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Deregulation and Commercialization of the Broadcast Media in Korea: Implications for Public Service Programming

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The 60-year history of Korean broadcasting has been marked by a fair number of (both radical and evolutionary) structural changes since the first broadcast signal was on the air in 1927. The purpose of this manuscript is to point out the characteristics of the changes Korean broadcasting is currently undergoing, the basic directions of which can be summarized as “privatization” and “deregulation” of the broadcast media. It also tries to provide the implications of these changes for public service programming. Particularly this paper will focus on the unique experiences of Korean broadcasting, admitting that “deregulation” and “commercialization” are industrywide and worldwide trends which cannot be confined to broadcast media, still less to those in Korea.

I. Korean Broadcasting of the 1980s

In most simplistic term, Korean broadcasting system in 1980s (more exactly from December 1980 to November 1987) can be characterized as the state-formulated and state-governed public broadcasting. In 1980, the “new” military power headed by Chun executed so-called the “Reorganization” of the press, which brought in drastic structural changes in various aspects of the broadcast media. Some of the major changes were:

- TBC as one of the three TV/radio networks (KBS, MBC, TBC) at that time was incorporated into KBS (public broadcast network) as KBS2 TV, KBS3 AM, and KBS2 FM.
- Seventy percent of MBC’s shares were turned over to KBS. Again MBC owned the 51% of local MBC-affiliated stations’ shares.
- Radio channels such as DBS, Jeon-il, Seo-hae, Dae-gu were

1. This manuscript is mainly based on Jung, Yong-jun’s Ph. D. dissertation, A Study on the Public interest of the Korean Broadcasting Structure in the 1990s, Seoul National University, 1995.
incorporated into KBS and the news reporting by the religious radio channels were prohibited.

- The Korean Broadcasting Committee was established to formulate major broadcasting policies and monitor daily broadcasting operations.

- Korea Broadcasting Advertising Corporation (KOBACO) as the monopolistic broadcast advertising representative was established to incorporate advertising marketing functions of broadcast media.

Under the "Reorganization," competition among broadcast media was suppressed to death and a complete public broadcasting (KBS-MBC) monopoly system was established. Particularly, adding the new-born educational broadcasting channels, KBS was enlarged to a mega-scale public broadcasting corporation with 3 TV and 8 radio channels.

This monopolistic public broadcasting system was formed and governed by the state power advocated the protection of "public interest," the concept of which was more often than not confused with "the interest of the state power." Under the public broadcasting system in the 1980s, it wasn’t too difficult to find that the mainstreams of news programs were tilted toward the state power while lowbrow depolitisizing sensationalism were pervasive in many other programs. While Korean broadcasting clarified its aim for public service, TV programming at that time rarely provided the quantitative diversity, to say nothing of the representation of various social groups (=qualitative diversity), which compose the very essence of public broadcasting service.

In short the public broadcasting system in 1980s was virtually no other than the state broadcasting system directly controlled by the authoritarian political power (Park, 1988, p. 281-287).
II. Changes of Korean Broadcasting of the 1990s

Under the KBS-MBC monopoly system, the biased news coverage and commentary and the outright subordination of broadcasting to the state power together brought in the intense criticism and resistance from the Korean people. Thus, it would be rather a natural consequence that after the political liberalization in 1987, Korean broadcasting became involved with a series of rather drastic changes. On November 10th, 1987, the Basic Press Law, which was the major policy tool for suppressing the press throughout the Fifth Government, was abolished. Korean Broadcasting Law was revised in the direction of increasing the autonomy of KBS from the government control.

In the 1990s, Korean broadcasting structure continues to undergo significant changes the basic directions of which can be summarized as privatization and deregulation. Some of the major changes are as follows.

1) Establishment of a private over-the-air broadcast network: The broadcasting structure of Korea is heading toward privatization, which is most visible in the expansion of private broadcast media. In 1990, a private over-the-air broadcast station (Seoul Broadcasting System; SBS) was established, with Tae-young, a construction company, as its dominant share holder. By Aug. 1995, SBS was actually expanded into a nationwide broadcast network after the establishment of the 4 local commercial stations in 4 largest local cites (Pusan, Taegu, Taeson, Kwangju) around the country. Due to the entry of this private TV network, the over-the-air broadcast structure in Korea turned into a public-private hybrid broadcast system, as is obvious from the characteristics of major players such as KBS as a public broadcast network, MBC as a public-private
hybrid broadcast network, and SBS as a purely private commercial broadcast network.

(2) Introduction of Cable TV: The year, 1995 can be landmarked as the first year of the fast evolving new media era in Korea. Cable TV began its service in more than 50 franchise areas all over the country from March, 1995. Cable TV business in Korea is charactarized by the strict distinction of three sub-business areas: system operators (SOs), program providers (PPs), and network operators (NOs). SOs are the monopolistic retailers of multi-channel cable TV services in each franchise area (local monopoly business boundary). PPs are in charge of within-channel programming and its syndication to SOs. As of Sep. 1995, there are 26 highly specialized PPs in Korea. Finally, network operators build the cable network infrastructure.

In addition, direct broadcasting by satellie (DBS) is to be introduced around 1997.

(3) Deregulation of Ownership Restraints: Under the public broadcasting system in the 1980s, the private ownership of broadcast media were strictly restricted for fear that private ownerhip of broadcast media should advocate private rather than public interest. Cross media ownership of broadcast media was also prohibited lest media concentration should encroach the principle of free market of ideas. This strict ownership regulation of broadcast media was reflected in Cable TV Law where ① multiple system ownership (horizontal merger) among SOs, ② vertical integration between SOs and PPs, ③ the ownership of SOs by other media companies (cross-media ownership) and ④ the ownership of SOs by conglomerates (media conglomeration) were all banned.
This strict ownership regulation of broadcast media, however, tend to become lessened over time in the 1990s. Cross-media ownership and conglomeretion of PP (=cable network) business can be one example. Furthermore, according to the "5-Year Broadcasting Development Plan" announced on Aug. 1995, by the Ministry of Infomation, a government branch specialized in media policy, ① the local franchise area of a cable system operator currently confined to the boundary of 100 thousand households is to be expanded to that of maximum 500 thousand households, ② the ban on multiple system ownership is to be lessened up to the merger of 3~5 systems, and ③ the vertical integration between SO and PP is to be allowed up to 15% limit of total shares. Also, it is told that MOI is considering allowing the participation of conglomerates and newspaper companies in DBS business which is expected to start around 1997.

④ Deregulation of TV Advertising Sales: Under the public broadcasting system in the 1980s, TV commercials was under strict regulation. The prohibition of block advertising within a program in 1973 Broadcasting Law and the TV program advertising time limit (8% of total broadcast time) first appeared in 1976 Broadcasting Law were maintained intact throughout 1980 Basic Press Law, 1987 Broadcasting Law and 1990 Broadcasting Law. On Oct. 1994, this long-time restrained TV programming advertising time has been expanded up to 10% of total broadcasting hours. The number of commercials in each advertising slots which was restricted to 3 per slot was expanded to 4 per slot allowing 20-second advertising. The ban on casting foreigners in TV commercials was also lifted. In addition, from Aug. 1995, the total broadcasting hours have been enlarged to the amount of 1 hour 30 minutes, which implies more advertising time slots. For cable TV, the much greater autonomy of advertising sales has been given. For example, the time regulation of TV commercials per advertising category has been lifted and only
the proportion of TV commercial time (10 minutes per hour) is regulated.

III. The Implications of Broadcasting Structure Changes

The deregulation and privatization of broadcast media in the 1990s has both its bright and dark sides. Some of the major implications are:

1. Activation of Audience Participation: In the public broadcasting system in the 1980s, the relationship between broadcast media and audience can be characterized as the top-down one-way communication in which the media decide what the viewer are supposed to be exposed. The feedback process through which broadcast media receive the response from the audience, if ever, existed merely for form's sake.

In the 1990s, however, as the fragmentation of audience goes on and the competition among broadcast media becomes intensified due to the introduction of a private TV network (SBS) and cable TV, broadcast media tend to become more attentive to the voice of the audience. Program formats (e.g. ombusman programs) in which the problems in broadcast programming are regularly evaluated by the direct participation of audience members are evolving. The provision of public access channels as grass-root open channels is expected to become feasible as cable TV develops.

2. Facilitation of Market Entry: The proportion of network TV programming produced by independent productions has been increasing in the 1990s. From 1991 to 1993, the proportion in KBS1 increased from 3.9% to 7.4%, 4.8% to 11.0% in KBS2, from 5.7% to 12.2% in MBC, and from 6.5% to 10.7% in SBS. Under the situation
that the market entry of a new broadcast network is unfeasible either technically (due to the spectrum limits) or financially, the proportion of broadcast network programming produced by independent productions can be interpreted as an alternative barometer showing the degree of broadcast media market entry (Jung, 1995). It is more likely that broadcast programming reflects a lot more various opinions or values of various social groups if the proportion of programming produced by these new entrants of the markets (the independent productions) becomes larger.

3) Programming Diversity: In less developed countries (LDCs), competition may result in the decrease in programming diversity, since TV broadcasting industries which do not have enough production capacities or financial resources tend to cope with competition by duplicating or imitating a few popular, mass-appealing formats (Lee & Youn, 1995).

The findings from the several empirical studies (Ahn, 1992; Han, 1989; Lee & Youn, 1995.) which analyzed the fluctuation of programming diversity in Korean broadcasting suggest that this was the case in Korea's case. According to these studies, under severe competition, TV networks in Korea tend to pursue purely commercial interest with a few program categories which would bring secured successes in the ratings game.

Jung (1995), who did extensive literature review on TV programming in Korea, also makes the same conclusion. According to him, due to the commercial programming strategy of private stations and the channel specialization trends of public broadcasting, the diversity of subjects and opinions, and the qualitative depth of TV programming in the 1990s became quite limited. In terms of audience diversity, even though quantitative increase in some minority program formats
such as children program and woman program is noticeable, still, he argues, these programs "instrumentalize" these audience rather than faithfully reflect their true needs. Rural or senior-citizen programs are hardly found, particularly during prime-time. Also, in terms of audience participation, despite the quantitative increase in the number of audience participating programs, no significant evidence exists that the actual feedbacks from the audience have been reflected on TV programming, he concluded.

④ Commercialism in Programming: As was discussed above, TV networks in Korea tend to fall into reckless rating games when they are under intense competition. Therefore violence, immoral love affairs, and low-brow sensationalism with poor production quality tend to become more pervasive features of TV programming in the 1990s. The TV Turning-off Movement in 1993 is a good example of the active critical counteraction taken by the audience group against the low-brow commercialism-inundated programming, compared to the 'Don't Pay for TV' movement in the late 1980s which was driven mainly against the outright political intervention in broadcasting.

⑤ Broadcasting Control by the State Power: In the 1990s, while broadcasting is deregulated in many aspects and the market aspect of broadcasting is emphasized, still some argue that the degree and basic directions of political control of broadcasting have not been changed a great deal. Those who explain the deregulation from the perspective of re-politicization (Kang, 1992; Yu, 1988; Lee, 1993) argue that the government has introduced market principle in order to overcome the crisis of legitimacy and to seek a new way of political control. According to this position, private broadcasting system was allowed as a way of escaping the dilemmatic deadlock the state power came to when the resistance of civic sector against the
direct political intervention of broadcasting became more intense, and, at the same time, the public broadcasting system which used to function for this purpose turned out to be no longer effective. They argues that state power exerts indirect control through market not necessarily giving up the traditional day-to-day direct broadcasting intervention.

Not necessarily taking this extreme position, we cannot ignore the fact that there exists still large room for the state power to intervene significantly in the daily operation of broadcasting through personnel changes, financing, and licensing, etc., in the public/private hybrid broadcasting system. Even for the private broadcasting media, the state power can exert an indirect but none-the-less powerful control through licensing, ownership control, infantile market formation (i.e. cable TV market), and the setting of industrial barriers, etc. Considering this, it would be more conservative to conclude that state controlled public service broadcasting system in the 1980s has been transferred to the state governed public/private hybrid broadcasting system in the 1990s as was stated by Jung (1995).
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