

The Change in the Contemporary Korean Film Industry under the Pressure of Global Capitalism

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〈Abstract〉

There have been dramatic changes in the Korean film industry starting from the 1990s to the early 2000s, especially in terms of the changes in the distribution/investment structure. While many authors have celebrated the way in which a small national cinema has entered global cinema, this paper aims to interrogate the terms by which the contemporary Korean film industry has been changed. By examining the shifts via Marxian concepts such as 'formal' and 'real subsumption', it seeks to situate the contemporary Korean film industry

in a wide force field of the global visual economy. Moreover, this study aims to critically review how the South Korean state played a role in the shift of the domestic film industry. Rather than merely affirming the state's role in the course of the film industry's change, the paper critically examines the state's role. This paper also clarifies its critical perspective by contrasting it with a world-system approach. While fully recognising the significance of a world-system approach and its relevance to the Korean film industry, this study follows the line developed by Michael Hardt and Antonio Negri in *Empire* (2000). As the new forms of cultural traffic in the current global film industry are exercised in every part of the network, and subsequently all the parts of the global visual network are tendentially interwoven with one another, the Korean film industry can best be understood as having been subsumed into the global visual system, rather than located in the phase of the semi-periphery in terms of a world-system perspective.

Key words: Korean film industry, 'formal' and 'real subsumption', world-system, Empire, global visual system

South Korea's filmmakers such as Park Kwang-su and Jang Sun-woo utilised cinematic practices to wrestle with disturbing parts of their histories, in particular social contradictions caused by the rapid process of modernisation in the 1990s. They used the aesthetics of the European art film and targeted their films at international film festivals and art-house circulation. As a consequence, however, they ignored local audiences, yielding to Hollywood's global pressure. However, since the release of *Shiri*, the situation has changed dramatically. As is recognised in the term 'Korean blockbuster', Korean blockbusters have attempted to demonstrate that they can hold their own by localising Hollywood's

blockbuster format. By combining local issues with the styles of other national cinemas more freely – be it Hollywood or Hong Kong cinema – Korean blockbusters have tended to thwart and compete with Hollywood.

In 1999, *Shiri* broke the box-office record set by *Seopyeonje* in 1993 and propelled the transformation of South Korean cinema. Shortly after the success of *Shiri*, record-breaking success at the box-office continued with *The Host*, which saw the highest sales ever with 13 million tickets sold in 2006 (Choi 2010, 1). By the end of 2006, the local market share of Korean films had risen to 61.2 per cent (Yecies and Shim 2007). Thus, the Korean film industry became one of the few film markets in which the domestic market share exceeded 50 per cent, although the domestic market share began to slump in 2007-2008 (Paquet 2009, 111). Contemporary Korean cinema has just entered the high-capitalist global film system. However, it is not a matter of free choice but, rather, a matter of enforced choice. As Rob Wilson puts it, 'the Korean cinematic "road to globalization" seems less a choice than the necessity of choosing cultural-political forms to achieve the recognition and win the survival of local/national cultural forms' (Wilson 2001, 307).

Within this situation, this paper examines how the Korean film industry changed between the 1990s and the early 2000s, especially in terms of the shifts in the distribution/investment structure. Why do I posit this period as the object of study? This period can be seen not only as an initial stage but also as a transitional period in the transformation of the recent Korean film industry, in which two different types of institutions, i.e. newly emerging institutions and old traditional institutions coexisted. However, this coexistence did not always proceed smoothly. As two entirely different types of institutions were in stiff competition with each other, the early stage contained more unresolved conflicts. However, paradoxically, this inspires us to take a deeper view of the dynamics fostering the changed situations of the contemporary

Korean film industry. This attempt, hence, can be seen not as legitimating the rapidly changed situations of the current Korean film industry but as positing them as a problem for the very early phase.

The purpose of this paper, then, is to clarify analytical frameworks to better understand the changes in the early stages of the contemporary Korean film industry, thereby adding a valuable contribution to the field of film studies generally. While many commentators praise the success story of contemporary Korean cinema and argue that the film industry has influenced the form and content of film text, this paper tackles this approach by arguing that rapid changes in the contemporary Korean cinema must first be understood as corresponding to the changed situation of the current capitalist mode of production. As will be discussed later in a more meticulous way, many authors have presented increasingly detailed descriptions of the changes in the Korean film industry. These attempts are by no means inadequate on their own. However, some fundamental questions do not seem to have been addressed: What propels the transformation of the contemporary Korean film industry? What is the analytical framework for (re)defining the transformation? If we gain a new analytical framework, how do we assess the transformation of the Korean film industry? What will be the consequences of this?

In order to answer these research questions, this paper aims to critically review the relevant discourse on the transformation in the contemporary Korean film industry. Beginning with a brief description of the changes in the local film industry, it will explore what really propels the shifts. By looking at the changes in the local film industry in terms of Marxian concepts such as 'formal' and 'real subsumption', it argues that the changes in the local industry need to be understood in terms of capital and labour relations in the current capitalist system. The changes in the local film industry are historically influenced in parallel not only with South Korea's socio-political formation but

also with the contemporary capitalist mode of production. I situate the Korean film industry in a broader range of global capitalism, because contemporary global capitalism is different from the old capitalist logic, positing communication as a significant factor in restructuring itself. In so doing, I attempt to provide a more critical account of the shifts in the Korean film industry between the 1990s and the early 2000s.

1. Rapid Changes in the Korean Film Industry from the 1990s to the Early 2000s

It is undeniable that there have been some changes recently in the South Korean film industry, which have been accompanied by rationalisation of production processes, the sharply increased size of a film's budget, heavy reliance on advertisements, the introduction of a wide release method, and the increase in multiplex theatres. This section critically reviews how some commentators have discussed the change in the distribution and finance structure, which is central to understanding the transition of the South Korean film industry, while at the same time revealing the limitations of the literature and how my theoretical position differs from this research. Before moving to this question, it is necessary to present a brief portrait of the changes in the local industry.

A great many authors have pointed out that the remarkable change in the industry was driven by pressure from the United States, in the form of the South Korea-US film agreement of the mid- to late 1980s (Cho 2006, 167-173; Paquet 2005, 35-6; Park 2000, 51-68; Park, 2007, 22-30; Kim 2007c, 414-5; Shim 2006, 31). According to this logic, as the government approved a law opening up the film market to the US, the local film industry had to respond to the forces of globalisation and adjust itself to the demands of Hollywood. Subsequently, there was a sixth revision of the Motion Picture Law of 1986

under which Hollywood studios could establish branches in South Korea. After UIP, one of the major Hollywood studios, established its own distribution office in 1988, other Hollywood majors followed its lead, including Fox Korea (1988), Warner Brothers Korea (1989), Columbia Tristar Korea (1990), and Walt Disney (1993) (Cho 2006, 174). However, these major Hollywood studios confronted some difficulties at the start, mainly because the barrier of the old system – the so-called *Chungmuro*¹⁾ system – remained stronger than expected. It was in 1992 or so that UIP started its own full-fledged nationwide direct distribution (ibid., 175). Although there were some difficulties at the beginning, these Hollywood majors successfully settled down in South Korea, having a huge influence on the local industry.

The rapid transition in the investment and distribution structure of the film industry set the stage not only for Hollywood majors but also for local conglomerates (*known as chaebol*), such as Samsung to enter the film industry in the 1990s (Paquet 2005, 36-40; Choi 2010, 16-25). The entry of the chaebols into the film industry was triggered by the rapid increase in the video market beginning in the late 1980s. To cope with the increased hardware sales of VCRs, South Korea's leading conglomerates were determined to enter the film industry and obtain video copyrights to accompany their increased hardware sales into the video market. Just as Sony took over Columbia Pictures in 1989 to exploit synergy across the boundaries of software and hardware, to some extent they entered the film industry with similar business strategies. For instance, in 1992 Samsung entered the film industry by purchasing the video copyright to *The Marriage Story*, a film which had been produced by the independent film production house, *Shincine*, and which was regarded as the first 'planned film' (Paquet 2005, 41-2) in the history of the South Korean film industry.

1) *Chungmuro* refers to 'a street in Seoul, which formed the Korean film industry's traditional hub, and a byword for the industry' (Shin 2005a, 212).

A 'planned film' can be defined as a film which 'involve[s] pre-selecting a target audience and marketing strategy, and using a long period of script development to improve chances of success at the box-office' (ibid., 41). *The Marriage Story* broke box-office records in 1992, and encouraged the other *chaebols* to take part in the film industry. Although the nature of the *chaebols'* investment was initially limited to purchasing the video copyrights to particular films, their investment method later extended into full engagement with the industry as a whole. The passage from small-scale to full-scale investment by the *chaebols* presents a very important clue to understanding the changes in the industry. As Cho Joon-hyeong (2006) rightly points out, this passage implies that as the major South Korean corporations 'have the ability to distribute the film on its own and secure profits through the rights it owns', 'these corporations assumed the role of investment & distribution companies like major film studios in Hollywood' (Cho, 2006: 201). The major corporations' entry into the film industry in the 1990s can be read as the beginning of a nationwide distribution pattern. However, it was not long before the first generation of *chaebols* retreated from the film industry in the late 1990s. As a result of the Asian financial crisis of 1997, these conglomerates had to focus on downsizing their business activity, such that they could no longer afford to maintain full-scale investment.

After the first generation of *chaebols* retreated from the industry, some mid-sized local majors including CJ Entertainment/Cinema Service and Showbox started to bridge the gap (Paquet 2005, 43). What distinguishes these local majors from the former *chaebols* is that their investment/distribution activities are basically reliant on their own multiplex theatre chains: CJ Entertainment-CGV and Showbox-Megabox. The increasing number of multiplex theatres led to a rapid increase in attendance, whether for domestic or foreign films. At the heart of the significantly increased domestic market share – ten million admissions – ranging from 2003 to 2006 lay the vertical integration provided

by the local majors. Together with the emergence of the local majors, the South Korean film industry experienced an influx of venture capital from the late 1990s. This venture capital was concentrated on the investment process only, rather than on any film-related business activities (ibid., 43). Venture capital investment started to decrease to a great extent in 2002-2003, since there were a wide range of box-office failures in 2002 (Choi 2010, 19). After the bubble burst around the latter half of 2006, the 'venture capital investors, after suffering heavy losses, reduced their investment in Korean films or pulled out entirely' (Paquet 2010, 111).

Additionally, the range and scope of the local majors' investment has also grown beyond the national boundary. The creation of new distribution outlets and the pursuit of diversified film-financing methods in the film industry has globalised production in the pursuit of maximum revenue. An investment/distribution company, CJ, is exemplary in understanding this trend. It was established to forge a business partnership with Hollywood. Even though it operates on a small scale, it began its activities by investing \$300 million in DreamWorks in 1995 (Herman and McChesney 2004, 103). CJ not only co-produces with The Kadokawa Group, a giant media conglomerate in Japan, but has also attempted to enter the business of building multiplexes in China as a way of undertaking a joint venture with the state-owned Shanghai Film Group (Davis and Yeh 2008, 87).

2. The 'Real Subsumption' Phase in the Global Visual Economy

The background outlined above provides a context for the shifts in the industry especially in terms of distribution and investment. While many authors have attempted to present a detailed description of the change in the local industry, something fundamental seems to be missing: what is the real cause

of the transformation of the local film industry? What are the defining criteria for understanding the transformation? This section critically reviews the relevant literature concerning the interpretive framework for understanding the shift in the South Korean film industry.²⁾

Darcy Paquet's analysis needs to come into scrutiny first. While acknowledging that 'the unbalanced structure of the distribution system' leads to 'the further marginalisation of non-mainstream voices', nonetheless, Paquet stresses that 'the rapid development of its infrastructure remains a highly unusual case in world cinema', adding that 'the industry's commercial strength and the arrival of powerful local companies have also encouraged more people to pursue work in the industry, from crew members to cinematographers to sound technicians' (Paquet 2005, 49). In my view, this perspective misses a crucial point by overlooking the connection between the developments in the local and changes in the current capitalist system, that is, the shift towards finance capitalism, and the local majors' maintenance of their hegemony over independent production companies or small supplier firms, adjusting themselves to the new conditions of global media landscapes. By simply focusing on the historical change in the local film industry, this perspective misses the structural principles of how the local industry is intimately bound up with the real dynamics of the current capitalist system.

Paquet's account leads us to examine the validity of 'flexible specialization' defined by Storper and Christopherson (1987). They argue that Hollywood has been transformed from the Fordist model of mass production and consumption into the paradigm of 'flexible specialization', linking the transformation in industrial

2) Stephen Crofts (1998) lays a categorial groundwork, opting to pinpoint a wide range of components to better understand the various elaborations on the concept of national cinema: 'production', 'distribution and exhibition', 'audiences', 'discourses', 'national-cultural specificity', 'the cultural specificity of genres and nation-state cinema movements', 'the role of the state', and 'the global range of nation-state cinemas'(Crofts 1998, 386-9).

paradigm to the US film industry. The restructuring of the Hollywood film industry, according to them, emerged as a response to a crisis in the film industry: anti-trust action by the US Supreme court in 1948 known as 'the paramount decision' and the introduction of television. As this new environment made the market of the film industry unstable, the major studios adjusted themselves to a more decentralized, fragmented network of production process. First, they reduced the number of films produced at a quantitative level and second, they tried to offset the reduced amount of films by concentrating on the high-budget films to differentiate themselves from television. To adopt a strategy of 'product differentiation' in competition with television, the majors increased collaboration with independent production firms to produce specialized output and to share investment risk. The result was that the majors, Storper and Christopherson argue, began restructuring in the manner of 'vertical disintegration' (Storper and Christopherson 1987, 107-8), while transferring a number of managerial responsibilities to independent production firms, and concentrating on the investment and/or distribution process rather than production process. Storper and Christopherson suggest further that 'vertical disintegration' only designates a small part of the restructuring in the Hollywood film industry. Hollywood's overall reorganization has brought a wide range of mobility among the work force in the whole entertainment industry. The emergence of work forces with a more detailed, specialized and professional knowledge permeates through the limited boundary of each entertainment industry so that they consist of an 'entertainment industrial complex' (ibid., 113) as a way of 'horizontal integration'(ibid., 115). For them, a transition from 'vertical disintegration' to 'horizontal integration' constitutes the meaning of 'flexible specialization'. However, this assumption seems to be very problematic in the sense that it uncritically relies on the 'neoclassical conceptualization of corporate behavior which underlines rational decision-making geared to maximizing profits and reducing costs'(Wasko

1994, 16), although it has its own advantage in connecting the changes in film company organization to a broader range of post-Fordist industrial models. Given that the major studios have never lost their control over subcontracting firms, it might be more accurate to say that the industrial organisation within the film industry tends to strengthen vertical and horizontal integration. Thus, it completely neglects domination/subordination relations under the form of 'flexible specialisation' and misunderstands the real dynamics of a global film industry. From the perspective presented here, the limitation of 'flexible specialisation' can be applied to Paquet's analysis of the South Korea film industry in that the local majors such as CJ Entertainment still hold their hegemony over independent production companies and the relations between them are based on domination/subordination relations.

While exploring the main factors which have contributed to the advancement of South Korean cinema, some critics have identified the freedom of expression or the liberation from censorship as responsible for its remarkable growth. For instance, this perspective sees 'the transition away from military rule *circa* 1992 as the "break" around which perceptions of contemporary Korean cinema's vitality and newness are structured' (Stringer 2005, 6). This perspective is based on the fact that 'in 1992, the election of the nation's first civilian president, Kim Young-sam..., symbolically inaugurated the birth of a freer society' (ibid., 4). In fact, the emergence of a civilian regime in 1992 has nothing to do with a freer society. With state monopoly capitalism still maintained, the structure of dominance and subjection continued. In this respect, I agree with Kim Kyung-hyun (2002) that during the Kim Young-sam regime, '[w]ith close alliances between big corporations and the Korean government maintained, the exploitation of the *minjung* [ordinary citizens] continued, making it extremely difficult for the masses to generate resistance against the newly formed hegemonic power, which, unlike previous regimes, was not visibly

exploitative' (Kim 2002, 99). Julian Stringer's argument is also problematic, because of how it situates the birth of New Korean Cinema in its historical context. By reducing the question of historicity into a visibly accessible official historical event, his explanation remains bound up with the empirical description of history, only touching on the surface of social change.

With the emergence of contemporary Korean film's renaissance, there has been an increasing phenomenon for Hollywood to purchase the rights to remake contemporary South Korean films. DreamWorks purchased the remake rights to *A Tale of Two Sisters* (2003) and *My Sassy Girl* (2001). Miramax bought the remake rights to *My Wife is a Gangster* (2001). And *Siworae* (2000) was remade in Hollywood under the title of *The Lake House* (2006) (Lim 2009, 296; n. 15). While Hollywood has played a great role in the transnational flow of cultural products, there has been a reverse process, that is, the sending of non-U.S. cultural products to Hollywood. How should we conceive of this phenomenon? Christina Klein (2003) sees it as: 'far from weakening the South Korean industry by extracting talent from it, the studios are strengthening it by providing it with a new source of revenue'. She goes on to say that 'Hollywood's interest may, however, be reshaping the South Korean industry, insofar as some producers there are now tailoring their films with an eye to the Hollywood resale market' (ibid.). In contrast to this idea, Lim (2009) suggests that 'this is true only in the short run; over the long haul, Hollywood appropriations of Asian filmmaking (whether in terms of talent, film markets, or the distribution or cofinancing of "local" producers) are poised to extract revenue from their internationalizing of Asian cinemas' (Lim 2009, 232). Siding with Lim, I argue that mere emphasis on cross-cultural exchange blurs the structural relationship of domination and subordination within the global film system. One of the major concerns regarding this phenomenon is that contemporary South Korean cinema might respond to the globalisation of

national film culture by fulfilling the familiar global standard.

The popularity of the term 'well-made film' on the contemporary South Korean film scene might be perhaps explained from this perspective of fulfilling the global standard. Even though the definition of this term still remains obscure – it is originally derived from journalistic usage – it might refer to a situation in which recent South Korean cinema has learnt to cope with the world capitalist market. Behind the emergence of this term is an underlying hypothesis that South Korean cinema cannot compete with Hollywood in terms of the scale and size of a film's budget, and that the strategy of South Korean cinema should thus be oriented towards the consumer culture of global postmodernity rather than simply focusing on the spectacular variety of blockbuster. According to Kim Kyoung-wook, the term 'well-made film' refers to 'a Korean combination of auteurism and high concept films of the New Hollywood Era' (Kim 2007b, 387). She explores the two dominant fashions in this term. On the one hand, certain films 'engage the audience', writes Kim, 'by casting actors that fit the character rather than celebrity stars and emphasising narrative over spectacle within the limits of an average budget' (for instance, *Marathon*) (ibid.). On the other hand, other films tend towards 'high quality as a result of investment in Korean film production's weak areas – art, sound, and post-production' (for example, *A Tale of Two Sisters*) (ibid.). Encompassing films with lower budgets than Korean blockbusters, the vocabulary 'well-made film' has also come to refer to films which were once called blockbuster, as is the case with *Silmido* and *TaeGukGi: Brotherhood of War*. I conceive of the term 'well-made film' as a conservative response to the normalisation of Hollywood's dominant filmic practices. The emergence of the term 'well-made' can thus be understood as tied to the 'development narrative' in which the heterogeneity of the opaque, local indexicality is regarded as out of date and, thus, needs to be refined according to the globally recognised standard. What

results is national cinema's integration into the smooth running of global film culture.

Which critical category is more appropriate to understanding the changes in the current South Korean film industry? Given that the film production process is being controlled by a new form of global capitalism, it moves us to seek out new paradigms for understanding the dynamics of a national film industry through a more left-oriented framework. While it is not very difficult to see that 'Korean distribution remains profoundly different from that of Hollywood in that Korea has a small local market, and cannot rely on a vast international network to recoup costs' (Paquet 2005, 46), this study nevertheless seeks to locate the local film industry in a broader range of global capitalism. In terms of size, the South Korean film industry can be seen as 'a small local market'. However, what matters here is that the local is part of the global media system not in terms of content but of form, and particularly the form of the network (Hardt and Negri 2004, 142). As part of a global network, the local industry assimilates its mode of production and distribution from Hollywood. This tendency will be discussed in more detail later, but for the moment we need to examine the changes in the local film industry on the basis of class constitution at work between capital and labour.

To examine this issue, it is necessary here to deploy Karl Marx's distinction between 'formal subsumption' and 'real subsumption'. Marx employs the notion to signal two different modes in the subordination of labour under capital. In formal subsumption, capital has an external impact on an '*existing labour process* developed by different and more archaic modes of production' (Marx 1976, 1021), transforming them into processes producing surplus value from the point of view of capital. In the logic of formal subsumption, labour and capital remain independent of each other, maintaining a relatively fixed boundary between them. In contrast, 'real subsumption' can be defined as the process

through which labour is absorbed not as a foreign, but a constituent element in the process of producing surplus value. What is at stake during the course of 'real subsumption' is the introduction of technology, as an extensive form of capital's endless remodeling of the means of production, so that it can be best understood in terms of 'the *use of machinery*, and in general the transformation of production by the conscious use of the sciences, of mechanics, chemistry, etc' (ibid., 1024; emphasis original). As 'real subsumption' has come to gain dominance over 'formal subsumption' with the development of capitalism, capital directly participates in the labour process, thus fully changing the nature of production. With this in mind, the change in the *chaebols'* investment in the local film industry from purchasing video copyrights in the 1990s to full-fledged investment in film finance, production, circulation and consumption indicates a change from 'formal' to 'real subsumption'. Under the logic of 'real subsumption', the local film industry has internally reorganised to gratify capital's need in the form of technological development. Technology here does not simply refer to the technique development in the film-making process, but rather a wide-ranging shift in the film industry in its entirety, encompassing the introduction of diversified distribution channels, changes in the method of financing, and changes in the whole process of industrial organisation through production to exhibition. While the installation of new technologies accounts for the changes in the local film industry, one should also see the political-economic context of South Korea in which these innovations were installed. As a result, the change in the contemporary South Korean film industry might be seen as corresponding to the whole process of 'real subsumption' as capitalist restructuring in South Korea.

From this perspective, this study suggests that a primary factor in provoking the shift in the film industry was *No-dong-ja-dae-too-jaeng* ('the great workers' struggle of 1987') as a direct expression of class antagonism which took place

in 1987. According to Koo Hagen, this struggle during the summer of 1987 can be summarised as follows:

As the regime's ability to exercise its repressive power diminished momentarily, a violent wave of labor conflicts erupted and spread swiftly across the country, halting production at almost all major industrial plants. Between July and September 1987 about 3,500 labor conflicts occurred, more than the total number of labor disputes during the entire Park and Chun regimes. In August more than a hundred new labor disputes arose daily, which was about the annual average occurrence of disputes in the past (Koo 1993, 156).

This struggle was one of the strongest blows to the capitalist disciplinary system. However, it was capital that first responded to this class-based social movement. As capital relations have fully come to the fore, this antagonism has tended to be subsumed into capital's restructuring processes. As capital has extended throughout society and all social production has become controlled by capital relations, capital's restructuring has allowed for a change in the nature of labour. It is no coincidence that the South Korean government supported the film industry as a high value-added economic sphere of the information economy. This manifested itself in the '*Jurassic Park* syndrome' in 1994 during Kim Young-sam's regime. In 1994, the Presidential Advisory Council on Science and Technology reported to President Kim, highlighting the centrality of film and visual industry for future revenue: the profit of Steven Spielberg's *Jurassic Park* (1993) was equivalent to more than the export of one and a half million Hyundai cars. This report influenced the president's decision to advance film and media as a strategic future industry (Shin 2005b, 53). Seen from this angle, at least in terms of an industrial perspective if not the

film text, the emergence of the so-called New Korean Cinema can be read as corresponding to capital and state restructuring processes. The prevailing perspectives which conceive of contemporary South Korean film industry in terms of development, innovation, and success unwittingly resonate with a capitalist logic deeply rooted in modernisation.

3. The Role of the State in the Formation of Korean Film Industry

In contrast to my argument, some authors highlight the role of the state in the changes to the local industry in a positive way, noting that 'the industrialization, liberalization, and deregulation of the film industry by the state as a targeted object of its cultural policy is one of the main factors that led to the national film industrial renaissance' (Ryoo 2008, 885). In line with this argument, Kim Hyae-joon (2007a) stresses in his very brief article that official South Korean film policy since the Kim Dae-joong regime has shifted greatly from being a 'control policy' to being a 'promotion policy', with an attitude of 'provide support, but do not interfere' (Kim 2007a, 351-52). Examples of this new kind of policy in action include the foundation of the Korean Film Council (KOFIC) in 1999 which is a government-supported administrative organisation, but which comprises professionals from civil society. While admitting that KOFIC has helped to promote the local industry, a question from a different angle can be raised here. Namely, when a previously repressive government's policy turns into a smooth and flexible policy, as is the case with South Korean film policy, does this really mean the abolition of all kinds of censorship and repression? To avoid any misunderstanding, this study does not intend to support the previous government's 'control policy'. Surely, the return to the environment of the *Chungmuro* system is neither possible nor desirable and the passage to a global film system is

in a sense irreversible. However, in contrast to the argument which highlights the active role of the state, this study emphasises that the new forms of an ongoing process of global capitalism mark the state's heavy reliance on market forces. As communication has become one of the most crucial components of the high-capitalist global system, government media policies tend to emphasise the importance of the creative industries: 'The contemporary systems of communication are not subordinated to sovereignty; on the contrary, sovereignty seems to be subordinated to communication – or actually, sovereignty is articulated through communications systems' (Hardt and Negri 2000, 346).

My contention can be also sustained by considering the following argument. Chris Howard (2008) challenges the widespread belief that sees the role of KOFIC as protecting against transnational globalisation. Given that low budget films struggle to maintain sufficient screening-time in competition with the local majors, KOFIC began to focus on 'diversity policies'. For Howard, the Art Plus Cinema Network is exemplary of KOFIC's turn to a new policy to protect low budget films. However, KOFIC's changing emphasis, argues Howard, still functions as a means to 'complement or expand particular *commercial* activities of the film industry' (Howard 2008, 89; emphasis original). This became clear when the Art Plus Cinema Network was designated to act as a preliminary phase in creating an increased demand for digital screening/distribution channels across Asia. Thus, the preference for digital technology in the Art Plus cinemas might 'provide a more general boost to Korean IT companies working on aspects of a digital distribution/exhibition infrastructure' (ibid., 99). Not surprisingly, what we see here is that a film policy conducted at a national level has been influenced by a transnational media system, functioning as a threshold in constructing a global media system.

In contrast to a naive celebration of the state's role in the course of the film industry's change, Kim Hyun-sook (2000) suggests a useful tool for

mapping the deployment of capital and labour in the local film industry from circa the late 1990s in terms of a world-system perspective (Kim 2000, 176). For Kim, the ways in which capital is activated within the local industry can be classified in the following manner: (1) the South Korean brand offices of Hollywood majors based in the U.S.; (2) the subsidiaries of *chaebols* in the entertainment industry as a form of transnational capital based in South Korea; (3) investment companies as a form of financial capital; and (4) small-scale production companies focused on domestic activities. She argues that a national film policy should place special attention on protecting the small-scale companies referred to in category (4) who cannot afford to practice transnational activities (ibid.). Kim Hyun-sook goes on to say that within the centre, periphery, and semi-periphery mapping of the world-system, the South Korean film industry has attempted to attain the status of being at the semi-periphery while being subordinate to the centre, but occupying a place of relative autonomy from the centre as well (2004, 302-319). In other words, it is certainly subordinate to Hollywood, but unlike those located purely at the periphery, it has been building up some production facilities to compete with Hollywood. This view leaves open the possibility of locating the South Korean film industry within a schematic power structure without lapsing into an uncritical call for the pure benefits of cultural exchange. A simple emphasis on media consumption without critical analysis would blur the real dynamics of the global visual economy composed of the 'new international division of cultural labour' (Miller et al. 2001).

Without underestimating the importance of these arguments, this study seeks to develop its theoretical framework from a slightly different angle. The fact that the South Korean film industry's adjustment to the global economy is most recognisable in relationship to Hollywood should not necessarily lead to an understanding of the contemporary global media situation in terms of

stages of development such as the centre, periphery, and semi-periphery.

To explore this problem further, it is instructive to follow the line of Michael Hardt and Antonio Negri in *Empire* (2000). Hardt and Negri begin by conceiving of the ongoing capitalist system as opposed to that of imperialism. If imperialism expanded modern European sovereignty by continuously relocating the borders between the inside and outside, imperial powers operate without barriers defining inside and outside. The notion of Empire is driven from Marx's idea that the process of capitalist reproduction and accumulation is characterised by a limit and the movement to overcome it. It is no coincidence that Hardt and Negri directly quote Marx in asserting that 'the tendency to create the world market is directly given in the concept of capital itself. Every limit appears as a barrier to be overcome' (Marx 1973, 408, as cited in Hardt and Negri 2000, 236). Empire pushes this process of accumulation to the extreme so that it is exercised in a way with 'no territorial center of power and fixed boundaries or barriers' (Hardt and Negri 2000, xii). Empire is characterised by 'a decentered and deterritorializing apparatus of rule that progressively incorporates the entire global realm within its open, expanding frontiers' (ibid.). Hence, 'the geographical divisions among nation-states or even between central and peripheral, northern and southern clusters of nation-states', they argue, 'are no longer sufficient to grasp the global divisions and distribution of production, accumulation, and social forms' (ibid., 334).

However, it is at this point that many theorists, especially those who work from the perspective of dependency theory, underdevelopment, and world-systems analysis, criticise Hardt and Negri's account of geopolitical notions. For instance, unlike Hardt and Negri, Giovanni Arrighi (2003) focuses primarily on territorial boundaries between North and South and core and periphery. His main critique of the concept of Empire is thus concentrated on the subsequent points: (1) "'the smoothness" of the space of Empire'; and (2) 'the role of the

contemporary mobility of labour and capital in equalizing conditions of production and reproduction across that space' (Arrighi 2003, 32). For Arrighi, what matters is that the North-South income gap between the former Third World and the former First World has not diminished but still remains persistent. Thus, he concludes that Hardt and Negri's notion of geographical division is not true with regards to the 'direction and extent of contemporary flows of capital and labour'(ibid., 33): in terms of extent, contemporary migration is in fact less than nineteenth-century flows; and, in terms of direction, capital tends towards wealthy countries, not flowing from First World to Third World. It may well be true that, in empirical terms, the raw numbers of immigration in the nineteenth century were much larger than in the present day and that capital's mobility still revolves around the central countries. However, Hardt and Negri's theses should be read in terms of 'historical tendency'. While for Hardt and Negri, focus is on emerging tendencies, many critics, including Arrighi, tend to highlight the importance of the empirical. Although the empirical evidence has significance, a single predominant direction has imposed a tendency on all other social forms, 'transforming them in accordance with its own characteristics, and in that sense it has adopted a hegemonic position' (Hardt and Negri 2004, 141). As a result, what matters is not to present a detailed analysis of the present situation, but 'to grasp the direction of the present, to read which seeds will grow and which wither' (ibid.).

With this in mind, the new forms of cultural traffic in the current global film industry are practised in every node of the full matrix where there is no central hub and all the nodes can cooperate and communicate with all the others. Yet, this is not to say that the current global order is immune to severe hierarchies, the international division of labour, and domination-subordination relations. On the contrary, global capitalism is first and foremost characterised by a new international division of labour and severe inequalities within this

order. Even though it is still very much the case that the United States remains dominant in the global film industry, it is more useful to provide an analysis of the way that a global media system is now emerging and that this system has, as its primary elements: dominant nation- states, especially the U.S.; transnational corporations; and other powers. It may be true that the South Korean film industry is currently in the phase of its development based on the semi-periphery in that it has not assumed a transnational dominance comparable to Hollywood. However, this urge to compare a particular nation-state's film industry with another in terms of size and scale might be secondary, since this perspective overlooks the historical tendency by heavily relying on an empirical description of the existing phenomenon. This is where my view of the South Korean film industry is different from that of Kim Hyun-sook, mentioned earlier. Where she focuses on the fact that the South Korean film industry is said to be on the semi-periphery, attaining a relative autonomy from Hollywood, I argue the global media system, not confined to U.S.-based Hollywood, has imposed exclusion on the South Korean film industry and nevertheless assumed domination over it. This is because the local film industry tends to incorporate distribution and investment techniques as it embodies the new forms of industrial organisation, not in terms of the local film industry's size or scale.

4. Conclusion

This paper has studied the changes in the Korean film industry between the 1990s and the early 2000s, by exploring how they are historically overdetermined by other social changes. A variety of scholars also have located

the transformation of contemporary Korean film industry to South Korea's historical context. But the manner in which many authors have related the transformation of contemporary Korean cinema to its historical context seems to be limited. For instance, in order to develop the connection between recent Korean cinema and historical milieu, many authors have tended to rely upon a brief, insufficient summary of contemporary South Korean history combined with generalised descriptions of a wide range of official historical events. Included in these historical descriptions are the military government in the 1980s, the overall social reform since the democratisation movement in the 1980s, and the IMF crisis of 1997, etc (Stringer 2005; Paquet 2009). But such a compressed introduction to South Korea's modern history is a precise indication of how historicism operates, defining itself as the reduction of history to a sequential causality of historical events.

In contrast, this paper aims to situate the changes in the contemporary Korean film industry in the context of global visual economy, by shifting the terms and conditions by which the recent Korean film industry has been transformed. Situating Marxian concepts such as 'formal' and 'real subsumption' as an analytical tool, this paper seeks to examine the changes in the recent Korean film industry in terms of relations between capital and labour. What results from this is that the emergence of New Korean Cinema can be seen as echoing with capitalist restructuring since 1987 at least in terms of industrial perspective. Of course, although historical context inscribes its influence into film, each film text registers its context through its mechanism. A film's mechanism, even if it emerges out of a historical context, is not fully reflected by industrial forces. Nonetheless, it is undeniable that contemporary Korean cinema has been 'really' subsumed into global visual economy, at least in terms of an industrial perspective if not the film itself.

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전지구적 자본주의의 압력 하에서 동시대 한국영화산업의 변화

하승우

1990년대부터 2000년대 초반까지 한국영화산업은 특히 배급/투자 구조에서 큰 변화를 겪었다. 일각에서는 한국영화와 같은 작은 규모의 내셔널 시네마가 글로벌 시네마의 장에 성공적으로 진입한 것에 대해 우호적인 시선을 보내고 있지만, 이 논문은 이와는 다른 시각에서 동시대 한국영화산업이 변형되어 온 조건들을 비판적으로 검토하려고 한다. 본 논문은 한국영화산업의 변화를 '형식적' 포섭과 '실제적' 포섭이라는 관점에서 분석함으로써 이러한 변화를 전지구적 시각 경제의 보다 넓은 자장 속에서 파악하고자 하며, 한국영화산업의 변화 과정에서 국가가 어떤 역할을 했는지에 대해서도 검토하고자 한다. 한국영화산업의 변화를 설명하기 위한 비판적 관점을 명료화하고자 하며, 이를 실천하기 위해 세계 체제적 관점에서 한국영화산업을 바라보는 관점이 지닌 중요성을 검토하고자 한다. 그러나 세계체제적 관점에서 한국영화산업의 변화 과정을 파악하는 것의 유의미성과 효과에 대해 충분히 긍정하면서도, 본 논문은 마이클 하트와 안토니오 네그리를 따라 제국론의 관점에서 한국영화산업의 변화를 추적하려고 한다. 전지구적 시각 네트워크의 모든 구성 요소들이 경향적으로 밀접하게 연관되는 상황 속에서, 한국영화산업은 세계체제적 관점에서 반-주변부로 위치 지어지기 보다는 전지구적 시각 체제 속

으로 실제로 포섭된 것으로 설정될 때 보다 정확히 이해될 수 있을 것이기 때문이다.

주제어 : 한국영화산업, '형식적' 포섭과 '실제적' 포섭, 세계 체제, 제국, 전지구적 시각체제

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