

CHAPTER II

THE ROLE OF KOREAN DRAMA IN THE ECONOMIC DEVELOPMENT OF SOUTH KOREA

In this chapter, the writer will be explaining about the economy of South Korea before 1997. But before explaining the economy of South Korea, will be explain first about the history of South Korea country from the economic sector although of the culture, because of South Korea as the object in this thesis. Until will become proof that South Korea is a unique country with a wealth of different culture until can give influence to people in that country and in others country. Beside had a different culture and had a significant influence on other peoples, its influenced the economic development of South Korea itself. Based on the title this thesis about the strategy of South Korea use Korean drama as an instrument to gain economic development so, the global crisis happened on 1997 will be explain too, the beginning was the global crisis until how the impact of the economy from the global crisis for South Korea. After that, will be explain about Korean drama, but in this chapter will be explained more about the history of Korean drama until the condition economic of South Korea after Korean drama introduced and got popularity as a new phenomenon, to influence industries such as fashion and culture, and also in service such as influence in tourism and culinary.

A. The Economic of South Korea before 1997

The economic development has been long to the attention of the experts. The classic economic thinkers use a cultural explanation for the observed phenomenon of economies. Culture defined as habits, beliefs, and values espoused by ethnic groups, religious groups, and social group is likely to be unchanged from generation to generation. (Guiso, 2006). The relation between culture and development interpreted into two as the agents of change and as the target

changes. Culture as the principal agents of change due to several factors including material conditions of producing culture because culture produces symbols and cultural action and capable of encouraging individuals to construct the structure of the institutions and its material environment, regarding individual showed a creative response (Goldstone, 1991).

South Korea is one of a country having popularity in the increasing of the development of economy was having fast. The independence got by South Korea in 1945. It does not mean easy to South Korea was become advanced countries. Because actually, South Korea became an emerging country in the world at the beginning of independence of South Korea. At that time South Korea in the traditional economic system, which is in the organization of economic's life based on the habit, the tradition of society in down declined was rely on the factor production. At the time the country depends on the farming sector. When the government led by the president of Park Chung Hee was getting by coup d'état at the time, there have of prospects to repair the economics of South Korea. Park Chung Hee known of his merit on the got of modernization of the country by industrialization was oriented on the export. (Arungbudoyo, 2013)

In the government of Park Chung Hee there was an alteration of the industry which was changed to heavy industry from light industry. Until, the government gives of the priority on the development of weight industry such as the production of a ship, machinery industry, steel, cars, and metro chemistry. Besides that, Park Chung Hee used of his policy to got modernization of South Korea from the three pillars. It is Economic Planning Board to set the economic planning, Ministry of Finance to use of the credit sovereignty as the tool on the finance economic planning of South Korea, and also in the Park Chung Hee government's get much help from the United States. Given by spreader capitalist democracy cause of

the measure of South Korea sending 300 thousand of Vietnam's army to help the United States prevent spreading of the influence of communism in Indochina countries. The role of the country itself in the construction of manifestation as planned national development strategy or the action as the economic policy such as the adoption of the industrialization out oriented, active on a pull of the capital aboard, some reformation institution and to get the growth.

South Korea's first cultural policy implemented in 1961. The Park Chung Hee government established the Ministry of Public Information, which oversaw movies, theatre, and other performance arts, as well as the management of the National Theatre and National Classical Music Institute. In the Park Chung Hee government in order to counteract the influence of foreign-made cultural policies such as Law of Public Performances Act (1961), Law of Act Film (1962), and Law of Promotion of Culture and Arts (1972), the publication of draft culture promotion of the draft culture promotion and five years art (1973). The publication of the second draft of five years the promotion of culture and arts (1978), as well as the establishment of the Korean Motion Picture Promotion Corporation (KMPPC) (1978) and the Korean culture and arts foundation (1973)(Chung, 2012). A full of scale cultural policy finally came into existence in 1968. The Ministry of Public Information began to systematize and centralize all policies and legislatures related to culture to foster a South Korean national identity in order to consolidate the power of the authoritarian regime. Therefore, the first South Korean cultural policy has used create national and political stability under authoritarian rule while infusing values conducive to the modernization of the Korean nation.

Earlier, in 1971 the Government of South Korea established the Korean Culture and Information Service (KOCIS) to promote cultural industries through kinds of activities, such as art performances, exhibitions, and festivals of music and film (K-pop and Korean film Festival Contest).

As well as responsible for organizing a survey to the media-academia, and international artists, inaugurated as the Korean Overseas Information Service (KOIS) under the Ministry of Culture and Information. KOIS dedicated to providing global citizens with accurate and up to date information about Korea. That promotes Korea overseas through cultural exchanges and by building a relationship with Non- Korean media and opinion leaders. According to the writer, analyze, at the early establishment of KOIS culture and Information was still on one ministry which is both of them have not separated. Until in 1990 placed under the Ministry of Information upon the reorganization of the Ministry of Culture and Information into the Ministry of Culture and the Ministry of Information. However, in 1998 under the Ministry of culture and tourism with its name changed to the Korean Overseas Culture and Information Service (KOCIS). It was upon the disbandment of the Ministry of Information and placed under the newly established Government Information Agency with its name reverted to Korean Information Service (KOIS), so the name of it was changed again and again under of the ministry (Culture M. o., 1999-2018). So based on the writer analyze that the establishment of the institutions like KOCIS the government does not concern of the culture of South Korea, seen from the explanation before that in the institution was still unstable to bring the leads culture of South Korea. Also in the explanation before that, the government of South Korea was still focused on the industry sector and have a factor of government policies. KOCIS makes the overseas cultural center in the early of establishing KOCIS in around 1979-1980 in the three locations (Japan, United States, and France).

The government of South Korea more oriented in the sector industry, the government of South Korea not yet to develop of the appearance of Korean drama which influences the tourism sector. The sector industry means in that time is when having the high value of the export seems like the writer said before that the government moves on the infrastructure

and the industrial products of light in weight like textile and clothes, electronic component, plywood, wigs, and also chemistry products like oil, paper, and steel. Because the government still use the authoritarian system which is the government only did of them without hearing from the people of South Korea. Those achieved in the export in the 1962 – 1989 got the level of the growth of GDP around 8%, per capita income rise from the 87 USD to 5,199 USD.

Meanwhile, at the time the culture already began since the process of the democracy of South Korea in the 1980s was have influences to openness toward the influence of other countries. In 1987, permits performed import Hollywood films and Japan provided by the Government of Korea. That case is done to develop the local industry peers as well as freedom of expression interest audience such as the entry of Hollywood films to Korea in the end 1980s, after the appointee of the films from other countries to Korea. Although, at first the development of a culture of Korea is not separated from Government's Korea cultural policy intervention in the 1980s to promote the economy in the authoritarian political system. Economic growth has increased significantly with the purpose of State spending on activities that have determined. Unfortunately, at that time strictly limiting Korea film industry that is one of the pillars of culture. However, in the 1980s to mid throughout the 1990s, the government of South Korea gave a large number of scholarships to the artist from various fields of art for study in the United States and Europe to increase of knowledge and capability bout of art (Kompas, 2012). At that period become the beginning of the development of the cultural industries of South Korea that is very advanced in this era. Beside of to promote cultural industries but also responsible for organizing a survey to the media, academia, and international artist. When the demand for democracy is increasingly urgent in 1987, there were significant changes towards freedom of expression for filmmakers and Japan provided by the Government of Korea.

It is done to develop the local industry through the Korea industry peers as well as freedom of expression interest audience.

Such as the appearance of Korean drama in 1991 was make the attention of peoples to like very much to watch Korean drama. For example like the existence of *Eyes of Dawn* in 1991 got the attention of beholder. The rating of beholder provided by the companies of South Korea, it is AGB Nielsen Media Research, which is from the data of AGB based on the episode of the increase of beholder when the AGB was in the Korean market. *The Eyes of Dawn* got 58,4% in the ranked highest of viewers. (Jbarky, 2011). In 1994, the era of Kim Young Sam government established the Bureau of Culture industries to supports the production of cultural industries as a national strategic industry through increased production, human resources training, participation in the trading of a market.

However, the people of South Korea at the time is not looking yet at the fashion which was be transmitted by that films. The clothes which wear of the actor at the time it did not yet get of the influence. Meanwhile, not only of the fashion but also like the beauty products is not known yet, they only promote by the television and posters advertising, there is not yet of the strategy advertising which influences the people inside or outside. Peoples did not realize the beauty of South Korea, the awareness of instant beauty like plastic surgery does not yet become a trend. The culture of films which does not make the influence of people, the films are not got a lot of the attention include of the tourism sector yet. Tourism of South Korea has been up and down in every year from the beginning of the appearance of Korean drama, and it is beginning to look in 1996, South Korea got 400 USD until in 1997 got 455 USD.

Until South Korea has an economy market and occupies the fifth twelve based on GDP, South Korea was

already achieved got the record of the export and import, the export's value is the eighth biggest in the world. Meanwhile, the imports value is the eleventh biggest. The achievement economy of South Korea got when the GDP is developing from around 350 USD. During the government of Park ChungHee South Korea was good enough in the economic sector, seems like the writer said before because Park Chung Hee can modernize by industry sector by the export and import the things belong of South Korea which influences the economic changes. It is not until crisis economy struck South Korea in 1997, opened up its weakness of development model, including the ratio of debt /loan great equations outside is excellent, and the financial sector is a crisis.

An economic crisis is a term used in economics and referring to the drastic changes in the economy. An economic crisis has several variables. First, rapidly such leads to a decline in the currency exchange rates. Second, the prices of essential commodities are higher. The economic crisis may hit a country when the economy does not off again. The economic crisis was happened on 1997 make the economy of South Korea more buried until a lot of big companies confront the decrease in liquidity and until was a default. In that time is a wrong era in the history of the economic modern. Because, that crisis not only was happened in South Korea but also some others country in Asia, such as Malaysia, Thailand, and Indonesia.

In first the economic of Thailand was stable with having increase around 9% per year. Stability the economic of Thailand at that time push lot of private company in Thailand to get advantages. This crisis beginning in Thailand known with Tom Yam Gung's crisis in Thailand was often of the fallen of money value after the government of Thailand perforce to develop of Bhat because of the minimum of foreign exchange could defend to Us dollar. In that time, Thailand has to bear the burden of the significant foreign debt until in this country is bankrupt before the money value had

fallen. When the spreading of this crisis, the money value in some South East Asia country and Japan was fallen too, the stock exchange and others value having fallen too, and also the private debt had increased, they are Indonesia, South Korea, and Thailand is country having the impact of this worst crisis.

In South Korea, the ratio of debt PDB has increased around 13% to 21%, and then it successfully reached until 40% (Mariana). The others industrial country still better. The increasing of ratio payment of export debt only happened in Thailand and South Korea. Even a part of Asian country has an excellent physical policy, Fund of International Monetary (IMF) did something through programs around \$40 million to get stability money value of South Korea. In Kim Dae Jung government's era, South Korea took a measure more comprehensive. Under the leadership of Kim Dae Jung, the economic policy was done with the adjustment is harder to overcome the economic crisis. The Government took a measure to promote the reformation in some sectors.

The existence of a global crisis gives effect to South Korea, though South Korea's macroeconomic fundamentals are outstanding. However, the sector of banking burdened by an outstanding credit. The number of Non-Performing Loan (NPL) was having advanced increased and make the impact that a lot of the company of South Korea had the default, the value of shares that fell even recognized by other companies. At the time, Kia Motors is the third largest car manufacturer in Korea had to ask for emergency loans to banking. The stock exchange of Seoul fell around 4% until 7% until it is the most significant decline along the history of the country and also the market capital fell again until 7,2% because there is any anxiety IMF required of the Reformation was a burden of the economy of South Korea.

On 1996 South Korea could be categorized as an advanced country in the economic sector has become members of the organization to economic cooperation and the

development of OECD, until there was the economic crisis on 1997, give an impact to all of the people in South Korea. Debenture was in Hanbo Iron and Steel was bankrupt the consequence from the debenture was there's not much until 5 billion 700 billion won in the process of loan funds of it found corruption involved to political sector and finances. The case of Hanbo's group not only from the bankrupt of a company but also has become the beginning that rocked the national economy. After that, some big companies also was bankrupt, as a result of the big company that was bankrupt, then the world financial also having trouble, until cannot pay the funds borrowed from aboard. Therefore, spare foreign exchange is precipitously, and the bank facing the crisis was bankrupt. Also, the economic crisis in East Asia makes the economy of South Korea more difficult. Although the economy of South Korea got an assist from the automotive companies in the pay off their debt, the government have the way to gain economic advantages by the culture of confusion owed is shameful. A domestic economic system centered on the Government and *chaebol* or called Korea Inc. is then required to undergo significant reforms since the onset of the crisis. Korea Inc. reform by changing the strategy of diversifying into more specific strategies. The government also began creating cultural policy since the end of crisis aimed at improving domestic income that can be used to pay off debt and create a good image that can affect foreign investors that South Korea is no longer stuck in crisis. The Korean Wave or phenomena of Hallyu then appeared.

B. The Development of Korean Drama

Hallyu is the spreading of popular culture modern and the entertainment world of Korea in the whole world, which is popular music (K-pop), Korean drama, film, game, culinary, and also fashion was beginning spread in the middle around the 1990s and having good development(Je Seong, 2014). Hallyu appeared after Korea in the step of diplomacy with RRC on 1992s. Hallyu for the first time spread early on 1996

when music group have a genre pop Korea, such as H.O.T, Baby Vox, and The National Ballet company into the market of Tiongkok and then following by Korean Drama. According to some literature, Hallyu for the first time introduced by the mass media of China, it is Qingnianbao on 1999 to show off the popularity of Korea was developing so fast in that country(Joang, 2005).

Hangul or *Hanguk Deurama* in the Chinese language or as we know K-drama refer in the television drama in Korea, in the miniseries format which produced on the Korean language. A lot from the drama was become popular in the whole Asia and was already give contribution in the phenomena from the Hallyu and also "drama fever" was the entry in some countries like Latin America, Middle East, and Asia. Generally, Korean drama has two main genres. It is for the first genre like western "Soap Opera" which have the small plot, ended quickly, and without frequency of sexually explicit, usually often found in the western drama. This drama is usually the conflicts related to the romance story, business relations, and also the relation between father in law. Besides, they also mixed up with a love triangle which means the first actor is falling in love with a bad boy, and the other genre is about the drama of the history of Korea. Historical drama of Korea involves the plot of the story which is very complex, like the costume of the actor, set and the special effect more complicated. Martial art, the fight of sword and horse has often become the first component from the historical drama of Korea. Historical drama or modern, usually marked with the quality of the production is excellent, have good character, and also the story depends on the use of the pattern of character.

1. Idols

The actor and artist of Korea got the attention of people in the world, which is they have good skill

and they be able to make the development of Korean industry entertainment, especially by the films and drama. It is was make a cultural power as the critical role of South Korea. Even, in South East Asia, Korean drama was a regular program in the television of Thailand and Myanmar, the actor and actress of Korea have become celebrities in Vietnam. The actor and actress of South Korea had significant influence in the spreading of the cultural aspect, technology, art, tourist place, fashion, lifestyle, food, language, cosmetic, and plastic surgery in almost whole the world. (tristazhang, 2016). Which is the artist of Korean drama was famous in the world then got the point of interest of the peoples and made the peoples in the world wants to visit the South Korean country.

2. Culture

Korean drama is one of the media which is popular culture constructed in the spreading of culture and got the attention of peoples in the world, and they feel that if watching Korean drama is a need using the media television so that it makes television stations were able to have an essential role in their needs. That increase the audience of the television station, so that the more likely that the media and the message their production has the effect of the audience. The reason why the writer chooses Korean drama as the one type of Hallyu as the factor of the increasing economic of South Korea after the global crisis. Because, Korean drama contains many kinds of Hallyu includes lifestyles like fashion, cosmetic product, and technology, also the other South Korean culture like food and music. Korean drama has a significant influence on peoples. Because it has many kinds of culture was shown on there. Also one of the reasons people getting to know and love Korea caused by the

Korean drama. Such like the music and dance from the soundtrack of drama and for sure give the influence to people love it, as usual, the soundtrack of drama sing by the actor or actress of drama to get full attention and popularity of drama from peoples. The music industry then makes use of television with the broadcast music concerts, video clip, news, interviews, a music album by singer, and to increase the popularity of the music of Korea.

Beside that, not only music but Korean food too, in the story of Korean drama show the foods what peoples of South Korea's eat, for example like kimchi one of the food of South Korea was become new phenomena, because kimchi not only a food but, kimchi as a choice to resolve conflicts and foster connections among nations. The concept is called "gastro diplomacy," and South Korea is one of its strongest champions. Even, the government supports its citizens in opening Korean restaurant around the world; it pays particular attention to promoting that most ubiquitous of Korean foods, not only in South Korea itself but the restaurant of Korean food also open their branches in others country. Until in South Korea there was any tradition of making kimchi it is Kimjang, brought together entire villages and neighborhoods to turn hundreds of heads of cabbages into a source of food and nutrition for people who have historically borne long eras of deprivation and starvation. The kimchi was fermented and aged in underground pots or modern refrigerators. The ritual of Kimjang is so vital to the country's identity that UNESCO added the tradition to its representative list of the intangible cultural heritage of humanity. However, the old tradition threatens by the modern culture. For example to make fast food more popular than making traditional home-cooking. That is why in

Korean drama show the Korean food in the scene of the story of it. It makes a significant influence on South Korea.

3. Lifestyle

Besides, there are any promote the products of electronic like handpone of their use. If the people aware almost in every Korean drama the actor show of their handpone like *Samsung*, it makes an influence of people watch it because it is one of the strategy of the companies to promote their brand and for sure could increase the economy of South Korea by the promoting of the electronic product. The popularity of Korean beauty which has a slim body, flawless face and look fashionable was made the influence of citizens of South Korea or peoples from the other's country want to have the face and body like it. Most of the actor and artist is indeed very skilled in caring for beauty, they have usually supported with the maximum skincare. Often the beauty from this country is much sought by the peoples around the world — the cosmetic or beauty product used by the actors also as the promotion for a brand beauty product, not only to get the influence to citizens of South Korea but also in others country. Even, some beauty product of South Korea was already into some countries like *Etude House*, but in this time, the actor and artist of Korean drama not only show off the beauty product but also the instant of beauty by the plastic surgery. It is was not already taboo in the Korean entertainment. Plastic surgery finished by the artist of Korean drama inspiring of the peoples to do same things as they did. It makes any of beauty clinic in South Korea was compete to offer their services. Plastic surgery increased in 2009, 20% ladies of Korea around 19-49 years old was doing some shape from

the plastic surgery, and most of them did *eye job* which is the ladies of South Korea was did plastic surgery in the eye's area to add to the fold in the eyelid. Did plastic surgery in the eye's area is not include of plastic surgery because it is was become routinely of ladies of South Korea. It makes many people come to South Korea to plastic surgery.

Beside of the plastic surgery, a beauty product which influences to promote but also anything that they have been wearing such as a traditional dress or *Hanbok* or from the actor look so fashionable, it makes trend center for people to imitating their clothes.

4. Tourism

South Korea is one of the attractive tourist destinations, particularly among Asian countries like Japan, China, Hong Kong, and Taiwan. Much types of tourism in South Korea it is not found in other countries which became an attraction for foreign tourists. Types of tourism that exists in this country among other *Seasonal* tourism include festivals, held in the spring, autumn, winter, and summer. Cultural tourism includes museums like the National Museum of Korea as well as the buildings that have been entered into the UNESCO world cultural heritage list. Educational Tourism as a special program of learning the language of Korea and Taekwondo training program for international travelers. Recuperation Tourism place for tourists International who wants to tour at a time to heal disease and Natural Tourism which include beaches, sea, mountains, and beautiful islands such as Jeju Island and Ulleungdo.

Besides that, the industry of entertainment has a vital role to develop Korean tourism, the existence of the phenomena of Hallyu became an attraction for

foreign tourists to visit South Korea. Hallyu which is even Korea pop culture also was even used as a type of tourism it is Hallyu tourism, it is the type of tourism that is closely related to the Hallyu content, such as visiting the places that made filming locations from the Korean drama or Korean movie. Hallyu include Korean traditional culture combined with pop culture and then served in Korean drama. The existence of Hallyu raises interest by foreign tourists will be the culture of Korea, starting from the historical place, traditional culture, tourist place, artist, or celebrity and also their food. Hallyu shows the characteristic of life or lifestyle Korea through the Korean drama, complete with actors and actresses who have good acting ability and looks different from most typical or celebrity in the world. (Setyowati, 2013). The tourism revenue after the existence of Hallyu South Korea has 1.082 USD in 2000 until 2.972 USD in 2007. From the revenue data of South Korean tourism clearly, are having an impact on the economy of South Korea until the government of South Korea support and facilities to develop of South Korea tourism.

Until, Korean drama become the most popular phenomena of Hallyu, also from the phenomena of Korean drama has a significant influence on economic growth after the global crisis.

C. The Economic of South Korea after Korean Drama Introduced

From there are of Korean drama introduced to make the economic impact of South Korea as the country have it. The impact comes from the industry like lifestyle and also from the service like tourism and culinary. At that time although Hallyu was already in 1990 the government not realize yet about the occurrence of Hallyu, the government not thinking yet to take advantages from the phenomena of Hallyu.

Korean drama is one of the strategy of the government to get the advantages by the culture of South Korea itself. It was easier acceptable by the people, Korea entertainment industry knowing so well about this phenomena and use it for the sake of the popularity and get more to gain advantages. The impact was not only from the industry that benefited but the government also gain outbreak both regarding revenue the state and Korea imaging for the sake of the global recognition of the desired position. The Korean drama has a chance to master the global entertainment give the existence of enormous government support. Cause by the Korean drama, South Korea was not seen as the third world country. However, also, the other's country can be seen that South Korea has a fun country. The image of the country is getting better in the eyes of the world. Identity has already been successful they spread through the popular culture.

From the kind of Hallyu which is in the Korean drama like idols, culture, lifestyle, and tourism. The differences of the culture when before the existence of Korean drama and after the Korean drama introduced was having change although in the economic sector. Korean drama in this phenomena indirectly influence of the peoples to the Hallyu and South Korea use it for the development of the economy of South Korea in the export and tourism. With the increase in the number of exports reached USD 43,189 million in total

exports increased from USD 40,312 million. Also, profit from tourism can reach USD 1,765 million with can reach as much as 1,703,495 tourists. Until, if we can see that South Korea economy can compare from the before and after the Korean drama.

The Comparison of the economic development of South Korea

Indicator	Before Korean drama	After Korean drama
Culture (music and food)	5,199 USD	40,312 USD
Lifestyle (plastic surgery and beauty product)	350 USD	450 USD
Tourism (destination place)	455 USD	1,765 USD

Source:(economics, 2018)

<https://tradingeconomics.com/south-korea/gdp-per-capita>

From the data of the developing economy of South Korea, can be concluded that the popularity of Korean drama has significant influence toward the economics of South Korea. The data show that Korean drama brings advantages was significant. Because Korean drama always was shown in every plot about the culture of South Korea like music and food, Lifestyle. Like, can get attention from plastic surgery and beauty product and also seen from the background of place in every drama to become as a tour place for tourism from others country and also from Korean drama have the impact for increasing the GDP of the country. Besides that, there was a Korean drama which is one of a kind Hallyu make the image of the country more higher than before. South Korea was known as the country can standing alone from was happened at before with used their culture as the tool to help

the country. It makes the government always give full support to the development of Hallyu include Korean drama entertainment, not only give full support to Hallyu but also the government aware that the phenomena of Hallyu are not a given phenomenon, but it is a phenomenon which constructed by the government. The country and the government try to construct of culture to get popularity until can take advantages in every kind of Hallyu. The Government has efforts to keep the Korean culture as the strategy to gain economic advantages.

