

# The Media Tax Probe and the Media Reform Movement in South Korea<sup>1)</sup>

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At a New Year's press conference on January 11, 2001, South Korean President Kim Dae-Jung made an unexpected statement on media reform that marked the first shot in what was soon to become a bitter struggle between the government and the media:

Freedom of the press is fully guaranteed as never before in our history. Therefore, I believe it is incumbent upon the news media to practice fair and balanced reporting, and criticize responsibly. We are aware of the high level of public demand for reform of the news media. I believe all of us—the media, academia, citizen groups, and the National Assembly—should join hands in an effort to develop transparent and fair reform measures.”

In the months that followed, the progressive government mobilized its powers of sanction with the objective of weakening the conservative media companies. By summer, several newspaper owners were had

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been detained for tax evasion and embezzlement, and many of the country's largest media organizations had been subjected to a sudden tax audit that resulted in unprecedented penalties. While a majority of Koreans agreed on the need for media reform, the timing of the government's actions prompted suspicions of political motivations, particularly since the upcoming 2002 elections will be critical in determining the fate of Kim's policies.

Several questions emerge from the events surrounding the media tax audit. Why would Kim Dae-Jung, a longtime advocate of democracy and human rights who had recently been awarded the Nobel Peace Prize, spearhead an attack on the country's free press? Why was the mass media locked in conflict with a democratically elected government? And why did a struggle between the government and the media expand to engulf all sectors of Korean society? While the answers are still not entirely clear, the events are more comprehensible when viewed against the background of Korean politics, the country's active civil society, and the ongoing process of democratization that began in 1987.

### **The Media Tax Audit**

One of the first reactions to President Kim's statement came in the form criticism from the political opposition. A spokesman for the conservative Grand National Party (GNP) said that Kim's declaration should be interpreted as a public warning against reporting that is critical of the government and that the statement that 'the media, academia, citizen groups, and the National Assembly... should join hands in an effort to develop transparent and fair reform measures' underscores President Kim's intention to tame the media by mobilizing public opinion.

Kim Dae-Jung's call for media reform was soon followed by

concrete measures aimed at major media companies. The National Tax Service (NTS) announced that on February 8 it would begin an audit of 23 Seoul-based media companies, their interrelated enterprises, and their controlling shareholders. On February 7, the Fair Trade Commission (FTC) announced a separate investigation into the state of unjust transactions and inequitable insider dealings by ten Seoul-based newspapers and three broadcasting companies. Two months later, the FTC announced that it would re-introduce a set of guidelines regulating newspapers' marketing and advertising activities that had been repealed in 1999.<sup>2)</sup>

The Korean media had rarely been subjected to such audits, and as a result the government's sudden measures raised many eyebrows. Under the authoritarian governments of the past, the press had faced severe limitations but in return received preferential economic treatment, including relative immunity from tax audits and investigations. When audits were conducted, they were carefully targeted moves to silence criticism rather than attempts to impose standards on the industry. The most recent precedent is a 1994 audit of ten Seoul-based media companies by the Kim Young-Sam administration. However, the results of the earlier audit were never officially announced, and the case was eventually settled through compromises.

The present administration was determined to push further. After

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2) Under the new regulations, referred to as newspaper notifications, newspaper companies will be banned from distributing promotional copies and gifts to readers in excess of 20% of their paid circulations. The administration of former President Kim Young-Sam introduced similar regulations on newspaper in January 1997 because severe sales competition between local distribution offices of major dailies led to a murder the year before. But the Kim Dae-Jung's government scrapped the regulations two years later when dailies promised to strengthen self-control over unfair practices. The major newspapers, however, have recently under attack for failing to keep their promise.

four months of intense audits, the NTS announced on June 20 that between 1995 and 2000 the 23 companies had evaded a total of 1.36 trillion won (\$1.05 billion) in taxes. As a result, the companies were fined a combined 505.6 billion won (\$390 million). This is the largest tax penalty a single industry had ever received in Korea, and averaged more than 22 billion won per company. The *Chosun Ilbo*, *JoongAng Ilbo*, and *Dong-a Ilbo* known as the Big Three newspapers were fined 86.4 billion, 85 billion, and 82.7 billion, respectively.

The next day, the results of the FTC investigation were announced. These 13 media companies, which had already been hit with penalty taxes by the NTS, also had to pay the government a 24.2 billion won (\$18.6million) fine imposed by the FTC. The *Dong-a Ilbo* was slapped with the largest fine of 6.2 billion won, while the *Chosun Ilbo*, *Munhwa Ilbo*, and *JoongAng Ilbo* were fined 3.4 billion, 2.9 billion, and 2.5 billion respectively. But even after this second round of punitive measures the government continued to pursue the media, bringing criminal charges against six major companies, including the Big Three, as well as the individual owners of the *Chosun Ilbo*, *Dong-a Ilbo*, and *Kookmin Ilbo*. These owners, as well as other media executives, were subsequently detained and indicted for tax evasion and embezzlement.

### **Reactions to the Tax Audit**

Media companies displayed two different types of reactions to such unprecedented strong-arming by the government. On the one hand, the progressive *Hankyoreh Shinmun*, smaller newspapers such as *Kyunghyang Shinmun*, the government-owned *Daehan Maeil*, and the publicly-managed broadcasting companies (KBS and MBC) insisted on the acceptance of the audit, heralding it as a step toward media reform. They claimed that the media's special privileges, including exemption from tax audits, had fostered corrupt management and

irresponsibility. Besides their financial improprieties, company owners are said to personally appoint key editors, stifle stories critical of their interests and maintain strong ties with certain political parties. In a country that had sent former presidents to jail, went the argument, the media should not be placed above the law in the name of press freedom. By March 2001, the *Hankyoreh Shinmun* had begun a series of feature articles exposing past illegalities committed by the Big Three newspapers and their owners. *Hankyoreh* also denounced the *Chosun Ilbo* and *Dong-a Ilbo* for having been pro-Japanese during the period of Japanese Imperialist rule, and subservient to the military dictatorship during the pre-1987 authoritarian era.

The conservative Big Three newspapers, however, claimed that the tax audit was a politically motivated crackdown.<sup>3)</sup> According to these newspapers and their conservative allies, the tax audit was a high-level strategy of media control designed to subdue criticism. They insisted that even if there was evidence of wrongdoing by the media, reform should be left to the media companies themselves since government intervention would infringe on the freedom of the press. Articles to this effect appeared almost daily in the Big Three newspapers in the period following the audit results' announcement.

The divisive effects of the media tax audit reached beyond the government and the media, into Korean society at large. The progressive newspapers and public broadcasting companies who supported the Kim Dae-Jung administration had allies in many sectors of Korean society, including progressive civic groups. These include the People's Coalition

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3) The Big Three newspapers, although there exist certain differences among them, represent conservative interests, which are also elite interests. During the authoritarian era, some of these papers, especially *Dong-a Ilbo*, fought against the military dictatorship for press freedom. But ideologically, they have been conservative and represented the conservatives.

for Media Reform (PCMR) and the Citizens' Coalition for Democratic Media (CCDM). On the other hand, the Big Three were strongly backed by the conservative opposition Grand National Party and many of its supporters. The media companies on both sides were also adept at mobilizing intellectuals, bringing about a split over the issue within intellectual ranks as well.

Further complicating the situation was the fact that the progressive-conservative polarization has a geographic component. The opposition Grand National Party's political base is the heavily industrial Kyung-sang-Do Province, which occupies the southeastern part of the Korean peninsula. President Kim's political base is Chulla-Do Province, in the southwest. Most of Korea's former Presidents including Park Chung-Hee, Chun Doo-Hwan, Roh Tae-Woo, and Kim Young-Sam have been from Kyung-sang-Do, and the region fared well under these leaders. Chulla-Do, on the other hand, has fared less well. Since the election of Kim Dae-Jung in 1997, regional animosities and ideological conflicts have only deepened.

Due to the tight linkages between issues, the controversy surrounding the media tax probe developed into a politically polarized struggle between Korean progressives and conservatives. The former refers to an ideological orientation that emphasizes social justice, equality, and communitarian welfare. Korean progressives are sympathetic to trade unions and are adamant about reforming the *chaebols*, Korea's huge family-owned and family-managed business conglomerates. They are also sympathetic toward North Korea and support the Kim Dae-Jung's Sunshine Policy of unilateral overtures toward the North. Conservatives stress such values as individual autonomy, free market economics, and anti-Communism. Beyond these ideological issues, however, they also tend to represent powerful vested interests, some with ties to the authoritarian era. They frequently criticize the Sunshine Policy as hasty and wasteful, advocate reciprocity as a more appropriate principle for

inter-Korean relations, and support strong ties with the United States. In 2001, the media tax audit became yet another issue symbolizing the ideological divide in Korean society.

Foreign media associations also took sides in the war of opinions, turning the affair into an international concern. The International Press Institute (IPI) an international group of newspaper publishers and editors and the World Association of Newspapers (WAN) aligned themselves with the Big Three newspapers in arguing that the tax probe was aimed at quelling criticism. The IPI in particular expressed concern that press freedom was under threat. On May 16, 2001, IPI Director Johann Fritz sent President Kim Dae-Jung a letter criticizing his attempts to muzzle the critical voice of the independent press in South Korea in the name of reform. In a news conference held in Seoul on September 6, 2001, two days after the indictment of 13 media executives on charges of tax evasion and embezzlement, Fritz revealed that IPI members had unanimously decided to place South Korea on its watch list.

On the other hand, the International Federation of Journalists (IFJ), the world's largest journalists' organization, announced its belief that the media tax audit was essential for press freedom in Korea. During its 24<sup>th</sup> triennial world congress held in Seoul in June 2001, the IFJ expressed its full support for the media tax audit by participating in a street demonstration for media reform organized by the Korean Federation of Press Unions (KFPU), the Journalists Association of Korea (JAK), and progressive civic organizations such as the People's Coalition for Media Reform (PCMR). In a press conference held in Seoul in September 2001, IFJ President Christopher Warren reiterated the organization's conviction that the media tax probe was based on popular demand and was a genuine step toward reform.

## The Media Reform Movement

Calls for media reform in Korea trace their pedigree to the media democratization movement dating back to the pre-democratic era. For four decades after the establishment of the First Republic in 1948, Korea was ruled by an authoritarian government that wielded broad powers over the media and society. The media democratization movement therefore originated as a long-term struggle to free the press from official control.

The pattern of resistance and reprisal is typified in a 1974 effort by *Dong-a Ilbo* reporters to stand up to the government. In a Declaration of Freedom of the Press issued by about 200 newsmen at the traditionally independent newspaper on October 24, 1974, the reporters proclaimed: [T]he unprecedented crisis in our society today can only be overcome through the practice of freedom of speech... Freedom of speech is the fundamental task that we must fulfill... We will never kneel to any pressure that comes from the opposition to free speech.<sup>4)</sup> But this struggle eventually provoked a response from the Park Chung-Hee regime, which coerced firms into canceling their advertisements with the paper. By January 1975, the *Dong-a Ilbo* and its subsidiaries, the *Shin Dong-a* monthly and Dong-a Broadcasting Station (DBS), had lost more than 90% of their advertisers. While the reporters, editors and publishers vowed never to submit to government control, the newspaper was unable to hold out for very long. In the end, about 150 reporters were dismissed or suspended largely because of their active participation in the movement. But the dismissed reporters immediately organized the Dong-a Struggle Committee for a

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4) Kyu Ho Youm, *Press Law in South Korea* (Ames: Iowa State University, 1996), p. 58. Chapter 4 provides an excellent review of the history of Korean press and politics during the authoritarian era.

Free Press, which has since played a central role in media reform.

The June 1987 Democratization Movement marked a dramatic turning point, as South Korea underwent a political transition and the media finally gained its autonomy from the government. The June 29 Declaration that resulted from the June Democratization Movement contained eight components, including a constitutional amendment for direct presidential election. The declaration also called for active promotion of freedom of the press that can be summarized as The government cannot and shall not attempt to control the media. After the June 29 Declaration, the Korean government began to refrain from direct political interference and introduced a media autonomy policy characterized by liberalization and deregulation, in effect leaving the media to the free market.<sup>5)</sup> While this represented the fulfillment of many of the media democratization movement's objectives, the movement did not disappear. Instead, it underwent several modifications in response to the changing political and social environment.

First, as government control over the media diminished, the influence of media owners and advertisers increased. Consequently, the journalists and civic groups working for media reform turned their attention to the goal of freedom from proprietors rather than freedom from the government. Given this objective, the clan media corporations owned by a single family and ruled by the interests of their corporate owners was placed under particular scrutiny. Although the media had been freed from government intervention, in many ways it still bore the imprint of the authoritarian era: concentrated ownership, an opaque style of management, and association with vested interests that stood to lose from political reforms urged by progressives. The media has

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5) For a more extensive discussion on the results of the media autonomy policy, see Seung-Mock Yang, "Political Democratization and the News Media," in Larry Diamond and Doh Chull Shin, eds., *Institutional Reform and Democratic Consolidation in Korea* (Stanford, CA: Hoover Institution Press, 2000), pp. 149-170.

also openly tried to influence elections. The *Chosun Ilbo* favored the ruling Democratic Liberal Party's Kim Young-Sam in 1992, and in 1997 the *JoongAng Ilbo* backed the ruling GNP's candidate Lee Hoi-Chang.<sup>6)</sup> It was widely believed that these newspapers favored the ruling party's candidates, and that they did not want to see the progressive Kim Dae-Jung elected President.

Second, the media's newfound autonomy and freedom was accompanied by an increase in its influence on public opinion.<sup>7)</sup> At the same time, liberalization and deregulation led to the breakup of the strict media cartel that had prevented new entries to the media market, resulting in intense competition. In this market-driven situation, the Korean media faced what has been called the dilemma of the pluralist media in a capitalist society: a decline in quality due to severe market competition.<sup>8)</sup> Indeed, the Korean media has frequently been criticized for its sensationalism and commercialism, and the public has responded with various movements such as the 1993 turn off your TV campaign. Combined with the worries about the media's role in politics as the unelected power, growing sensationalism and commercialism contributed to concern about its failure to assume

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6) The GNP is a descendant party of the DLP. The DLP became the New Korean Party (NKP) in 1996, and the NKP merged with the Democratic Party and changed its name to the GNP in the course of 1997 presidential campaign.

7) The perceived social influence of the Korean media is confirmed in many public opinion polls. For example, according to the audience opinion survey by the Korea Press Foundation (KPF) during the 1990's, Koreans think that the journalists' influence on public opinion is extremely great, second only to that of the politicians, and that it is greater than that of a businessperson, a bureaucrat, or a lawyer. Korea Press Foundation, Audience Opinion Survey, 1993, 1996, 1998 & 2000. Indeed, in the democratized Korea, it was not uncommon to see various important government policies changed or scrapped as a result of media coverage.

8) France Vreg, "Dilemmas of Communication Pluralism in Social Systems," in Slavko Splichal, John Hochheimer, and Karol Jakubowicz, eds., *Democratization and the Media* (Ljubljana, Yugoslavia: CCC, University of Ljubljana, 1990), pp. 10-32.

responsibilities commensurate with its influence.

Third, the media democratization movement faced changes as democratization brought increased public political participation. Some of the most dynamic forces in Korean society since the 1987 have been the many civic groups dealing with issues such as the environment, health, traffic, women's rights, consumer rights and the media. In the authoritarian era, the media democratization movement had been led by journalists themselves. As various citizens' organizations appeared, however, the campaign for media reform developed into a broader based movement.

Amid these transformations, the political landscape changed dramatically with the inauguration of Kim Dae-Jung in February 1998. His election marked the first peaceful and democratic transition of power between the ruling and opposition parties in Korea's history. During the new administration, the focus of the media reform movement has turned specifically to major newspapers. One reason for this change was the successful amendment of the Broadcasting Act at the beginning of the year 2000, which had been a major goal of the media reform movement. This significantly reduced the government's direct influence over broadcasting media. But a more important reason may be that the media reform movement, led by progressive civic groups and journalists' associations, came to recognize that their larger task should be to address the monopoly of the newspaper market by the Big Three papers, whose market share stood at over 65%. Those in favor of reform argued that the Big Three newspapers' dominance was not due to superior quality, but to unfair business practices, enormous financial capacity and superior sales network. Because media reformers believed that a monopoly over the media implied a monopoly over public opinion, they insisted that this was a case of market failure and that government intervention was appropriate.

## Interpreting the Media Tax Audit

Those who saw the tax audit as legitimate reform thought that it was necessary in order to increase the transparency of media management. In this view, the media's past exemption from tax audits and legal scrutiny was an aberration that the government had finally corrected. The opposing view saw the audits as thinly-veiled political harassment, and an effort to silence criticism before the 2002 elections. Though seemingly contradictory, both views were supported by a majority of the public. In a poll conducted by MBC-TV and Gallup Korea in late June 2001, 63% of respondents replied that they supported the media tax audit, while 56% of said that it was motivated by politics. These results indicate the convoluted nature of the issue that is, many of those who supported the tax audit also believed that the audit concealed political motivations.

At the end of October, the controversy took a new turn with the publication of a book called *Why Did DJ Fail to Resolve Regional Animosity?*<sup>9)</sup> Written by Sung Han-Yong, a former *Chong Wa Dae* (Blue House) correspondent for the progressive *Hankyoreh Shinmun* newspaper, the book revealed the events surrounding the media tax audit.<sup>10)</sup> Based on numerous unofficial conversations with President Kim Dae-Jung's top aides at *Chong Wa Dae*, Sung concluded that the audit had been politically motivated. However, Kim's political goal did not lie in 'taming the media' but rather in 'dealing a blow to media companies.'<sup>11)</sup>

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9) Sung Han-yong, *Why Did DJ Fail to Resolve Regional Animosity?* Seoul: Joongsim, 2001.

10) *Chong Wa Dae* (the Blue House) analogous to the White House in Washington is the supreme executive authority of the Korean government as well as the executive mansion of the President of the Republic of Korea.

11) Sung Han-yong, *Why Did DJ Fail to Resolve Regional Animosity?*, p. 306.

In this context, taming the media means rendering it meek and obedient, as the Park regime did to the *Dong-a Ilbo* in 1975. On the other hand, dealing a blow to media companies means punishing them for their illegal activities. In this case, the government's goal is not securing the media's cooperation, but weakening its influence. Sung's findings contradict the Kim Dae-Jung administration's claims that the tax audit was conducted autonomously by the NTS, and that there was no hidden political agenda. In Sung's telling, the Kim administration was enraged by the conservative newspapers' criticism and decided to exercise its power through the tax audit and related investigations. It is well known that the *Hankyoreh Shinmun* strongly supports the media tax audit despite having been among those fined indeed, the newspaper had consistently called for such an audit before it was conducted and supports the Kim Dae-Jung administration's reforms beyond the media as well. Due to the paper's intimate relationship with the administration, there seems little doubt about the truthfulness of Sung's testimony.

After the publication of Sung's book, all of the media company owners who had been detained were released either on bail or by suspension of arrest. At the same time, the arguments surrounding the media tax audit subsided. The Big Three newspapers, who had fiercely fought the tax audit, largely abandoned their protests. The media and civic organizations that had supported the audit also became quiet. By and large, this hush continues today. Is the silence due to the fact that there is nothing left to discuss after the administration's motives had been revealed? Is it because the release of the owners marked a compromise between the government and the conservative newspapers? Or is this just a temporary lull between periods of controversy? At present, it is difficult to answer these questions. However, there is no evidence that the media tax audit has affected the Big Three newspapers' overall criticism of the administration, and far from

promoting compromise, the government's actions widened the gulf between progressives and conservatives.

Regardless of its motivations, the media tax audit of 2001 has become a part of history. From now on, media companies, like those in other industries, will be subject to regular tax audits. This is a positive development. On the other hand, the media tax audit has left a deep wound in the Korean mass media. The Korean press had previously been a unified community despite differences in political orientation. Since the audit, however, the divisions are so great that it is difficult to feel a sense of community among Korean journalists.

### **Methods of Media Reform**

When asked Do you support media reform?, most South Koreans answer in the affirmative. In an opinion poll conducted jointly by the People's Coalition for Media Reform and Hankil Research in December 1999, 96% of respondents said that media reform was necessary. In particular, there is broad agreement on two basic objectives of media reform. One is improving the transparency of media management and guarantee free and fair competition. The second is making the media a democratic forum in which all citizens can participate freely and equally. The media tax audit and the FTC investigation were most immediately concerned with the first goal. Since the audit, all media companies have realized that they must strive for transparency, if only to avoid penalty taxes and further government scrutiny. The FTC investigation also resulted in the restoration of regulations on marketing and advertising practices. Despite some criticism, these regulations appear to curtail excess competition in the newspaper market and limit aggressive marketing practices that favor the conservative major papers.

In spite of a broad consensus on the need for reform, there are

two conflicting points of view on how to achieve it. The market-liberal view stresses free competition and a correspondingly limited role for government. The proponents of this view argue that evaluation of the media should be carried out by consumers. For them, therefore, the most important function for the media reform movement is to improve the quality of the news and to establish an Audit Bureau of Circulation (ABC) in order to normalize the function of the market. They also argue that media reform, both financial and editorial, should be carried out by the media itself. This view under the circumstances a pro-status quo position has been advocated by the Big Three newspapers and the conservative Grand National Party.

In contrast, the interventionist view emphasizes the active role of the state and the public in correcting the market's failure to achieve a democratic media. Proponents of this view believe that the Korean media's biggest problem is the monopoly of the entrenched clan companies and the limitations imposed on journalists' editorial autonomy by media proprietors. Autonomous reform by the media itself is seen as impossible under these circumstances, and continuous pressure from the public via civic organizations is required. Also, in order to normalize the distorted media market, direct official intervention such as the tax audit is deemed necessary at times. This interventionist view has been supported by journalists' organizations such as the KFPU and the JAK, as well as by progressive civic groups that have spearheaded the present media reform movement. Among these groups, the best known is the People's Coalition for Media Reform (PCMR), which was created in August 1998 by 33 separate civic groups. Since its inception the PCMR has called for a media tax audit, and in November 2000 the group petitioned the National Assembly for the passage of legislation aimed at curbing the concentration of newspaper ownership. Those who take the market-liberal point of view claim that the progressive camp is driven by political and ideological motives.

There may be some truth to this. The progressive camp has constantly argued that it would be hard for the Kim Dae-Jung administration's reform policies, especially the Sunshine Policy, to succeed under the Big Three newspapers' constant criticism. Accordingly, the media reform movement has focused on these newspapers, and its core target has been the *Chosun Ilbo*, which has the highest circulation in Korea and has reputation for being the most influential as well as the most conservative newspaper.<sup>12)</sup> The progressive camp's opposition to the *Chosun Ilbo* is symbolized by the anti-*Chosun* boycott campaign. The campaign started in the middle of 1990s, and includes citizens from various sectors of Korean society and more than 60 civic organizations, including the Citizen's Solidarity Against Chosun Ilbo (CSACI). The campaign's activities include holding street demonstrations and using the Internet to call for the cancellation of subscriptions. The anti-*Chosun* Campaign is illustrative not only in its target, but also in its use of mass mobilization as a vehicle for media reform. In retaliation, the conservative media and the political opposition frequently denounce the Kim Dae-Jung administration and its method of media reform as populist.

While media reform is necessary for the consolidation of Korean democracy, some believe that the movement is overly radical and that it has been too dependent on populist methods of mass mobilization. Rather than stimulating dialogue, many of the reformists' demands and methods simply provoke conservative retrenchment. The movement's opponents also argue, with some justification, that it has been politically connected with the ruling party and the Kim Dae-Jung

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12) There is an opinion that the NTS tax probe has also focused on the Big Three newspapers. As indicated by the amount of penalties imposed, the probe has focused on the so-called 'Big Three' papers which have spearheaded the criticizing of President Kim's policies, especially his approach to North Korea. Hong Soon-il, *Trials of the Press*, *The Korea Times*, July 5, 2001.

administration. Some key figures from the civic groups involved in the media reform movement have been appointed to high level positions by the government, including president of the public broadcasting company, and board members of government-supported institutions.

## **Conclusion**

Because the primary concern of the media reform movement lay in the weakening of the conservative media, the media tax audit degenerated into a battle between conservatives and progressives. If the tax audit had been conducted on the grounds of routine tax administration as the government had claimed, the scope of the conflict might have been minimized. Yet the conflict expanded beyond these bounds, spreading throughout Korean society and exacerbating existing divisions. It would therefore be incorrect to see the tax audit as pertaining only to the media-government relationship, or even as a clash of political interests ahead of the 2002 presidential election. It should be seen, more generally, as a struggle between conservatives and progressives for the dominant voice in Korean society.

The 1987 democratization was in a sense incomplete, and Korean democracy is a work in progress rather than a finished product. The consolidation of democracy at all levels of society is more difficult and time consuming than political transition from authoritarianism to electoral democracy. The major institutions, including political parties and the mass media, are facing great public pressure for reform. In Korea, as in almost all capitalist countries, the conservatives have an institutional and financial advantage, but the current struggle indicates the growth of progressive forces.

The year 2001 will be remembered as a period of great conflict in the history of Korean press. The tax audit of 23 major media corporations by the National Tax Service aggravated the relationship

between the Korean government and the media, exacerbated conflicts within the media, and polarized Korean society. This is ultimately counterproductive, since the two sides' inflexibility serves to forestall meaningful dialogue and makes compromise impossible. If media reform becomes an ideological struggle, this will hurt not only to the cause of media reform, but Korean democracy as well. Abandoning the media to market forces may be questionable, but the consolidation of Korea's democracy will require greater governmental restraint than was exercised last year by the administration of Kim Dae-Jung. For its part, the media needs to acknowledge public demands and carry out independent reform. Only if this happens will further confrontations be avoided.

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