutral
3. Progressive
4. Other than Broadcasting Union
Appendix V. Digital Broadcasting Policy Schedule in South Korea

1990s- The Korean government set up the G7 projects including the development of high definition television. The Ministry of Information launched cable TV in 1995 and the Ministry of Information and Communication and Korea Telecom launched a satellite name ‘Mugunghwa 1 ho’ in 1996.

Feb 1997- The Ministry of Information and Communication (MIC) set up a basic directive potentially.

Nov 1997- The Committee for Digital Terrestrial Broadcasting Promotion decided on accepting the American digital transmission technology standard (ATSC, the Advanced TV System Committee).

Sep 1998- The Committee for Digital Terrestrial Broadcasting Promotion also formulated a digital television plan and proposed it.

July 1999- The Korean Government announced its plan for the digitalisation of terrestrial broadcasting. – 5 vice-ministers participated.

1999- 2000- After more than five-years of deliberation by the National Assembly, the new Broadcasting Act (‘the Act’) passed in December 1999 and went into effect on 13th March 2000.

The Presidential Committee for the Reform of Broadcasting Regulation Framework operated from December 1998 to February 1999, consulting with the public, including experts, relevant government staff and civic organisations. This committee contributed to the enactment of the Act. The Act mainly focuses on deregulation and independence of broadcasting beyond political disputes.

Under the Act, the Korea Broadcasting Commission (KBC, the Commission) was newly instituted. The government transferred its broadcasting-related administrative powers to the KBC, the independent government agencies on 13 March 2000.
July 2000- The KBC launched the Digital Broadcasting Promotion Committee (‘the committee’). The digital transmission technology standard has been disputed in the committee. The Commission announced its first comprehensive policy plan for digital terrestrial broadcasting in December 2000. The second plan for digital cable television was published in November 2001. The committee also submitted the third plan in January for the Commission’s proceedings concerning terrestrial DMB (Digital Multimedia Broadcasting), satellite DMB, DMC (Digital Media Centre) and so forth. In Korea, DMB, DAB, DSB, DRB are currently used as the same thing which means the digitalisation of radio programming and related converged services. DMC is related to the digitalisation of cable TV operation.

Sep 2000- The three major terrestrial broadcasters, i.e. KBS, MBC, and SBS started experimental digital broadcasting.

2001- The three terrestrial broadcasters launched main digital broadcasting. The terrestrial broadcasters should provide the simulcast service in analogue and digital for at least 5 years from 2001.

MBC submitted an application for a field test to the Commission on 26th April 2001. The Commission reconsidered and held public hearing on the necessity of field tests in 2001 and subsidised the field test. MBC announced the result of the field test, which says that the European standard is more appropriate in the mountainous areas of the nation in December 2001. Nevertheless, MIC did not accept the result.

2002- Skylife (Korean Digital Satellite Broadcasting) launched regular commercial services on 1 March 2002. Its major shareholders are KT (Korea Telecom), KBS, other terrestrial broadcasters, major newspaper companies, etc. Rupert Murdoch supported the other satellite platform in competition to get the satellite operator license. Though he failed, he has still tried to participate in the satellite broadcasting business in Korea.
2003- National Union of Mediaworkers and Viewers' organisations protested against the current ATSC technology standard, and proclaimed that the standard should be changed to the European DVB (Digital Video Broadcasting) standard.

MIC and KBC started reviewing the current digital transition technology standard in October. The revision of the Broadcasting Act is being discussed for the preparation of the convergence of broadcasting and telecommunication.

2004- Representatives of MIC, KBC, KBS and NUM came to a compromise adopting the current ATSC in July. Tu Media was selected as an operator of satellite DMB. Its major shareholders are SK telecom (28.5%), Japanese MBCo (9.5%), Samsung electronics (6.6%), LG electronics (4.7%), MBC (4.7%), SBS (4.7%), etc.

2005- 6 operators of terrestrial DMB were chosen by KBC. 3 operators were from current terrestrial broadcasters -KBS1, MBC, SBS-, 3 from non-current terrestrial broadcasters. Satellite DMB launched main broadcasting in May. Terrestrial DMB launched main broadcasting in December.

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